

**THURSDAY, FEBRUARY 21, 2019  
FINANCE COMMITTEE MEETING**

Timothy P. Smucker  
Brent R. Porteus  
Alex Shumate  
Erin P. Hoeflinger  
Alexander R. Fischer  
John W. Zeiger  
Lewis Von Thaer  
H. Jordan Moseley  
James D. Klingbeil  
Lawrence A. Hilsheimer  
Michael J. Gasser (*ex officio*)

Location: Longaberger Alumni House  
Sanders Grand Lounge

Time: 12:15-2:00pm

*ITEMS FOR DISCUSSION*

1. *Time and Change Strategic Plan Update - Mr. Smucker, Mr. Papadakis* 12:15-12:25pm
2. *University Financial Scorecards - Mr. Papadakis, Ms. Devine* 12:25-12:30pm
3. *Digital Flagship Update - Mr. Hofherr* 12:30-12:40pm

*ITEMS FOR ACTION*

4. *HAND CARRY: Approval of a Master Equipment Lease with Apple - Mr. Wozniak* 12:40-12:45pm
5. *Approval of Summer and Autumn 2019 Digital Textbook Fees - Mr. Papadakis* 12:45-12:55pm
6. *Approval for FY20 Basketball Ticket Pricing - Mr. Papadakis, Mr. Smith* 12:55-1:05pm
7. *Approval to Enter into and Increase Professional Services/Construction Contracts - Mr. Kasey* 1:05-1:15pm
8. *Approval for Acquisition and Potential Sale of Real Property - Mr. Myers* 1:15-1:20pm
9. *Approval for Execution of an Economic Development Agreement - Mr. Myers* 1:20-1:25pm
10. *Authorization to Enter into a Long-Term Lease and Purchase Option - Mr. Myers* 1:25-1:30pm

*Written Reports (Background Only) – Public*

- a. *FY19 Interim Financial Report*
- b. *Efficiency Scorecard*
- c. *Major Project Updates*

Executive Session

1:30-2:00pm

OHIO STATE'S STRATEGIC PLAN

# TIME AND CHANGE

*Enable, Empower and Inspire*

To make the next bold leap in Ohio State's land-grant history of excellence and impact, we aspire to be a leading national flagship public research university.

## FINANCE

*Securing and safeguarding the resources that fuel Ohio State's academic mission*

### Impact of the Strategic Plan

*Through Operational Excellence and Resource Stewardship, the university better serves students, faculty and staff; saves money; and generates new resources to support the academic mission.*

**#1**

Lowest in-state tuition increases among flagship universities over the past decade

**\$100M**

New financial aid for low- and moderate-income Ohioans since 2015, using funds from efficiencies and new resources

**33,000**

Number of Ohio families to benefit from expanded financial aid since 2015

**2,000+**

Faculty participating in teaching excellence program through December 2018

**\$1.1B**

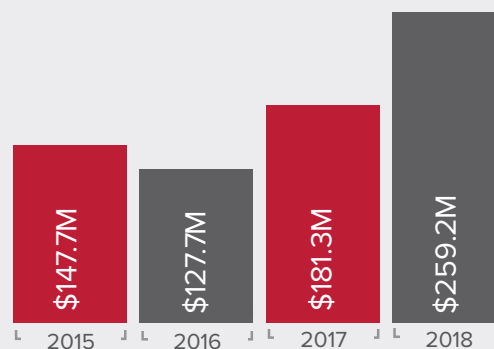
New resources generated through innovative funding strategies since 2015

**85**

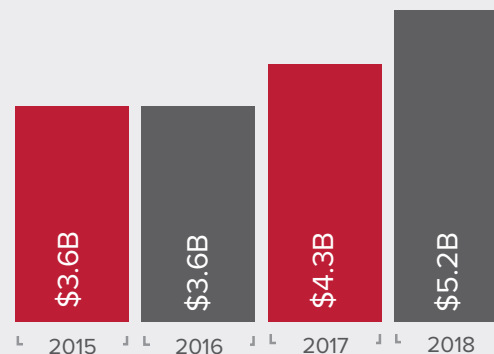
Number of active startup companies born from Ohio State research, nearly twice as many as five years ago

### Outcomes

#### University-wide efficiency savings *(campus, procurement and medical center)*



#### Long-Term Investment Pool *(market value at fiscal year end)*



### Noteworthy

#### Comprehensive Energy Management

*This groundbreaking partnership supports Ohio State's academic mission, sustainability goals and innovative research.*



#### \$1.165B investment

is supporting student scholarships, teaching excellence and faculty positions.



#### 25% improvement

in energy efficiency within 10 years



#### \$50M energy innovation center

and other academic collaboration



### Ongoing Initiatives

#### Strategic relationships

Ohio State is harnessing its size and scale to develop new resources, save money and positively impact campus and broader communities.



#### The Enterprise Project

Ohio State is transforming business processes and implementing modern technology.



#### Shared services

Ohio State is modernizing campus services to amplify our collective impact and advance our academic mission.



## TIME AND CHANGE

*Enable, Empower and Inspire*

## THE OHIO STATE UNIVERSITY STRATEGIC GOALS

Ohio State is building upon our recognition as a leading flagship public research university. The university's strategic plan, "Time and Change: Enable, Empower and Inspire," has five areas of focus.

- I Teaching and Learning**  
Ohio State will be an exemplar of the best teaching, demonstrating leadership by adopting innovative, at-scale approaches to teaching and learning to improve student outcomes.
- II Access, Affordability and Excellence**  
Ohio State will further our position as a leading public university offering an excellent, affordable education and promoting economic diversity.
- III Research and Creative Expression**  
Ohio State will enhance our position among the top national and international public universities in research and creative expression, both across the institution and in targeted fields — driving significant advances for critical societal challenges.
- IV Academic Health Care**  
The Ohio State University Wexner Medical Center will continue our ascent as a leading academic medical center, pioneering breakthrough healthcare solutions and improving people's lives.
- V Operational Excellence and Resource Stewardship**  
Ohio State will be an exemplar of best practices in resource stewardship, operational effectiveness, and efficiency and innovation.

OHIO STATE'S STRATEGIC PLAN

# TIME AND CHANGE

*Enable, Empower and Inspire*

---

## FINANCE

---

2018-19 Update






THE OHIO STATE UNIVERSITY

Consolidated Financial Scorecard (\$ in thousands)	2019 YTD Actual	2019 YTD Budget	Actual vs. Budget
<b>A. Financial Snapshot (in thousands)</b>			
1. Total Revenue excluding endowment performance	3,620,769	3,563,087	↑
2. Total Expenses	3,477,979	3,460,611	↔
3. Change in Net Assets	242	424,438	↓
4. Change in Net Assets excluding endowment performance	206,931	166,583	↑
5. Change in Net Financial Assets	99,166	125,000	↓
<b>B. Institutional Financial Metrics</b>			
1. Liquidity - Primary Reserve Ratio	0.7	0.4	↑
2. Liquidity - Days Cash on Hand	216	120	↑
3. Actual Debt Service to Operations	2.74%	2.76%	↔
	2018-19 Actual	2018-19 Benchmark	Actual vs. Benchmark
4. Short Term Investment Pool Return	2.35%	1.87%	↔
5. Intermediate Investment Pool Return	1.74%	1.26%	↔
6. 1 Year Long Term Investment Pool Return	-3.21%	-4.58%	↑
7. 3 Year Long Term Investment Pool Average Return	5.20%	5.75%	↔
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)	2019 YTD Actual	2019 YTD Budget	Actual vs. Budget
<b>A. Revenue Drivers (in thousands)</b>			
1. Tuition and Fees	582,217	570,780	↑
2. Grants and Contracts (exchange)	394,260	392,590	↔
3. Advancement Cash Receipts	85,766	86,076	↔
4. SSI	192,419	192,419	↔
5. State Line Item Appropriations	43,085	46,035	↓
6. Net Contribution from Auxiliary Enterprises	44,732	44,445	↔
<b>B. Financial Snapshot (in thousands)</b>			
1. Total Revenue excluding endowment performance	1,775,214	1,759,132	↔
2. Total Expenses	1,737,747	1,738,368	↔
3. Current Net Margin	145,186	128,625	↑
4. Change in Net Assets	(124,741)	321,920	↓
5. Change in Net Assets excluding endowment performance	197,837	181,253	↑
<b>C. Performance Metrics (Columbus Campus only)</b>			
1. Enrollment - summer/autumn/spring	79,965	78,820	↑
2. Credit Hours - summer/autumn/spring	948,428	925,669	↑

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

MEDICAL CENTER FINANCIAL PERFORMANCE	2018-19 Actual	2018-19 Budget	Current Status
<b>A. Revenue Drivers</b>			
1. Patient Admissions	32,038	32,889	↑
2. Patients in Inpatient Beds	38,520	39,009	↑
3. Patient Discharges	32,085	32,956	↑
4. Total Surgeries	23,083	22,766	↑
5. Outpatient Visits	929,473	935,595	↓
6. ED Visits	66,083	64,085	↔
<b>B. Activity Metrics</b>			
1. Adjusted Admissions	62,965	63,941	↑
2. Operating Revenue / Adjusted Admit	\$ 25,231	\$ 24,503	↓
3. Expense / Adjusted Admit	\$ 22,240	\$ 21,704	↑
<b>C. Financial Snapshot (in thousands)</b>			
1. Operating Revenues	\$ 1,588.7	\$ 1,566.7	↑
2. Total Expenses	\$ 1,400.3	\$ 1,387.8	↔
3. Gain from Operations	\$ 188.4	\$ 179.0	↓
4. Excess Revenue Over Expenses	\$ 120.6	\$ 109.6	↓
<b>D. Performance Metrics</b>			
1. Operating EBIDA Margin	18.3%	17.9%	↓
2. Days Cash on Hand	156.5	131.6	↑
3. Debt Service Coverage	6.90	6.63	↔

**LEGEND**

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

# Affordable Learning Exchange

[affordablelearning.osu.edu](http://affordablelearning.osu.edu)

ALX uses a multi-pronged approach to reduce the cost of course materials for students at Ohio State.



Since 1977, college textbook prices have risen by **1,041 percent**. Students say that the cost of textbooks has caused them to:

**65%**

Not buy a required textbook

**49%**

Take fewer courses

**45%**

Not register for a course



**\$153**

Average cost of **one textbook** in a GE course at Ohio State.



**\$1,168**

Average amount an Ohio State student spends on new materials each year.



**\$61 million**

Total cost of books and supplies for all Ohio State undergraduate students in one year.

## ALX FACULTY GRANTS

Funded in part by an affinity partnership with WOW Internet Cable and Phone, ALX grants help instructors take ownership of their courses and content. Along with monetary awards, the ALX team offers personalized support to help grant winners curate affordable resources. As of Spring '19, ALX has funded more than 70 projects across all campuses, netting \$5.5 million in direct savings to students.

## CARMENBOOKS

Through a partnership with Unizin, significant savings have been negotiated with many major textbook publishers—up to 80% off retail price. Textbooks are delivered directly in CarmenCanvas, allowing access to every student on or before the first day of class. Full rollout of CarmenBooks is planned for Spring 2020.

## COLLABORATIVE ASSESSMENT AUTHORIZING

Many instructors rely on ancillary materials like test banks. The threat of losing these additional value-added materials can be a barrier to switching to open content. With support from the Big Ten Academic Alliance, Ohio State and Penn State are working in partnership to author large-scale open test banks through events called Content Camps. Faculty from across the Big Ten have already authored and reviewed over 5,000 individual test questions, available to instructors at any institution.

## INNOVATION GRANT

North Central State Community College along with Ohio State, Ohio Dominican and the Ohio Association of Community Colleges received \$1.3 million to create open educational resources in partnership with the OhioLINK libraries consortium. As a result, faculty across Ohio are helping to facilitate adoption of free, high quality course materials that comply with Ohio's Transfer Assurance Guidelines.



THE OHIO STATE UNIVERSITY

# Digital Flagship

[digitalflagship.osu.edu](http://digitalflagship.osu.edu)

Providing access to innovative teaching and learning resources and preparing students for the modern, mobile, technology-driven workforce.

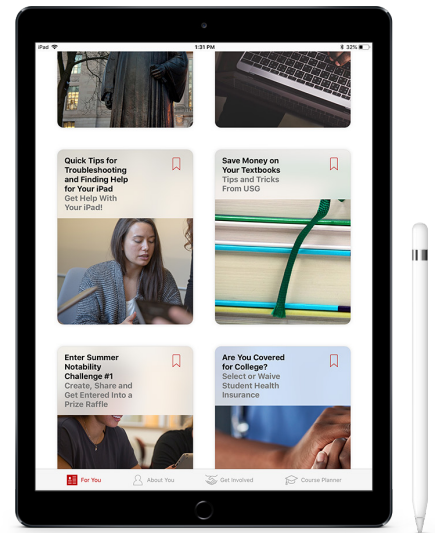


## TECHNOLOGY

Digital Flagship provides every incoming Ohio State freshman a common set of learning technologies that they will carry with them throughout their academic career.

This year that meant:

- More than 11,400 iPad Pros, Smart Keyboards, Apple Pencils, protective cases and apps in the hands of incoming first-year students.
- 240+ instructors and advisors from all six Ohio State campuses participating in Digital Flagship Educators cohorts where they received technology and training. These instructors taught over 50 course sections (over 3,450 student enrollments) that leverage the common toolset to meet learning objectives in new ways.
- A new app built by Ohio State developers in collaboration with Apple that uses data to tailor information and help students get involved, connect with university resources, learn how to utilize technology in academic and professional settings and plan their academic journey.



## CAREER READINESS

Digital Flagship provides opportunities for all students to develop skills and competencies that will prepare them for the workforce and their lives outside of college.

- **Over 750 students have attended** a Digital Flagship learning event that has focused on enhancing study skills, research-based note-taking strategies, time management best practices, explorations in digital creativity, coding and app development basics.
- This initiative is **creating university-wide opportunities for students** to learn Swift coding skills, including workshops and self-paced online curriculum, that enhance their career-readiness without increasing cost or time to degree.
- **A new Mobile Design Lab** will be launched in March 2019 to provide unique training and hands-on learning opportunities for Ohio State students, staff, faculty and the greater Ohio community.



THE OHIO STATE UNIVERSITY



**APPROVAL OF SUMMER AND AUTUMN 2019  
DIGITAL TEXTBOOK FEES**

Synopsis: Approval of discounted digital textbook fees, effective for Summer Term 2019 and Autumn Semester 2019 as an expansion of the Spring Semester 2019 inclusive access pilot program, is proposed.

WHEREAS access, affordability and excellence is a pillar of The Ohio State University's strategic plan; and

WHEREAS the university has made textbook affordability a key area of focus; and

WHEREAS the Board of Trustees approved in August 2018 the rollout of an inclusive access pilot program, which leverages digital textbooks to reduce the cost of course materials; and

WHEREAS the inclusive access pilot launched in Spring Semester 2019, offering students course materials at a significantly discounted rate compared with traditional materials; and

WHEREAS the pilot included the creation of a discounted digital textbook fee for participating courses that serves as a pass-through fee to collect the cost of these materials; and

WHEREAS the university has seen significant results from the pilot, including textbook savings for more than 1,600 students; and

WHEREAS the university anticipates the expanded pilot program will impact more than 11,000 students in 32 courses in nine (9) colleges and departments, resulting in a total savings to students in the first year of more than \$1 million:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves an extension of this digital textbook fee program for Summer Term 2019 and Autumn Semester 2019, as outlined in the attached document.

**The Ohio State University Board of Trustees  
February 21, 2019**

**BACKGROUND**

**Approval of Summer and Autumn 2019 digital textbook fees**

As part of Ohio State's focus on access, affordability and excellence, the university regularly reviews opportunities to simplify fees and reduce costs for students.

Effective Spring Semester 2019, the university introduced a textbook affordability pilot to reduce the cost of course materials by up to 80 percent in nine courses. In the inclusive access pilot, the university replaced conventional textbooks in participating courses with digital materials available at steeply discounted rates. A digital textbook fee, which is a pass-through charge, covered the cost of these materials. The cost is visible when students sign up for an inclusive access course and is paid for along with tuition and fees, ensuring that students have access to their materials on Day One of class.

**Requested of The Board of Trustees:**

Approval of the attached resolution.

**The Ohio State University Board of Trustees  
February 21, 2019**

The university has piloted an inclusive access approach to provide students with digital course materials, which are proven to reduce costs by up to 80 percent and enhance learning outcomes. Students are charged a pass-through digital textbook fee, which is based on the cost of materials.

Under Ohio State’s inclusive access program, called CarmenBooks, all students receive digital access to course materials on Day One of class through Unizin’s Engage eReader.

Ohio State tested Engage in Fall Semester 2018 and in Spring Semester 2019, the university piloted CarmenBooks in nine courses. Students were notified of the discounted digital textbook cost during their course registration and paid the associated digital textbook fee as part of their tuition and fees.

***List of courses in previous pilot (Spring 2019)***

<b>Course</b>	<b>Number of Sections</b>	<b>List Price</b>	<b>Discounted Price (Digital Textbook Cost)</b>	<b>Savings per student</b>
Soc Work 1130 Introduction to Social Work in Contemporary Society	7	\$199.95	\$73.87	\$126.08
Soc Work 3201 Social & Economic Justice: Strategies for Social Work	9	\$128.20	\$23.70	\$104.50
Soc Work 3502 Foundations of Generalist Practice	9	\$132.27	\$23.70	\$108.57
Soc Work 3597 Adolescent Parenthood & Sexuality: International Perspective	5	\$209.95	\$68.59	\$141.36
Soc Work 4503 Generalist Practice with Larger Systems	9	\$174.95	\$29.62	\$145.33
Soc Work 6302 Organizational & Community Systems	6	\$173.60	\$23.70	\$149.90
Soc Work 7513 Clinical Social Work with Groups (2 textbooks)	1	\$399.90	\$55.86	\$344.04
Soc Work 7520 Pharmacotherapy in Social Work	1	\$199.95	\$27.74	\$172.21
Soc Work 7621 Integrative Seminar II on Mental Health & Substance Abuse	5	\$173.33	\$23.70	\$149.63

The university has seen significant results from the pilot: 1,606 students participated from 12 courses in 2 colleges and resulted in savings of \$217,173. These exceeded the projected enrollment by 156 students and the projected savings by \$20,705.

The university seeks to extend the CarmenBooks initiative in Summer Term 2019 and Autumn Semester 2019. If approved, the university anticipates the expanded pilot will impact 11,500 students from 32 courses in 9 colleges/departments, and result in more than \$865,000 in savings.

Overall during the first year of CarmenBooks (Spring 2018 through Autumn 2019), students will have saved more than \$1 million.

**List of courses included in Summer Term 2019 and Autumn Semester 2019**

<b>SU20</b>					
<b>Course</b>	<b>Number of Sections</b>	<b>List Price</b>	<b>Discounted Price (Digital Textbook Cost)</b>	<b>Student Savings</b>	<b>Course Savings</b>
SOCWORK 1120	4	\$149.95	\$28.12	\$121.83	\$9,746.60
SOCWORK 1130	4	\$199.95	\$76.82	\$123.13	\$9,850.40
SOCWORK 1140	4	\$215.79	\$58.50	\$157.29	\$12,583.20
SOCWORK 3101	4	\$208.95	\$27.74	\$181.21	\$14,496.80
SOCWORK 3597	4	\$209.95	\$68.61	\$141.34	\$11,307.20
NURSING 6410	1	\$102.80	\$22.10	\$80.70	\$7,101.60
BUSMGT 2320	1	\$127.20	\$95.40	\$31.80	\$3,180.00
PHYS 1250	4	\$125.00	\$48.00	\$77.00	\$30,800.00
<b>Summer Term Total Savings</b>					<b>\$99,065.80</b>

<b>AU20</b>					
<b>Course</b>	<b>Number of Sections</b>	<b>List Price</b>	<b>Discounted Price (Digital Textbook Cost)</b>	<b>Student Savings</b>	<b>Course Savings</b>
SOCWORK 1120	10	149.95	28.12	\$121.83	\$30,458.13
SOCWORK 1130	10	199.95	76.82	\$123.13	\$30,782.50
SOCWORK 1140	6	215.79	58.50	\$157.29	\$23,593.50
SOCWORK 3101	9	208.95	27.74	\$181.21	\$48,926.70
SOCWORK 3501	9	149.95	29.24	\$120.71	\$32,591.03
SOCWORK 3597	6	209.95	68.61	\$141.34	\$25,441.20
SOCWORK 3600	4	199.95	27.74	\$172.21	\$17,220.75
SOCWORK 4501	9	149.95	28.12	\$121.83	\$32,894.78
SOCWORK 4502	9	180.40	23.70	\$156.70	\$42,309.00
SOCWORK 4503	1	174.95	35.62	\$139.33	\$4,179.98
SOCWORK 5005	1	59.00	23.60	\$35.40	\$885.00
SOCWORK 5014	1	102.00	40.80	\$61.20	\$1,530.00
SOCWORK 6301	1	109.67	51.60	\$58.07	\$1,451.75
SOCWORK 6501	1	205.87	47.40	\$158.47	\$3,961.75
SOCWORK 7530	1	77.00	30.80	\$46.20	\$1,155.00
SOCWORK 7610	1	64.00	15.00	\$49.00	\$1,225.00
SOCWORK 7621	1	173.33	23.70	\$149.63	\$3,740.75
SOCWORK 7630	1	199.95	37.49	\$162.46	\$4,061.44
HMNNTR 2210	2	90.00	60.00	\$30.00	\$24,000.00
HMNNTR 2310	1	90.00	60.00	\$30.00	\$4,500.00
ITAL 1101	6	150.00	70.00	\$80.00	\$12,000.00
PHYS 1250	13	125.00	48.00	\$77.00	\$123,200.00
AEDE 3102	1	125.00	50.00	\$75.00	\$4,875.00
ECON 2001.01	1	75.00	60.00	\$15.00	\$9,750.00
BUSFIN 3220	2	140.00	89.25	\$50.75	\$55,825.00
BUSFIN 4211	6	140.00	89.25	\$50.75	\$13,702.50
BUSFIN 4255	6	140.00	89.25	\$50.75	\$13,702.50
BUSMGT 2320	4	127.20	95.40	\$31.80	\$30,210.00
BUSMGT 3230	4	121.50	76.45	\$45.05	\$47,302.50
BUSMHR 3100	1	140.00	50.00	\$90.00	\$31,500.00
CHEM 1110	2	242.00	64.97	\$177.03	\$70,812.00
COMS 1100	1 (online)	90.00	50.00	\$40.00	\$20,000.00
<b>Fall Semester 2019 Total Savings</b>					<b>\$767,787.74</b>

Note: In accordance with U.S. Department of Education rules, students will be offered the opportunity to opt out of the digital textbook fee, but the discounted cost for course materials in each class will not be extended to those who choose not to participate.

**AUTHORIZATION TO APPROVE ATHLETIC PRICES AND FEES**

FISCAL YEAR 2020  
MEN'S BASKETBALL TICKET PRICING

Synopsis: Approval of athletic ticket prices for fiscal year 2020 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 2020.

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

**February 21, 2019**

**TOPIC:** Men's Basketball Ticket Prices

**CONTEXT:**

The Ohio State University Department of Athletics continues to be one of only 13 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 over 625 student-athletes.

The Department of Athletics first introduced premier-game pricing in 2013, and beginning with the 2017-2018 basketball season adopted an expanded variable pricing model for all individual game tickets, while implementing percentage discounts for public season ticket purchasers and 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 has contributed to successfully increasing both sales and attendance. The Athletic Council and university administrators recommend continuation of these pricing guidelines.

**RECOMMENDATION:**

For Men's Basketball tickets:

- Price the individual games according to exhibition, non-conference, conference or premier opponent categorization, with a maximum of five games categorized as premier.
- Expand the configuration of scaling the arena seating from four price zones to six price zones.
- Assign the individual game and season ticket pricing for the 2019-2020 men's basketball season as indicated in the following table.

**CONSIDERATIONS:**

Men's Basketball Tickets:

- Variable ticket pricing is widely used 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 it was first introduced for the 2013-2014 season.

- The current season ticket discounts will remain — approx. 12% off the aggregate total price of the individual game tickets for the public and 20% off the aggregate total price for faculty and staff.
- The student ticket price will remain at \$9 for all opponent categories.
- Two new price zones will be established in the lower level seating with a slight increase in pricing, while upper level seating zones will have prices either reduced or remaining static.
- Premier games for previous seasons have been designated as follows:
  - 2014-2015 season: Marquette, Michigan and Wisconsin
  - 2015-2016 season: Virginia, Maryland and Michigan State
  - 2016-2017 season: Connecticut, Michigan State, Wisconsin and Indiana
  - 2017-2018 season: Michigan, Michigan State, Maryland and Indiana
  - 2018-2019 season: Syracuse, Michigan State, Purdue and Wisconsin
- The schedule for the 2019-2020 season has not yet been determined.

<b>Opponent Category</b>	<b>Zone 1</b>	<b>Zone 2</b>	<b>Zone 3</b>	<b>Zone 4</b>	<b>Zone 5</b>	<b>Zone 6</b>	<b>Student</b>
Exhibition	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 5	\$ 9
Non-Conference	\$ 28	\$ 25	\$ 20	\$ 13	\$ 11	\$ 7	\$ 9
Conference	\$ 45	\$ 42	\$ 37	\$ 28	\$ 19	\$ 10	\$ 9
Premier	\$ 57	\$ 53	\$ 47	\$ 34	\$ 23	\$ 14	\$ 9
Season Ticket (Public)	\$ 634	\$ 579	\$ 507	\$ 367	\$ 263		
Season Ticket (Faculty/Staff)	\$ 574	\$ 530	\$ 458	\$ 339	\$ 242		

**REQUESTED OF FINANCE COMMITTEE:**

Approval

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

**APPROVAL TO ENTER INTO PROFESSIONAL SERVICES CONTRACTS**  
Energy Advancement and Innovation Center

**APPROVAL TO INCREASE PROFESSIONAL SERVICES AND CONSTRUCTION CONTRACTS**  
Wexner Medical Center Inpatient Hospital – Central Sterile Supply  
Wexner Medical Center Inpatient Hospital Garage (Infrastructure and Road Work)

Synopsis: Authorization to enter into/increase professional services and increase 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 project; and

	Prof. Serv. Approval Requested	Total Project Cost	
<b>Energy Advancement &amp; Innovation Center</b>	\$3.0M	\$35.0M	Partner Funds (OSEP)

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

	Prof. Serv. Approval Requested	Construction Approval Requested	Total Requested	
<b>Wexner Medical Center Inpatient Hospital – Central Sterile Supply</b>	\$11.8M	\$33.9M	\$45.7M	Auxiliary Funds
<b>Wexner Medical Center Inpatient Hospital – Garage (Infrastructure and Road Work)</b>	\$19.7M	\$54.3M	\$74.0M	Auxiliary Funds

WHEREAS the Capital Investment Plan (CIP) outlines capital projects recommended for funding and was approved by the Board of Trustees on June 8, 2018; and

WHEREAS approval for professional services for the Energy Advancement and Innovation Center is needed to align the design and construction schedule with the Interdisciplinary Research Building; and

WHEREAS the full cost of professional services and construction for the Wexner Medical Center Inpatient Hospital – Central Sterile Supply and the Wexner Medical Center Inpatient Hospital Garage (Infrastructure and Road Work) was not known at the time the CIP was approved; and

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



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

WHEREAS the Finance Committee has reviewed the projects listed above for alignment with the CIP 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 Energy Advancement and Innovation Center project and additional professional services and construction for the Wexner Medical Center Inpatient Hospital – Central Sterile Supply project and the Wexner Medical Center Inpatient Hospital Garage (Infrastructure and Road Work) project; 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 and 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

## Energy Advancement and Innovation Center

OSU-180355-1 (CNI# 18000020)

Project Location: West Campus

• <b>approval requested and amount</b>	
prof services	\$3.0M
• <b>project budget</b>	
professional services	\$3.0M
construction w/contingency	\$32.0M
<b>total project budget</b>	<b>\$35.0M</b>



- **project funding**

- university debt
- fundraising
- university funds
- auxiliary funds (health system)
- state funds
- partner funds (OSEP)

- **project schedule**

BoT professional services approval	2/19
design	04/19 – 01/20
construction	01/20 – 08/22
facility opening	12/22

- **project delivery method**

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

- **planning framework**

- the long-term lease and concession agreement between the university and Ohio State Energy Partners included \$50M for the development of the Energy Advancement and Innovation Center to serve as an experiential hub for energy research and technology incubation
- \$35M of the funding is for building design and construction and \$15M is for seed money for initial projects and building operations
- a scoping study for the Energy Advancement and Innovation Center was completed in January 2019
- the FY 2019 Capital Investment Plan will be amended to include an additional \$3.0M for the design of the Energy Advancement and Innovation Center

- **project scope**

- the Energy Advancement and Innovation Center will be designed in conjunction with the Interdisciplinary Research Building to ensure consistent design, site and civic structure development
- the project will include gathering, collaboration, learning, and shared program space which will serve both buildings

- **approval requested**

- approval is requested to amend the FY 2019 Capital Investment Plan
- approval is requested to enter into professional services contracts

---

- **project team**

University project manager:	Brendan Flaherty
Study/planner:	Smith-Miller + Hawkinson
AE/design architect:	Moody-Nolan
Construction Manager:	Whiting-Turner Cora Kokosing (joint venture)

# Project Data Sheet for Board of Trustees Approval

## Wexner Medical Center Inpatient Hospital – Central Sterile Supply

OSU-180391-2 (CNI# 18000176)

Project Location: Kenny Road and Ackerman Road

- **approval requested and amount**

professional services	\$11.8M
construction w/contingency	\$33.9M
<b>total amount requested</b>	<b>\$45.7M</b>

- **project budget**

professional services	\$14.3M
construction w/contingency	\$33.9M
<b>total project budget</b>	<b>\$48.2M</b>

- **project funding**

- university debt
- fundraising
- university funds
- auxiliary funds (health system)
- state funds

- **project schedule**

BoT professional services (through DD)	02/18
BoT professional services (remainder)	02/19
BoT construction approval	02/19
design	06/18 – 03/19
construction	06/19 – 09/20
facility opening	01/21

- **project delivery method**

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

- **planning framework**

- \$2.5M of professional services for the design of Central Sterile Supply was included in the February 2018 approval for the Wexner Medical Center Inpatient Hospital project
- the FY2019 Capital Investment Plan included \$33.0M for the Central Sterile Supply project; the Capital Investment Plan will be amended to include an additional \$15.2M
- total project budget includes site acquisition cost

- **project scope**

- the project will construct a central sterile supply building to serve the Wexner Medical Center hospitals and ambulatory care locations

- **approval requested**

- approval is requested to amend the FY 2019 Capital Investment Plan
- approval is requested to increase professional services contracts and construction contracts




---

- **project team**

University project manager: Doug Murray  
 AE/design architect: Henningson Durham & Richardson  
 CM at Risk: Walsh-Turner (joint venture)

# Project Data Sheet for Board of Trustees Approval

## WMC Inpatient Hospital Garage, Infrastructure & Road Work

OSU-180391-1 (CNI# 18000171)

Project Location: Wexner Medical Center

- **approval requested and amount**

professional services	\$19.7M
construction w/contingency	\$54.3M
total amount requested	\$74.0M

- **project budget**

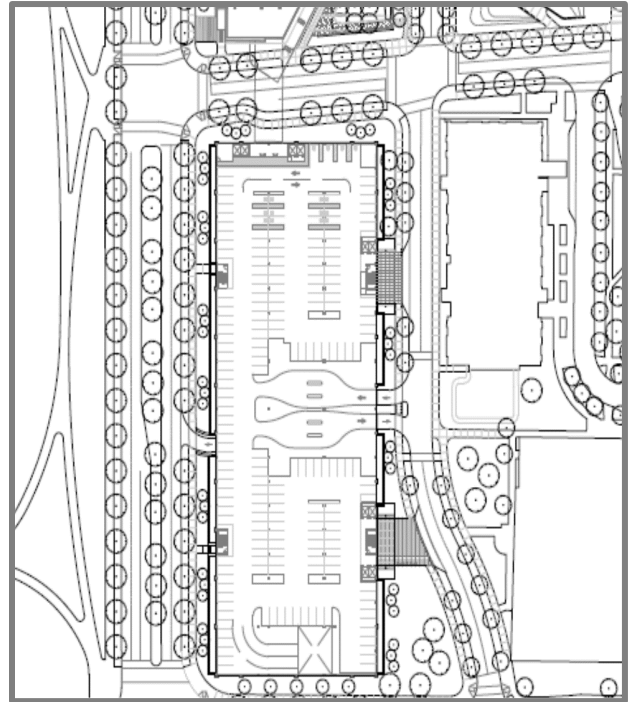
professional services	\$25.8M
construction w/contingency	\$76.3M
total project budget	\$102.1M

- **project funding**

- university debt
- fundraising
- university funds
- auxiliary funds (health system)
- state funds

- **project schedule**

BoT professional services approval	02/18
design	06/18 – 12/18
BoT construction approval (partial)	11/18
construction	05/19 – 05/21
facility opening	10/20 and 05/21



- **project delivery method**

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

- **planning framework**

- consistent with the strategic plan of the Wexner Medical Center to provide adjacent patient parking
- \$6.1M of professional services for the design of the garage, infrastructure and roadwork, was included in the February 2018 approval for the Wexner Medical Center Inpatient Hospital project;
- \$22M of professional services and construction for site, civil, street connection and foundations was approved in November 2018
- the FY 2019 Capital Investment Plan includes \$70.0M for the project; the Capital Investment Plan will be amended to include an additional \$32.1M

- **project scope**

- the project will construct a 1,870-space parking garage west of McCampbell Hall; garage construction will be phased with a portion opening 10/2020 and the remainder of the garage open by 05/2021
- road work scope includes street, curb and sidewalks on both sides of street A, and street lighting
- infrastructure work includes water, sewer and communications line connections on north side of 10<sup>th</sup> Ave

- **approval requested**

- approval is requested to amend the FY 2019 Capital Investment Plan
- approval is requested to increase professional services contracts and construction contracts

---

- **project team**

University project manager: Doug Murray  
AE/design architect: Henningson, Durham & Richardson  
CM at Risk: Walsh-Turner (joint venture)

**APPROVAL FOR ACQUISITION AND POTENTIAL SALE  
OF REAL PROPERTY**

SHIER RINGS ROAD  
DUBLIN, FRANKLIN COUNTY, OHIO

Synopsis: Authorization to purchase real property located along U.S. 33 at Shier Rings Road in Dublin, Franklin County, Ohio, and authorization to sell real property located along U.S. 33 at Shier Rings Road in Dublin, Franklin County, Ohio, is proposed.

WHEREAS The Ohio State University seeks to purchase approximately 34 +/- acres of unimproved real property located along U.S. 33 and Shier Rings Road in Dublin, Ohio; and

WHEREAS the property is strategically important in supporting the objectives of the Wexner Medical Center ambulatory care strategy; and

WHEREAS the city of Dublin will be responsible for the installation and construction of public infrastructure improvements identified in a separate Economic Development Agreement; and

WHEREAS as partial consideration for the city of Dublin's agreement to transfer and convey ownership of the property to the university, Dublin and The Ohio State University have agreed that under certain limited circumstances following the closing of the sale and conveyance of the property from Dublin to the university, Dublin may elect to have the university reconvey the property to Dublin after payment of the original purchase price by Dublin to the university, all upon such terms and conditions as outlined in the Property Reconveyance Escrow Agreement (PREA) to be signed simultaneously with the Economic Development Agreement (EDA) and the Real Estate Purchase and Sale Agreement; and

WHEREAS the PREA will require the university to obtain state of Ohio legislative approval for a potential sale with the resulting Governor's Deed to be held in escrow and released only in accordance with the terms and conditions of the PREA; and

WHEREAS the Wexner Medical Center will provide funding for the acquisition and subsequent development of the property:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves that the President and/or Senior Vice President for Business and Finance be authorized to take action required to effect the purchase of the referenced property in the name of the state of Ohio for the use and benefit of The Ohio State University upon terms and conditions deemed to be in the best interest of the university and at a purchase price determined to be fair market value for the property; 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 take action required to effect the sale of the referenced property upon terms and conditions deemed to be in the best interest of the university and pursuant to the terms of the PREA.

# **APPROVAL FOR PURCHASE AND POTENTIAL SALE OF UNIMPROVED REAL PROPERTY**

## **SHIER RINGS ROAD DUBLIN, FRANKLIN COUNTY, OHIO**

### **Background**

The Ohio State University's Wexner Medical Center (WMC) seeks to acquire vacant land for development of an additional ambulatory care facility in Franklin County, Ohio. Acquisition of this land supports 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.

As partial consideration for the city of Dublin's (Dublin) agreement to transfer and convey ownership of the property to the university pursuant to the Real Estate Purchase and Sale Agreement, Dublin and the university have agreed that under certain limited circumstances following the closing of the sale and conveyance of the property from Dublin to the university, Dublin may elect to have the university reconvey the property to Dublin after payment of the original purchase price by Dublin to OSU. This agreement will be memorialized in a Property Reconveyance Escrow Agreement (PREA) to be signed simultaneously with the Economic Development Agreement (EDA) and the Real Estate Purchase and Sale Agreement.

### **Location and Description**

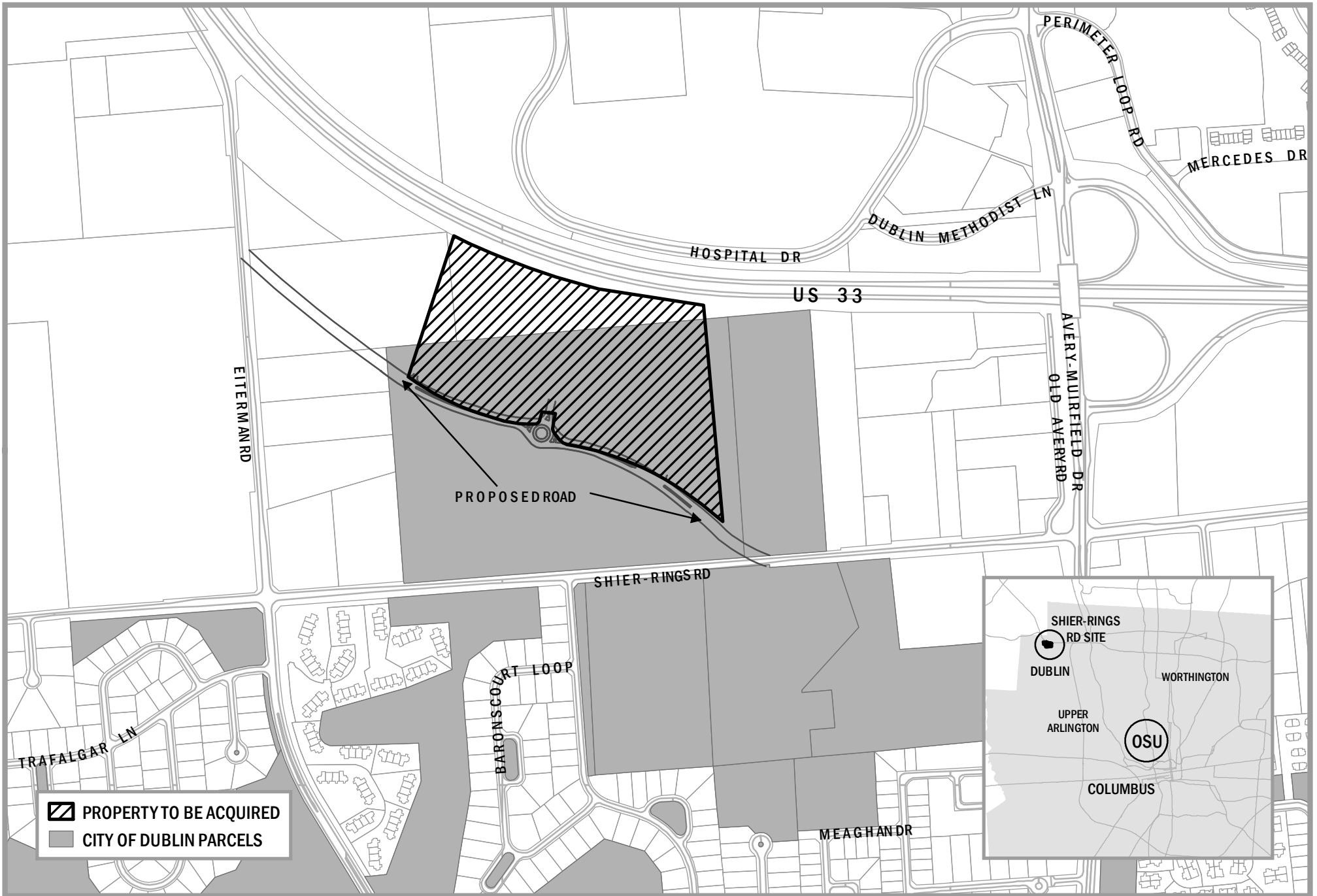
The property is located along US 33 and Shier Rings Road, Dublin, Ohio. The site consists of approximately 34 +/- acres located within the City of Dublin (Dublin). Dublin will be responsible for installation and construction of public infrastructure improvements identified in the Economic Development Agreement, which is the subject of an additional board resolution request.

### **Property History**

The 34 +/- acre undeveloped site is comprised of three parcel numbers owned by Dublin. Upon acquisition by The Ohio State University, the property will be titled to the State of Ohio and will require State legislative approval for sale. After the execution and delivery of the Real Estate Purchase and Sale Agreement and the EDA, the university will seek State legislative approval for the sale, will obtain an executed Governor's Deed, and the Governor's Deed will be held in escrow pursuant to the terms of the PREA.

### **Purchase of Property and Potential Sale**

WMC recommends that the 34 +/- acres of unimproved real property described above be acquired on terms and conditions that are in the best interest of the university and at a price determined to be fair market value for the property. The source of funding for the acquisition and subsequent development of the property will be the Wexner Medical Center. WMC further recommends authorization to sell the land under terms and conditions outlined in the PREA.



**APPROVAL FOR EXECUTION OF AN  
ECONOMIC DEVELOPMENT AGREEMENT**

SHIER RINGS ROAD  
DUBLIN, FRANKLIN COUNTY, OHIO

Synopsis: Authorization to enter into an Economic Development Agreement related to property located along U.S. 33 at Shier Rings Road in Dublin, Franklin County, Ohio, is proposed.

WHEREAS The Ohio State University seeks to enter into an Economic Development Agreement (EDA) for development of approximately 34 +/- acres of real property located along U.S. 33 at Shier Rings Road in Dublin, Ohio; and

WHEREAS the property is strategically important in meeting the objectives of the Wexner Medical Center ambulatory care strategy; and

WHEREAS the EDA will memorialize, among other items, agreements regarding certain public infrastructure work to be performed by the city of Dublin and municipal income tax incentives to be paid to the university;

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves that the President and/or Senior Vice President for Business and Finance be authorized to take action required to enter into the Economic Development Agreement upon terms and conditions deemed to be in the best interest of the university.



## **APPROVAL FOR EXECUTION OF ECONOMIC DEVELOPMENT AGREEMENT**

### **SHIER RINGS ROAD DUBLIN, FRANKLIN COUNTY, OHIO**

#### **Background**

The Ohio State University's Wexner Medical Center (WMC) seeks to acquire vacant land for development of an additional ambulatory care facility in Franklin County, Ohio. Acquisition of this land supports 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. Simultaneous with the execution of the Real Estate Purchase and Sale Contract for the acquisition of the land, the parties will execute an Economic Development Agreement (EDA), which memorializes, among other items, agreements regarding certain public infrastructure work to be performed by the city of Dublin (Dublin) and municipal income tax incentives to be paid to The Ohio State University (OSU).

#### **Location and Description**

The property is located along U.S. 33 and Shier Rings Road in Dublin, Ohio. The site consists of approximately 34 +/- acres located within Dublin.

The EDA contains provisions pertaining to project development, public improvements, and municipal income tax incentives:

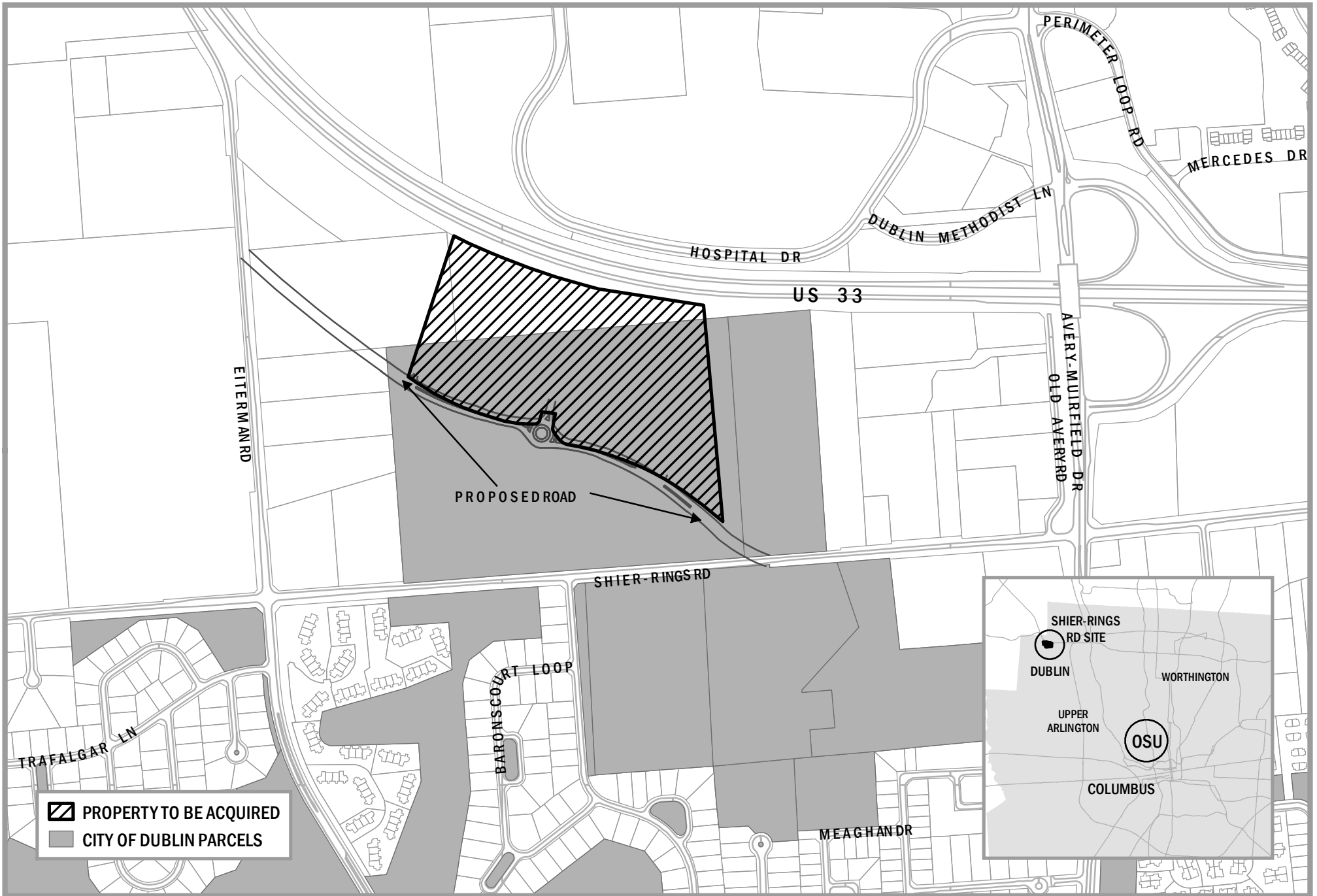
- Infrastructure – OSU is responsible for paying the cost of and constructing on-site improvements and will contribute a proportionate share to additional public improvements in the immediate vicinity, which will provide support to OSU's development, as specifically outlined in the EDA.
- Municipal Income – OSU is entitled to certain economic development incentives as outlined in the EDA.
- Adjacent Properties being retained by city of Dublin – OSU imposes certain use restrictions as outlined in the EDA.


#### **Property History**

The 34 +/- acre undeveloped site is comprised of three parcel numbers owned by the city of Dublin.

#### **Execution of Agreement**

Wexner Medical Center and University leadership recommend that the Board of Trustees authorize the university to enter into the Economic Development Agreement upon the terms set forth above and as otherwise deemed to be 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.



 PROPERTY TO BE ACQUIRED  
 CITY OF DUBLIN PARCELS

**PURCHASE OF REAL PROPERTY**  
**SHIER-RINGS ROAD**  
**DUBLIN, FRANKLIN COUNTY, OHIO 43016**

**AUTHORIZATION TO ENTER INTO A  
LONG-TERM LEASE AND PURCHASE OPTION**

14TH AVENUE AND PEARL STREET  
COLUMBUS, OHIO

Synopsis: Authorization to negotiate and enter into a lease agreement providing for the construction and occupancy of a four-story building — approximately 52,000 square feet in size and situated upon approximately .39 acres to be located at the northeast corner of 14th Avenue and Pearl Street — as part of the planned new 15th and High development, is proposed.

WHEREAS Campus Partners for Urban Community Redevelopment (Campus Partners), an affiliate of The Ohio State University (the university), owns the desired site through Redstone Realty Company, LLC (Redstone), a wholly owned subsidiary of Campus Partners, and shall construct the office facility to suit WOSU Public Media (WOSU); and

WHEREAS the university, through WOSU, will occupy the entirety of the building constructed on the site through a thirty (30) year lease with Redstone; and

WHEREAS WOSU has determined that this site and the proposed building meet the objectives and requirements of the WOSU strategic plan, and funds necessary to meet the university's obligations under the agreements will be provided through WOSU:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves that the President and/or Senior Vice President for Business and Finance be authorized to enter into a lease providing for the construction and occupancy of a four-story building — approximately 52,000 square feet in size and situated upon approximately .39 acres at the northeast corner of 14th Avenue and Pearl Street in Columbus, Ohio — as part of the planned new 15th and High development, on such terms and conditions as deemed to be in the best interest of the university, which shall include an option to purchase the site and building, subject to board approval and other conditions; and

BE IT FURTHER RESOLVED, That in no event shall the consideration paid by the university to Redstone pursuant to the lease agreement, including pre-paid rent and tenant improvements, if any, exceed \$29,000,000.

# **AUTHORIZATION TO ENTER INTO A LONG-TERM LEASE AND PURCHASE OPTION**

14TH AVENUE AND PEARL STREET, COLUMBUS, OHIO

## **Background**

The Ohio State University, on behalf of WOSU Public Media (WOSU), seeks authorization to enter into a long-term lease and purchase option with Campus Partners for Community Urban Redevelopment (Campus Partners), through its wholly owned subsidiary Redstone Realty Company, LLC (Redstone), for certain property and a newly constructed building to be located at the corner of 14th Avenue and Pearl Street.

The majority of WOSU's office and production spaces are presently confined to the basement of the Fawcett Center. This 48-year-old facility has neither the space nor the infrastructure to meet the needs of a 21st century media organization. In order for WOSU to reach its service potential, a new home is desired that properly reflects its mission to *engage, inform and inspire*.

## **Project Summary**

WOSU believes that such a space for its new home can be constructed on the east side of High Street as part of the planned new 15 + High development, and would boast an open environment with ample space for collaboration, connectivity and innovation. In addition, the new building will include a new media lab for creative experiments and research; a performance space; and a community studio for local programming developed by WOSU and The Ohio State University faculty, staff and students. With these new amenities in place, WOSU projects that it will be able to grow its 1 million monthly users and 26,000 annual members by providing more local programming and educational services as media continues to transform in the coming years. Most importantly, because the new space will be built at the nexus of campus and community, the new location will allow WOSU to strengthen the organization's standing as a long-term university/community asset capable of engaging minds, enriching lives and evolving to meet the ever-changing needs of the population it serves.

Under the thirty (30) year lease, it is the obligation of Redstone to construct the new building. Construction is estimated to begin in spring 2019 with the planned opening occurring October 2020. In accordance with the terms of the lease, the university will reimburse Redstone for such construction costs. Further, this lease will be a triple net lease and all costs associated with the lease and ongoing operating expenses will be the responsibility of WOSU. Through philanthropy and earned revenue opportunities, WOSU has raised more than \$17 million to date for this building. The proposed lease grants to the university a purchase option on the property, together with a right of first refusal and a right of first offer.

## **Location and Description of Proposed Project**

The proposed development is an approximately 52,000 square foot, 4-story building to be located at the northeast corner of 14th Avenue and Pearl Street as part of the planned new 15 + High development.

## **Authorization Requested**

Authorization is requested to enter into a long-term lease and purchase option of a  $\pm$  52,000 square foot office building to be located at the northeast corner of 14th Avenue and Pearl Street, upon such terms and conditions that are deemed to be in the best interest of the university.



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

**TOPIC:** Fiscal Year 2019 Interim Financial Report - December 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 six months ended December 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 six months ended December 31, 2018
  - A. State Support Outlook
  - B. OSU Wexner Medical Center
  - C. Enrollment
  - D. Research
  - E. Auxiliary Operations

## I. Summary

Consolidated revenues through the six months of fiscal year 2019, excluding investment income (loss), were \$3,562 million, representing an increase of \$217 million, or 6.5% over the same period of fiscal year 2018. The revenue increase is primarily in Healthcare revenues, which were up \$164 million. Additional details on revenue trends are provided below:

- Healthcare revenues for the OSU Health System and OSU Physicians (OSUP) increased \$164 million, or 9.3%, to \$1,926 million. The Health System accounted for \$147 million of the increase. Total outpatient visits and surgeries were 5.2% and 3.8% above prior year, respectively.
- University revenues through the six months of fiscal year 2019 increased \$44 million, to \$1,425 million compared to the same period in fiscal year 2018.
  - Net student tuition and fees increased \$20 million, to \$478 million or 4.4% over the same period of fiscal year 2018, due primarily to increases in gross tuition revenues of \$22 million for autumn semester and \$3 million for summer semester, offset by a \$5 million increase in scholarship allowances. Autumn semester increased \$22 million primarily due to enrollment and rate increases for non-residents and new first year (NFY) students. NFY student enrollment is up 10% and instructional and non-resident rates are up 1.4% and 4.8%, respectively, for an increase of \$11 million. Continuing student enrollment is up 1% and non-resident rates up 4.8% for an increase of \$9 million. Graduate and professional student enrollment and rates are up marginally for an increase of \$2 million.
  - Grant and contract revenues increased \$26 million, or 6.4%, to \$432 million, due primarily to increases in federal grants of \$16 million and state grants of \$7 million.
- Auxiliary revenues for the first six months of fiscal year 2019 increased \$10 million, to \$211 million, primarily due to two concerts held in Ohio Stadium this fiscal year and increases in Student Life revenue.

Consolidated expenses for the six months ended December 31, 2018 were \$3,295 million, up \$188 million, or 6.1%, over the same period of fiscal year 2018.

- Healthcare expenses of \$1,637 million increased \$148 million, or 10%, primarily due to increases in operating costs from increases in patient volumes.
- University expenses of \$1,478 million for the first six months of fiscal year 2019 increased \$28 million compared to the same period of fiscal year 2018 primarily due to salary increases of \$23 million
- Auxiliary expenses increased \$12 million to \$180 million for the first six months of fiscal year 2019, primarily due to two concerts held in Ohio Stadium and operating expenses associated with Athletics and Student Life.

Overall, total revenues of \$3,562 million outpaced total expenses of \$3,295 million for a margin of \$267 million. Total consolidated margin with endowment distributions of \$108 million for the first six months of fiscal year 2019 is \$375 million, an increase of \$37 million over the same period in fiscal year 2018.

Total cash and restricted cash increased \$256 million for the first six months of fiscal year 2019 primarily due to collection of spring semester student tuition, housing, and dining fees and strong collections on patient accounts from growth of operations. Accounts receivable, prepaid expenses, and advance payments for goods and services increased significantly as a result of spring semester student enrollment, scholarship awards, and tuition payments of \$519 million in advance of the start of classes in 2019. Net capital assets increased \$133 million for university academic projects such as Postle Hall and Koffolt/Fontana lab, Cannon Drive project, and auxiliary projects such as Covelli arena, Schumaker Student complex, and Schottenstein Center North, and the Wexner Medical Center Inpatient Hospital and garage. The Long-term Investment Pool (LTIP) decreased \$293 million to \$4,919 million due primarily to net investment loss and distributions. For six months ended December 31, 2018 (FYTD), the LTIP earned a net of investment fee return of -5.23% versus a Policy Benchmark of -4.50%, resulting in underperformance of 0.73%. During that period, our Global Fixed Income returned 0.01%, followed by Real Assets at -2.07%, and Global Equities at -7.75%.



**II. Financial Statement Review**  
**A. Interim Financial Statements (in thousands)**

**THE OHIO STATE UNIVERSITY**  
**CONSOLIDATED STATEMENTS OF NET POSITION**  
**December 31, 2018 (unaudited) and June 30, 2018 (audited)**

	<u>As of December</u> <u>2018</u>	<u>As of June</u> <u>2018</u>	<u>Increase/Decrease</u>	
			Dollars	%
<b>ASSETS:</b>				
Current Assets:				
Cash and cash equivalents	\$ 1,847,757	\$ 1,548,826	\$ 298,931	19.3%
Temporary investments	1,644,528	1,615,671	28,857	1.8%
Accounts receivable, net	853,967	672,587	181,380	27.0%
Notes receivable - current portion, net	25,317	25,317	-	0.0%
Pledges receivable - current portion, net	29,524	29,524	-	0.0%
Accrued interest receivable	19,485	23,454	(3,969)	-16.9%
Inventories and prepaid expenses	328,917	129,881	199,036	153.2%
Investments held under securities lending program	30,017	39,510	(9,493)	-24.0%
Total Current Assets	<u>4,779,512</u>	<u>4,084,770</u>	<u>694,742</u>	<u>17.0%</u>
Noncurrent Assets:				
Restricted cash	521,629	564,656	(43,027)	-7.6%
Notes receivable, net	41,020	43,666	(2,646)	-6.1%
Pledges receivable, net	70,901	70,901	-	0.0%
Long-term investment pool	4,918,617	5,211,434	(292,817)	-5.6%
Other long-term investments	194,241	165,427	28,814	17.4%
Capital assets, net	5,288,187	5,154,803	133,384	2.6%
Total Noncurrent Assets	<u>11,034,595</u>	<u>11,210,887</u>	<u>(176,292)</u>	<u>-1.6%</u>
<b>Total Assets</b>	<u>15,814,107</u>	<u>15,295,657</u>	<u>518,450</u>	<u>3.4%</u>
Deferred Outflows:				
Pension	631,651	631,651	-	0.0%
Other post-employment benefits	87,915	87,915	-	0.0%
Other deferred outflows	21,068	18,393	2,675	14.5%
<b>Total Assets and Deferred Outflows</b>	<u>\$ 16,554,741</u>	<u>\$ 16,033,616</u>	<u>\$ 521,125</u>	<u>3.3%</u>
<b>LIABILITIES AND NET POSITION:</b>				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 626,935	\$ 603,410	\$ 23,525	3.9%
Deposits and advance payments for goods and services	854,142	276,496	577,646	208.9%
Current portion of bonds, notes and leases payable	53,551	53,551	-	0.0%
Long-term bonds payable, subject to remarketing	588,360	588,360	-	0.0%
Liability under securities lending program	30,017	39,510	(9,493)	-24.0%
Other current liabilities	64,675	88,850	(24,175)	-27.2%
Total Current Liabilities	<u>2,217,680</u>	<u>1,650,177</u>	<u>567,503</u>	<u>34.4%</u>
Noncurrent Liabilities:				
Bonds, notes and leases payable	2,563,392	2,603,059	(39,667)	-1.5%
Concessionaire payable	10,316	10,316	-	0.0%
Net pension liability	2,548,245	2,548,245	-	0.0%
Net other post-employment benefit liability	1,249,674	1,249,674	-	0.0%
Compensated absences	173,211	170,225	2,986	1.8%
Self-insurance accruals	70,613	74,139	(3,526)	-4.8%
Amounts due to third-party payors - Health System	53,995	44,909	9,086	20.2%
Irrevocable split-interest agreements	29,307	29,378	(71)	-0.2%
Refundable advances for Federal Perkins loans	32,638	32,638	-	0.0%
Advance from concessionaire	1,035,448	1,046,342	(10,894)	-1.0%
Other noncurrent liabilities	92,521	91,987	534	0.6%
Total Noncurrent Liabilities	<u>7,859,360</u>	<u>7,900,912</u>	<u>(41,552)</u>	<u>-0.5%</u>
<b>Total Liabilities</b>	<u>10,077,040</u>	<u>9,551,089</u>	<u>525,951</u>	<u>5.5%</u>
Deferred Inflows:				
Parking service concession arrangement	421,361	426,176	(4,815)	-1.1%
Pension	411,809	411,809	-	0.0%
Other post-employment benefits	100,511	100,511	-	0.0%
Other deferred inflows	33,678	33,779	(101)	-0.3%
<b>Total Deferred Inflows</b>	<u>967,359</u>	<u>972,275</u>	<u>(4,916)</u>	<u>-0.5%</u>
Net Position:				
Net investment in capital assets	2,704,807	2,488,574	216,233	8.7%
Restricted:				
Nonexpendable	1,524,081	1,551,278	(27,197)	-1.8%
Expendable	1,129,084	1,328,793	(199,709)	-15.0%
Unrestricted	152,370	141,607	10,763	7.6%
<b>Total Net Position</b>	<u>5,510,342</u>	<u>5,510,252</u>	<u>90</u>	<u>0.0%</u>
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<u>\$ 16,554,741</u>	<u>\$ 16,033,616</u>	<u>\$ 521,125</u>	<u>3.3%</u>

**THE OHIO STATE UNIVERSITY  
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES,  
AND OTHER CHANGES IN NET POSITION - UNAUDITED  
Comparative Year-To-Date  
December 31, 2018 and December 31, 2017**

	December		Increase/Decrease	
	2018	2017	Dollars	%
<b>Operating Revenues:</b>				
Student tuition and fees, net	\$ 477,590	\$ 457,667	\$ 19,923	4.4%
Federal grants and contracts	181,217	167,632	13,585	8.1%
State grants and contracts	47,225	40,102	7,123	17.8%
Local grants and contracts	13,251	11,969	1,282	10.7%
Private grants and contracts	148,732	146,738	1,994	1.4%
Sales and services of educational departments	85,602	81,476	4,126	5.1%
Sales and services of auxiliary enterprises	211,212	201,550	9,662	4.8%
Sales and services of the OSU Health System, net	1,654,870	1,507,963	146,907	9.7%
Sales and services of OSU Physicians, Inc., net	270,908	253,855	17,053	6.7%
Other operating revenues	18,431	17,149	1,282	7.5%
<b>Total Operating Revenues</b>	<b>3,109,038</b>	<b>2,886,101</b>	<b>222,937</b>	<b>7.7%</b>
<b>Operating Expenses:</b>				
<b>Educational and General:</b>				
Instruction and departmental research	500,991	484,851	16,140	3.3%
Separately budgeted research	263,370	256,727	6,643	2.6%
Public service	91,329	91,081	248	0.3%
Academic support	111,071	107,967	3,104	2.9%
Student services	46,041	45,020	1,021	2.3%
Institutional support	129,517	141,244	(11,727)	-8.3%
Operation and maintenance of plant	69,002	70,803	(1,801)	-2.5%
Scholarships and fellowships	65,860	61,627	4,233	6.9%
Auxiliary enterprises	179,858	167,884	11,974	7.1%
OSU Health System	1,384,651	1,249,657	134,994	10.8%
OSU Physicians, Inc.	252,068	238,576	13,492	5.7%
Depreciation	200,910	190,994	9,916	5.2%
<b>Total Operating Expenses</b>	<b>3,294,668</b>	<b>3,106,431</b>	<b>188,237</b>	<b>6.1%</b>
<b>Operating Loss</b>	<b>(185,630)</b>	<b>(220,330)</b>	<b>34,700</b>	<b>-15.7%</b>
<b>Non-operating Revenues (Expenses):</b>				
State share of instruction and line-item appropriations	235,504	237,443	(1,939)	-0.8%
Federal subsidies for Build America Bonds interest	5,310	5,287	23	0.4%
Federal non-exchange grants	35,500	33,195	2,305	6.9%
State non-exchange grants	5,961	6,132	(171)	-2.8%
Gifts	101,432	103,608	(2,176)	-2.1%
Net investment income (loss)	(206,689)	293,702	(500,391)	-170.4%
Interest expense on plant debt	(60,852)	(58,844)	(2,008)	3.4%
Other non-operating revenues(expenses)	5,413	1,664	3,749	225.3%
<b>Net Non-operating Revenue (Expense)</b>	<b>121,579</b>	<b>622,187</b>	<b>(500,608)</b>	<b>-80.5%</b>
<b>Income (Loss) before Other Revenues, Expenses, Gains or Losses</b>	<b>(64,051)</b>	<b>401,857</b>	<b>(465,908)</b>	<b>-115.9%</b>
<b>Other Changes in Net Position</b>				
State capital appropriations	32,026	44,223	(12,197)	-27.6%
Private capital gifts	6,232	4,763	1,469	30.8%
Additions to permanent endowments	25,883	22,752	3,131	13.8%
<b>Total Other Changes in Net Position</b>	<b>64,141</b>	<b>71,738</b>	<b>(7,597)</b>	<b>-10.6%</b>
<b>Increase in Net Position</b>	<b>90</b>	<b>473,595</b>	<b>\$ (473,505)</b>	<b>-100.0%</b>
<b>Net Position - Beginning of Year</b>	<b>5,510,252</b>	<b>5,679,277</b>		
<b>Net Position - End of Period</b>	<b>\$ 5,510,342</b>	<b>\$ 6,152,872</b>		

**THE OHIO STATE UNIVERSITY**  
**STATEMENTS OF CASH FLOWS - UNAUDITED**  
**Years Ended December 31, 2018 and December 31, 2017**  
(in thousands)

	<u>December 2018</u>	<u>December 2017</u>	<u>Incr/(Decr) to Cash Dollars</u>	<u>%</u>
<b>Cash Flows from Operating Activities:</b>				
Tuition and fee receipts	\$ 631,374	\$ 482,709	\$ 148,665	30.8%
Grant and contract receipts	346,834	347,769	(935)	-0.3%
Receipts for sales and services	2,281,779	2,044,000	237,779	11.6%
Receipt from energy concessionaire	-	1,089,914	(1,089,914)	-100.0%
Payments to or on behalf of employees	(1,458,350)	(1,357,567)	(100,783)	7.4%
University employee benefit payments	(418,651)	(359,332)	(59,319)	16.5%
Payments to vendors for supplies and services	(1,114,142)	(1,121,568)	7,426	-0.7%
Payments to students and fellows	(61,551)	(61,493)	(58)	0.1%
Student loans issued	(3,431)	(5,142)	1,711	-33.3%
Student loans collected	6,549	4,163	2,386	57.3%
Student loan interest and fees collected	944	857	87	10.2%
Other receipts, net	17,404	13,382	4,022	30.1%
Net cash provided (used) by operating activities	<u>228,759</u>	<u>1,077,692</u>	<u>(848,933)</u>	<u>-78.8%</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
State share of instruction and line-item appropriations	235,504	237,443	(1,939)	-0.8%
Non-exchange grant receipts	41,461	35,163	6,298	17.9%
Gift receipts for current use	101,432	89,640	11,792	13.2%
Additions to permanent endowments	25,883	22,752	3,131	13.8%
Drawdowns of federal direct loan proceeds	280,800	155,700	125,100	80.3%
Disbursements of federal direct loans to students	(298,411)	(168,729)	(129,682)	76.9%
Repayment of loans from related organization	17	293	(276)	-94.2%
Amounts received for annuity and life income funds	795	2,648	(1,853)	-70.0%
Amounts paid to annuitants and life beneficiaries	(866)	(1,750)	884	-50.5%
Agency funds receipts	6,293	5,852	441	7.5%
Agency funds disbursements	(5,386)	(4,894)	(492)	10.1%
Net cash provided (used) by noncapital financing activities	<u>387,522</u>	<u>368,351</u>	<u>19,171</u>	<u>5.2%</u>
<b>Cash Flows from Capital Financing Activities:</b>				
Proceeds from capital debt and leases	-	82,669	(82,669)	100.0%
State capital appropriations	32,106	42,980	(10,874)	-25.3%
Gift receipts for capital projects	6,232	4,763	1,469	30.8%
Payments for purchase or construction of capital assets	(336,594)	(225,661)	(110,933)	49.2%
Principal payments on capital debt and leases	(38,431)	(132,378)	93,947	-71.0%
Interest payments on capital debt and leases	(61,426)	(61,282)	(144)	0.2%
Federal subsidies for Build America Bonds interest	5,310	5,287	23	0.4%
Net cash provided (used) by capital financing activities	<u>(392,803)</u>	<u>(283,622)</u>	<u>(109,181)</u>	<u>38.5%</u>
<b>Cash Flows from Investing Activities:</b>				
Net (purchases) sales of temporary investments	(28,857)	19,735	(48,592)	-246.2%
Proceeds from sales and maturities of long-term investments	2,105,557	1,455,586	649,971	44.7%
Investment income	96,748	78,231	18,517	23.7%
Purchases of long-term investments	(2,141,022)	(2,147,278)	6,256	-0.3%
Net cash provided (used) by investing activities	<u>32,426</u>	<u>(593,726)</u>	<u>626,152</u>	<u>-105.5%</u>
<b>Net Increase (Decrease) in Cash</b>	<u>255,904</u>	<u>568,695</u>	<u>\$ (312,791)</u>	<u>-55.0%</u>
Cash and Cash Equivalents - Beginning of Year	<u>2,113,482</u>	<u>1,376,685</u>		
Cash and Cash Equivalents - End of Period	<u>\$ 2,369,386</u>	<u>\$ 1,945,380</u>		

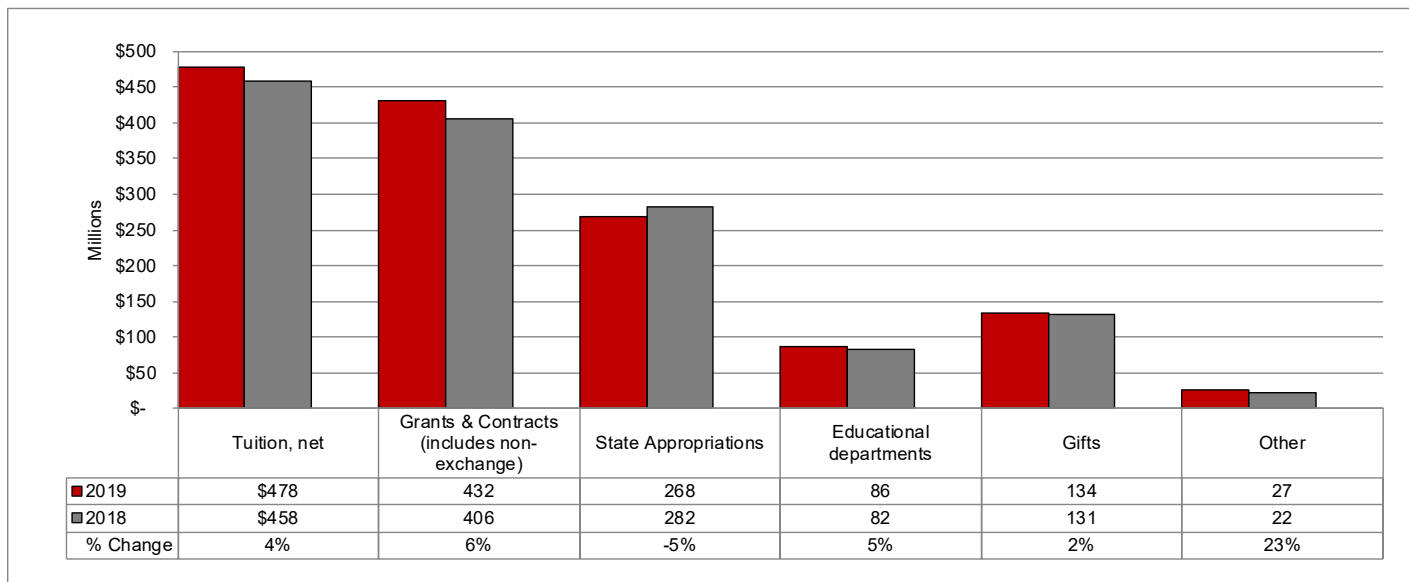
**B. Revenue**

Consolidated revenues through the first six months of fiscal year 2019, excluding investment income, were \$3,562 million, representing an increase of \$217 million, or 6.5% over the same period of fiscal year 2018. 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 six months of fiscal year 2019 were \$1,425 million, up \$44 million compared to the first six months of fiscal year 2018. Major components of university revenues were as follows:

**University Revenue YTD First Six Months Fiscal Year 2019 vs. Fiscal Year 2018**



Net student tuition and fees increased \$20 million, to \$478 million or 4.4% over the same period of fiscal year 2018 due primarily to \$22 million increases in Autumn 2018 and \$3 million increases in Summer semester, offset by \$5 million increases in scholarship allowance. Autumn semester increased \$22 million primarily due to enrollment and rate increases for non-residents and new first year (NFY) students. NFY student enrollment is up 10%, or 715 students, and instructional and non-resident rates are up 1.4% and 4.8%, respectively, for an increase of \$10.9 million. For every 100 NFY student enrollment increase, marginal revenue increases by approximately \$1.4 million. Continuing student enrollment is up 1% and non-resident rates up 4.8% for an increase of \$9.2 million. Graduate and professional student enrollment and rates are up marginally for an increase of \$1.7 million.

Grant and contract revenues increased \$26 million, or 6.4%, to \$432 million, due primarily to increases in federal grants of \$14 million, state grants of \$7 million, and local and private grants of \$3 million, and non-exchange grants of \$2 million. Federal grants increased \$14 million primarily due to increases in grants from National Aeronautics and Space Administration, Department of Defense, National Science Foundation and Department of Health & Human Services. State grants increased primarily due to Ohio Department of Transportation grants to fund the Smart Center project at the Transportation Research Center and reconstruction of the airport runway.

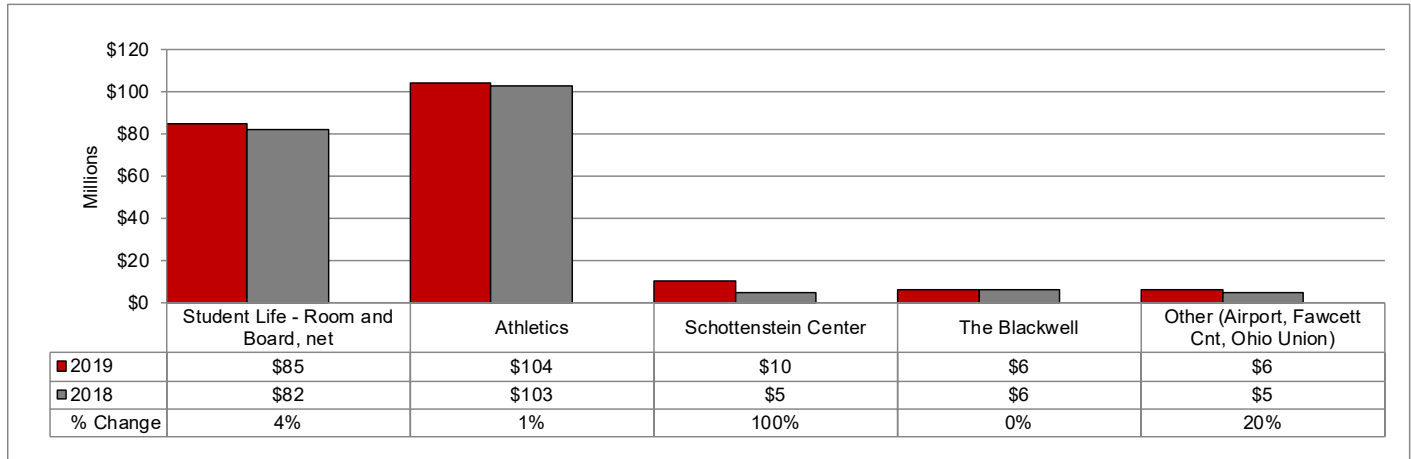
Educational departments revenue increased \$4 million from an increase in VMware software sales by Ohio Academic Resources Network (OARNet) and Veterinary Medicine operations.

State appropriations decreased \$14 million primarily due to a decline in capital expenditures for Pomerene Oxley Halls and various repair and replacements.

Auxiliary

Auxiliary revenues for the first six months of fiscal year 2019 increased \$10 million, to \$211 million, compared to the first six months of fiscal year 2018. Major components of auxiliary revenues were as follows:

**Auxiliary Revenues YTD First Six Months Fiscal Year 2019 vs. Fiscal Year 2018**

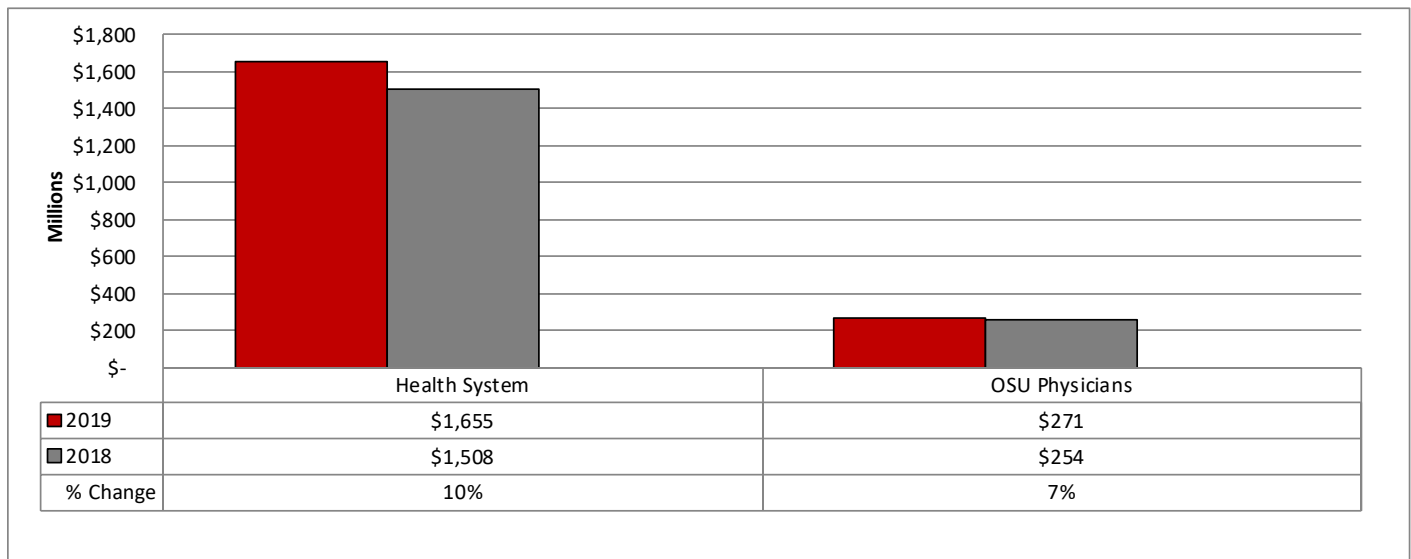


Auxiliary revenues increased \$10 million due primarily to two concerts held in the Ohio Stadium in fiscal year 2019 and increases in Student Life housing and dining revenue.

Healthcare

Total healthcare revenue for the first six months of fiscal year 2019 increased \$164 million, or 9.3%, to \$1,926 million, compared to the first six months of fiscal year 2018.

**Healthcare Revenues YTD First Six Months Fiscal Year 2019 vs. Fiscal Year 2018**



Consolidated OSU Health System revenues of \$1,655 million increased \$147 million, or 9.8%, in the first six months of fiscal year 2019 over the same period in 2018. Total operating revenue per adjusted admission was 4.4% above prior year and 3.0% above budget. Total outpatient visits were 5.2% above prior year and 0.6% below budget. The total

number of patients treated in inpatient beds was above prior year by 1.2%. OSU Physicians revenue increased \$17 million, or 6.7%, for the first six months of fiscal year 2019.

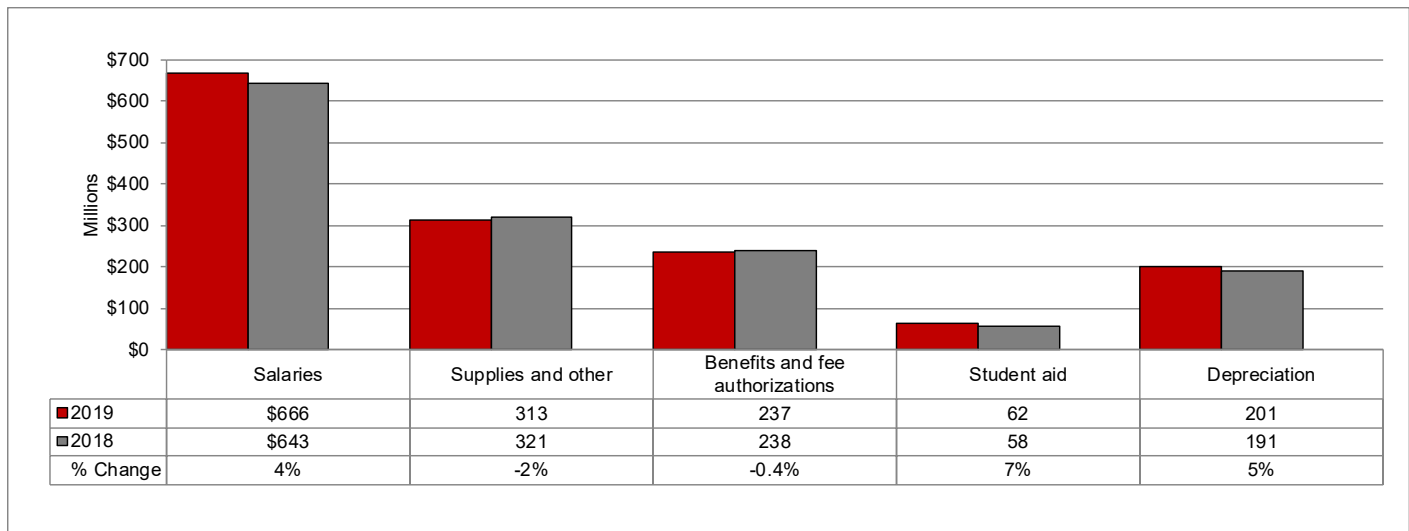
**C. Expenses**

Consolidated expenses of \$3,295 million for the first six months of fiscal year 2019 increased \$188 million, or 6.1%, compared to the first six months of fiscal year 2018 of \$3,106 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 six months of fiscal year 2019 of \$1,478 million were up \$28 million, or 1.9% compared to the first six months of fiscal year 2018. Major categories of university expenses were as follows:

**University Expenses YTD First Six Months Fiscal Year 2019 vs. Fiscal Year 2018**

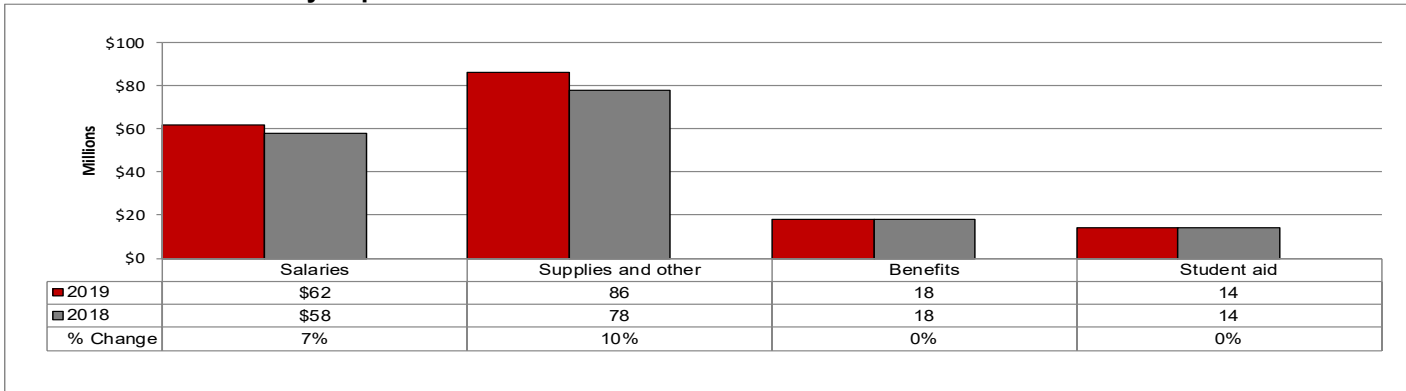


Salaries increased \$23 million, or 3.6%, in the first six months of fiscal year 2019 over the comparable period in fiscal year 2018 due primarily to increases in average university merit pool of 2.5%, or approximately \$13 million, and new hires for budgeted strategic initiatives. Benefits and fee authorizations decreased \$1 million primarily driven by a decrease in the average composite rate of \$6 million, offset by fee authorizations of \$5 million primarily due to non-resident surcharge increases. Supplies and other expenses decreased \$8 million due primarily to \$12 million in closing costs on the energy transaction in fiscal year 2018, offset by increases in sponsored research expenses. Depreciation increased due to higher building and equipment depreciations for both university and health system.

Auxiliary

Auxiliary expenses for the first six months of fiscal year 2019 of \$180 million were up \$12 million, or 7.1%, compared to the first six months of fiscal year 2018 due primarily to increases in Athletics cost of sales and travel, Student Life housing and dining costs, and event related costs. Major categories of auxiliary expenses were as follows:

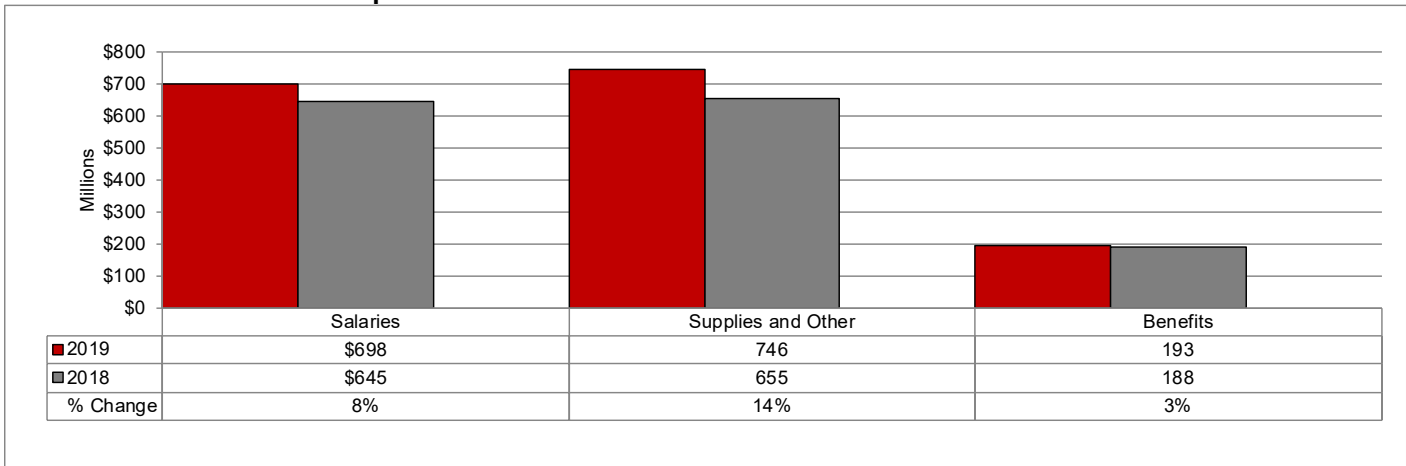
**Auxiliary Expenses YTD First Six Months Fiscal Year 2019 vs. Fiscal Year 2018**



Healthcare

Healthcare expenses for the first six months of fiscal year 2019 of \$1,637 million were up \$149 million, or 10.0% compared to the first six months of fiscal year 2018. Major categories of healthcare expenses were as follows:

**Healthcare Expenses YTD First Six Months Fiscal Year 2019 vs. Fiscal Year 2018**

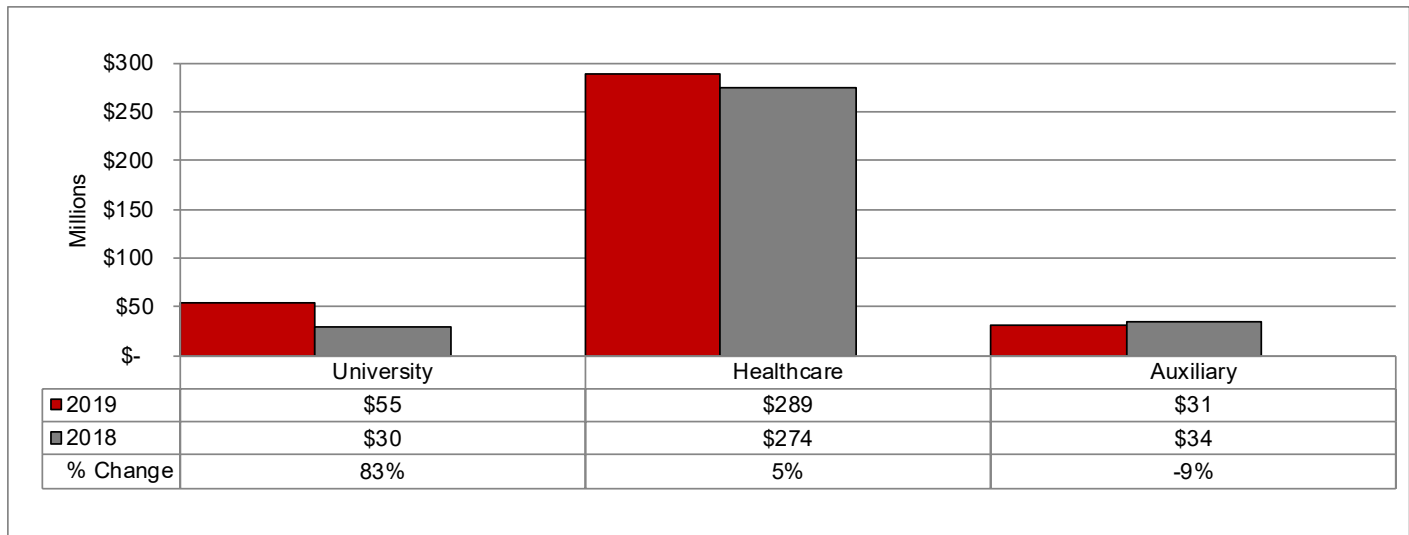


Salaries increased \$53 million in the first six months of fiscal year 2019, or 8.2% over the comparable period in fiscal year 2018 due primarily to increases in staffing levels to support increased patient volumes. Supplies and other expenses increased \$91 million, or 13.9%, due primarily to increases in operating costs from increases in patient volumes and cost of drugs. Benefits increased \$5 million or 2.7% due to salary increases.

**D. Revenues Less Expenses (Margins)**

Consolidated revenues less expenses plus endowment distributions for The Ohio State University increased \$37 million, from \$338 million to \$375 million, for the first six months of fiscal year 2019 compared to the first six months of fiscal year 2018. University margins increased \$25 million, Healthcare margins increased \$15 million, and auxiliary margins decreased \$3 million for the first six months of fiscal year 2019 compared to last year.

**Revenue Less Operating Expense Plus Endowment Distributions by Area YTD First Six Months Fiscal Year 2019 vs. Fiscal Year 2018**



**E. Investments**

For the six months ended December 31, 2018, the fair value of the university's Long-Term Investment Pool decreased \$292.8 million to \$4,919 million. Changes in total valuation are summarized below:

	2019	2018
Market Value at June 30	\$ 5,211,434	\$ 4,253,459
Net principal additions	98,043	775,954
Change in market value	(299,468)	246,557
Income earned	59,253	45,450
Distributions	(109,213)	(98,960)
Expenses	(41,432)	(41,349)
Market Value at December 31	<u>\$ 4,918,617</u>	<u>\$ 5,181,111</u>

Net principal additions include new endowment gifts (\$25.9 million), reinvestment of unused endowment distributions (\$2.9 million), and other net transfers of University monies (\$69.2 million). Change in market value includes realized gains (losses) on the sale of investment assets and unrealized gains (losses) associated with assets held in the pool at December 31, 2018. Income earned includes interest and dividends and is used primarily to help fund distributions. Expenses include investment management expenses (\$31.8 million), University Development related expenses (\$9.2 million) and other administrative related expenses (\$0.4 million).

**LTIP Investment Returns**

For six months ended December 31, 2018 (FYTD), the LTIP earned a net of investment fee return of -5.23% versus a Policy Benchmark of -4.50%, resulting in underperformance of 0.73%. During that period, our Global Fixed Income returned 0.01%, followed by Real Assets at -2.07%, and Global Equities at -7.75%.

The comparable six month period ended December 31, 2017 saw a net of investment fee return of 5.46% versus a 7.49% Policy Benchmark, resulting in underperformance of 2.03%. During that period, our Global Equities returned 8.58%, followed by Global Fixed Income at 1.07%, and Real Assets at 0.99%.



**Temporary Investments**

For the six months ended December 31, 2018 (FYTD) the Intermediate Investments earned a return of 1.41% (+12.2 million) underperforming the BofA ML 1-3 Yr US Gov't/Credit benchmark (+1.52%) by 0.11%. Short-Term Investments earned 0.80% (+\$4.7 million) underperforming the 90 Day T-Bill benchmark (+1.05%) by 0.25%.

The comparable six-month period ended December 31, 2017, saw Intermediate Investments earn a return of 0.54% (+\$4.8 million). Short-Term Investments returned 0.83% (+\$4.7 million) for this same period.

**F. Cash Flows**

Cash provided by operating activities was \$229 million through the first six months of fiscal year 2019, compared with net cash provided by operating activities of \$1,078 million for the same period in fiscal year 2018. The decrease in cash is due primarily to the upfront proceeds from the energy concessionaire in fiscal year 2018.

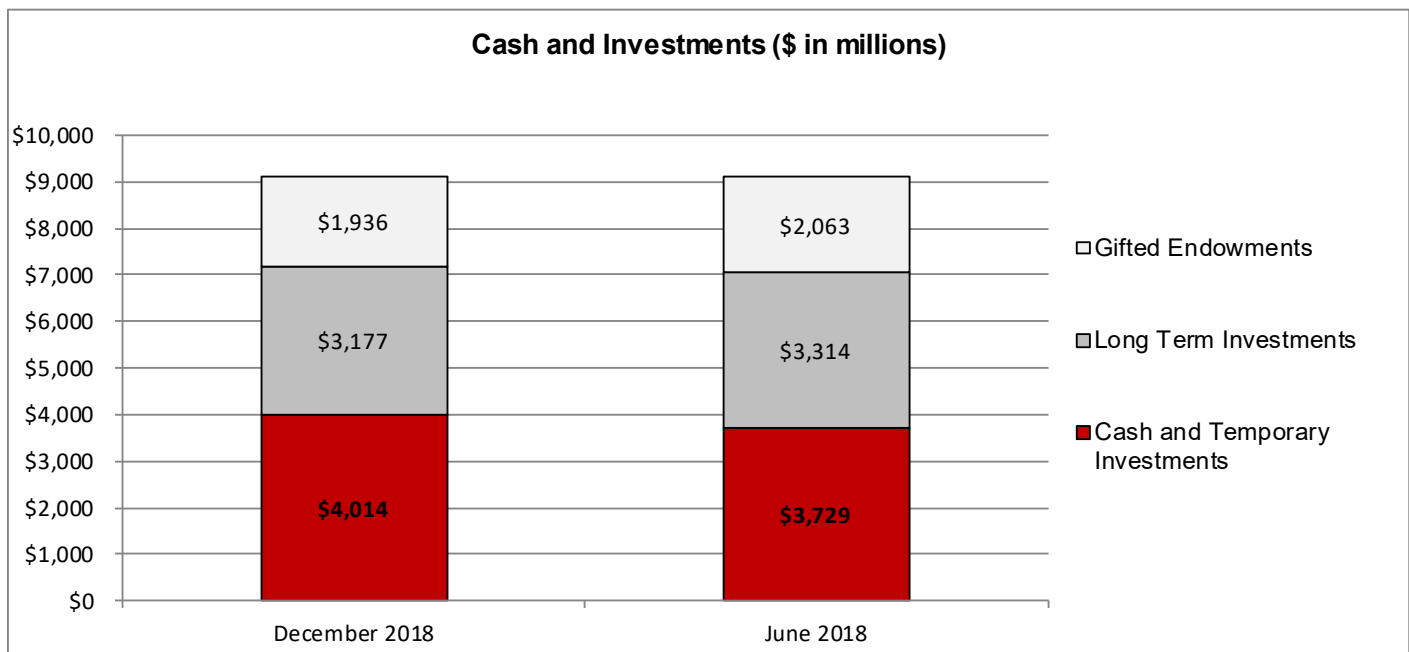
Cash provided by noncapital financing activities was \$388 million through the first six months of fiscal year 2019, compared with \$368 million for the same period in fiscal year 2018. The increase is primarily due to increases in current use gift and additions to permanent endowments.

Net cash flows used by capital financing activities were \$393 million through the month ended December 31, 2018, primarily for payments on the construction of capital assets of \$337 million. Capital expenditures consist of \$189 million for University academic, infrastructure, and auxiliary projects, \$115 million for Health System projects and equipment expenditures, and University equipment purchases of \$33 million.

Net cash provided by investing activities was \$32 million for the first six months of fiscal year 2019, compared to net cash used by investing activities of \$594 million, reflecting the investment of energy concessionaire proceeds, for the comparable period in fiscal year 2018.

**G. Cash and Investments**

Total university cash and investments increased \$21 million, to \$9,127 million at December 31, 2018. Gifted endowment and long-term investments decreased \$264 million due primarily to decreases in market value. Total cash and temporary investments increased \$285 million for the first six months of fiscal year 2019 primarily due to collection of spring semester student tuition, housing, and dining fees and strong collections on patient accounts from growth of operations.



### III. Financial Highlights - For the Six Months Ending December 31, 2018

#### A. State Support Outlook

The Office of Budget and Management (OBM) reports December Fiscal Year 2019 General Revenue Fund (GRF) total revenue receipts before transfers were \$123.0 million or 4.7% below estimates. On a year-to-date basis, GRF revenues before transfers are \$108.4 million or 0.7% below estimates. This is driven primarily by favorable YTD tax receipts of \$136.4 million offset by a \$236.6 million shortfall in federal grants and \$8.2 million in other remaining unfavorable tax receipts.

The Ohio unemployment rate was 4.6% in November for the fifth month in a row – down by 0.3 points since last December. Total employment decreased by 2,169 workers, while the labor force decreased by 4,814 workers and the number of unemployed decreased by 2,645. The 0.3 percentage point decline in the unemployment rate year-to-date through December resulted from an increase of 1,499 workers, a 16,304 decrease in the labor force, and a 17,803 person decline in the number of unemployed

December disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled \$188.5 million and were \$0.5 million above estimate. This variance was primarily attributable to spending in the Technology and Maintenance Operation line item, which was above estimate by \$1.7 million due to the shifting of payments from October and November to December. This variance was partially offset by spending in the Ohio College Opportunity Grant Program, which was below estimate by \$2.3 million due to the timing of requests for reimbursement from higher education institutions. These requests were significantly over estimates in October and November leading to lower requests for reimbursement in December.

Higher Education year-to-date disbursements were \$1,147 million, which was \$6.6 million (0.6%) below estimate. On a year-over-year basis, disbursements in this category were \$30.3 million (13.8%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$2.3 million (0.2%) lower than at the same point in fiscal year 2018

Total fiscal year 2019 state share of instruction (SSI) projection amounts from the state remained the same from fiscal year 2018 at \$1.5 billion. The Ohio State University share decreased slightly by 0.19% or \$731,000 based on the funding formula. Funding for Course Completion and Degree Attainment increased \$645,000 but was offset by a Medical funding decrease of approximately \$1.4 million.

#### B. OSU Wexner Medical Center

For the first six months of the fiscal year 2019, the Wexner Health System's Excess of Revenue over Expense was 10.0% above budget and 9.7% above the prior year.

- Patient admissions were 2.6% below budget and the total number of patients treated in inpatient beds was above prior year by 1.2%.
- Total outpatient visits were 0.6% below budget and 5.2% above prior year.
- Adjusted admissions were 1.5% below budget and 4.6% above prior year.
- Operating revenue per adjusted admission was 3.0% above budget and 4.4% above prior year.
- Operating expense per adjusted admission was 2.5% above budget and 4.7% above prior year.
- Total operating revenue was 1.4% above budget and 8.9% above prior year.
- Total operating expense was 0.9% above budget and 9.5% above prior year.
- Operating margins before interest and depreciation was 1.8% above budget, days cash on hand totaled 156.5 days and debt service coverage was 4.1% above budget.

#### C. Enrollment

##### Columbus Campus

Summer and autumn enrollment is 1.5% above budget at the Columbus campus and is up 1% compared to fiscal year 2018. The following tables are based on the combined student headcounts for summer and autumn semesters.

SUMMER & AUTUMN	Fiscal Year 2019 Actual Vs. Budget Headcounts				Fiscal Years 2018 & 2019 Headcount Comparison			
	Actual	Budget	Change	% Chg	FY 2019	FY 2018	Change	% Chg
Student Level								
Undergraduate	57,837	57,143	694	1.2%	57,837	57,523	314	0.5%
Graduate	17,511	17,226	285	1.7%	17,511	17,218	293	1.7%
Professional	4,617	4,449	168	3.8%	4,617	4,425	192	4.3%
Grand Total	79,965	78,818	1,147	1.5%	79,965	79,166	799	1.0%

\*Headcounts include only those that generate fee revenue.

As shown below, resident enrollments remained stable between fiscal year 2018 and fiscal year 2019 and are up nearly 1% above budget. Non-resident enrollment is 3% above fiscal year 2018 and is up 4% to budget. For the academic year-to-date, total enrollment has increased 1% between fiscal year 2018 and fiscal year 2019 and is 1.5% above budget.

SUMMER & AUTUMN	Fiscal Year 2019 Actual Vs. Budget Headcounts				Fiscal Years 2018 & 2019 Headcount Comparison			
	Actual	Budget	Change	% Chg	FY 2019	FY 2018	Change	% Chg
Residency Status								
Resident	56,988	56,643	345	0.6%	56,988	56,836	152	0.3%
Non-Resident	22,977	22,175	802	3.6%	22,977	22,330	647	2.9%
Grand Total	79,965	78,818	1,147	1.5%	79,965	79,166	799	1.0%

\*Headcounts include only those that generate fee revenue.

### Regional Campuses

The following are the combined summer and autumn semester headcount enrollment figures. Overall, regional campus enrollment decreased nearly 1% from fiscal year 2018 and was down 4% to budget. Enrollments increased for Marion and Newark campuses and decreased for Lima, Mansfield, and ATI between fiscal year 2018 and fiscal year 2019. While Marion increased nearly 9%, Lima decreased 13% between this fiscal year and last fiscal year. While Newark campus was close to their budget target for fiscal year 2019 (within 1%), all the other regional campuses were below budget, ranging from nearly -2% (Marion) to -12% (Lima).

SUMMER & AUTUMN	Fiscal Year 2018 Actual Vs. Budget Headcounts				Fiscal Years 2017 & 2018 Headcount Comparison			
	Actual	Budget	Change	% Chg	FY 2018	FY 2017	Change	% Chg
Campus								
Lima	1,123	1,277	(154)	-12.1%	1,123	1,293	(170)	-13.1%
Mansfield	1,311	1,387	(76)	-5.5%	1,311	1,387	(76)	-5.5%
Marion	1,502	1,529	(27)	-1.8%	1,502	1,381	121	8.8%
Newark	3,177	3,205	(28)	-0.9%	3,177	3,046	131	4.3%
ATI	765	819	(54)	-6.6%	765	840	(75)	-8.9%
Grand Total	7,878	8,217	(339)	-4.1%	7,878	7,947	(69)	-0.9%

\*Headcounts include only those that generate fee revenue.

### D. Research

Through the first six months of fiscal year 2019, both direct cost expenditures and Facilities and Administrative (F&A) cost recoveries from Office of Sponsored Programs projects are up 2.6% compared to this time last year.

Awarded dollars, a leading indicator of the state of the research enterprise, are up by 4.5% overall, driven by a 6.3% increase in federal award dollars. Awards from the National Science Foundation (NSF), United States Department of Agriculture (USDA) and Department of Defense (DOD) agencies are up. Increased funding from DOD agencies will be key to continued growth of the research enterprise since DOD science and technology (S&T) funding is up by 7.6% or \$1.1 billion over fiscal year 2018. DOD S&T funding in FY 2019 (excluding medical research) will be higher than any year since fiscal year 2006. On the non-federal side, overall awards are down by -2.1%, driven by a drop in awarded dollars from industry and the state of Ohio. Awards from private agencies (foundations, associations) are on the other hand up by 22%.

Of greatest concern presently is the ongoing partial government shutdown. Fortunately, key agencies that fund research are unaffected, such as United States Department of Health & Human Services (HHS)/National Institute of Health (NIH),

DOD agencies, US Department of Education and the Department of Energy (DOE). On the other hand, the flow of new awards and new funding increments from, among others, the NSF, USDA, National Aeronautics and Space Administration (NASA), Department of Transportation has stopped, as have payments for expenses incurred under ongoing awards. Based on fiscal year 2018, expenditures on awards from affected agencies amount to about 26% of all federal sponsored program expenditures at OSU, or approximately \$8.7 million per month from incurred but unreimbursed expenses on ongoing awards. Once the shutdown ends, catch-up on reimbursements should be fairly quick as most are done via letter of credit draws; it will take longer for awards to recover.

## E. Auxiliary Operations

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

**Athletics Department**  
For the period ending December 2018  
(In Thousands)

	FY19	FY18	\$ Change	%
Revenues	\$ 148,787	\$ 138,233	\$ 10,554	7.6%
Expenses	\$ 142,506	\$ 121,322	\$ 21,184	17.5%
Net Income	\$ 6,281	\$ 16,911	\$ (10,630)	62.9%

Revenues are \$10.6 million higher compared to prior fiscal year due primarily to game guarantees received for the neutral site game against TCU and the new Coca-Cola royalty agreement. Expenses are \$21 million higher than prior year primarily due to increases in new facilities and building renovations of \$13 million, grant in aid of \$4.5 million, cost of sales of \$1.7 million, and travel of \$1.7 million.

**Housing & Dining**  
For the period ending December 2018  
(In Thousands)

	FY19	FY18	\$ Change	%
Revenues	\$ 99,374	\$ 96,022	\$ 3,352	3.5%
Expenses	\$ 86,808	\$ 84,227	\$ 2,581	3.1%
Net Income	\$ 12,566	\$ 11,795	\$ 771	6.5%

Housing and dining revenues are \$3.4 million higher compared to prior fiscal year. Housing revenue is \$2.1 million ahead of prior year mainly due to increased student room revenue of \$1.7 million. As part of the tuition guarantee, a 1.5% increase was approved for new incoming students. The rate increase was partially offset by the reduced number of units in Buckeye Village. Dining revenue is above prior year by \$1.3 million driven primarily by higher student meal plan revenue due in part to the 1.5% rate increase for first-year students per the tuition guarantee. Housing and dining expenses are up \$2.6 million from the prior fiscal year. Housing expenses are \$1.2 million above the prior year due to higher utilities and other operating expenses. Dining expenses are \$1.4 million above prior year due primarily to increases in cost of sales. Student Life uses net income to address building renewal and replacement and deferred maintenance.

**Schottenstein Center**  
For the period ending December 2018  
(In Thousands)

	FY19	FY18	\$ Change	%
Revenues	\$ 28,788	\$ 11,198	\$ 17,589	157.1%
Expenses	\$ 25,138	\$ 9,840	\$ 15,298	155.5%
Net Income	\$ 3,650	\$ 1,358	\$ 2,291	168.7%

Revenues are \$18 million higher than prior year primarily due to two concerts (the Taylor Swift show in July 2018 and the Jay Z & Beyoncé show in August 2018) held in the stadium in the first two months of fiscal year 2019 versus no stadium shows last fiscal year. Expenses are also up over prior year following the trend of event related revenues.

**Recreational Sports**

For the period ending December 2018  
(In Thousands)

	<b>FY19</b>	<b>FY18</b>	<b>\$ Change</b>	<b>%</b>
Revenues	\$ 11,164	\$ 10,964	\$ 200	1.8%
Expenses	\$ 9,303	\$ 9,142	\$ 161	1.8%
Net Income	\$ 1,861	\$ 1,822	\$ 39	2.1%

Revenues are \$200,000 higher than prior year. Expenses are \$161,000 higher than the prior year primarily due to higher purchased service costs.

**Ohio Union**

For the period ending December 2018  
(In Thousands)

	<b>FY19</b>	<b>FY18</b>	<b>\$ Change</b>	<b>%</b>
Revenues	\$ 7,577	\$ 7,569	\$ 8	0.1%
Expenses	\$ 7,324	\$ 7,010	\$ 314	4.5%
Net Income	\$ 253	\$ 559	\$ (306)	-54.7%

Revenues are relatively flat with a small increase of \$8,000 over prior year. Expenses are \$314,000 higher than prior year primarily due to increased costs in utilities, repair and maintenance, supplies, and cost of sales.

**Blackwell Inn**

For the period ending December 2018  
(In Thousands)

	<b>FY19</b>	<b>FY18</b>	<b>\$ Change</b>	<b>%</b>
Revenues	\$ 6,400	\$ 6,339	\$ 61	1.0%
Expenses	\$ 6,258	\$ 6,167	\$ 91	1.5%
Net Income	\$ 142	\$ 173	\$ (30)	-17.5%

Revenues are \$61,000 higher than prior year due to increased revenues in rooms and food and beverage, offset by decreases in Rohr Café. Occupancy is up by 747 rooms or 2.7 points compared to prior year. The average rate of \$163.52 is lower than last year by \$4.61 and the revenue per available room of \$114.51 is up by \$1.29 due to the higher occupancy. Expenses are \$91,000 above last year primarily due to higher utilities, reservation & travel agent expense, and food costs.

**Fawcett Center**

For the period ending December 2018  
(In Thousands)

	<b>FY19</b>	<b>FY18</b>	<b>\$ Change</b>	<b>%</b>
Revenues	\$ 2,458	\$ 2,504	\$ (46)	-1.8%
Expenses	\$ 1,950	\$ 1,939	\$ 11	0.6%
Net Income	\$ 509	\$ 565	\$ (56)	-10.0%

Revenues are \$46,000 lower compared to last fiscal year primarily due to \$74,000 decreases in conference revenues. The decreases in conference revenues are partially offset by increases in office space rental. Office space rentals are \$27,000 better than last year due to full rental of available space (with the exception of the ticket office) and the annual 3% rent increase. Expenses are \$11,000 higher compared to prior fiscal year primarily due to higher utility costs.

**Drake Union**

For the period ending December 2018  
(In Thousands)

	<b>FY19</b>		<b>FY18</b>	<b>\$ Change</b>	<b>%</b>
Revenues	\$ 644	\$	611	\$ 33	5.4%
Expenses	\$ 416	\$	364	\$ 52	14.2%
Net Income	\$ 228	\$	247	\$ (19)	-7.5%

Revenues are up \$33,000 from the previous fiscal year. The increase is due to higher office space rentals and conference revenues. Office space rentals are better than last year due to all office space being fully rented and the annual 3% rent increase. Expenses are \$52,000 higher than prior fiscal year mostly due to higher costs in utilities, repair and maintenance, and personnel costs.



**THE OHIO STATE UNIVERSITY**




---

# Efficiency and New Resources Scorecard

Board of Trustees Finance Committee | Feb. 21, 2019

## FY19 progress through Dec. 2018

Efficiency savings and new resources are directed to support our mission

Efficiency program	FY19 target	FYTD19 results	Progress to goal	YTD status
University	\$41M	\$28.3M	69%	
Wexner Medical Center	\$32M	\$20.3M	64%	
Capital efficiencies	\$52M	\$28.3M	54%	

### NEW INITIATIVES FUNDED

➤ More than \$150 million has been committed through fiscal 2020 to fund four major initiatives

Strategic initiative	Description	Funding source
President's Affordability Grants	Aid for 15,000+ low- and moderate-income Ohioans per year	Administrative efficiencies
Buckeye Opportunity Program	Aid package will cover tuition for Ohio students who qualify for Pell grants	Innovative funding
Digital Flagship	11,000 incoming students receive iPad learning technology suite	Administrative efficiencies
University Institute for Teaching and Learning	Teaching excellence program for more than 4,000 faculty	Innovative funding

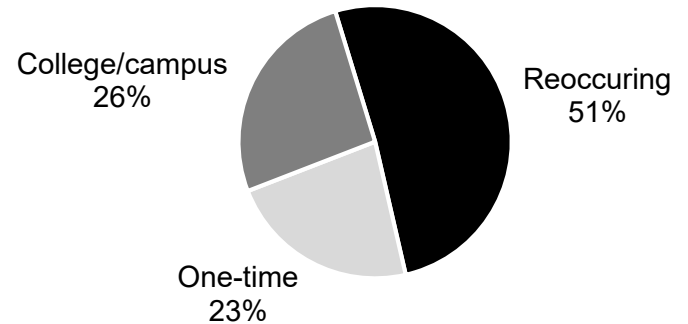


# Operational efficiency scorecard

The university set a 5-year, \$200 million goal for non-WMC efficiencies

<b>FY20 goal</b>	\$200M		
<b>Progress to date</b>	<b>Total</b>	<b>% of goal</b>	<b>Status</b>
Through FY18	\$112.8M	56%	●
Projected through FY19	\$171.1M	86%	●
Projected through FY20	\$216.6M	108%	●

**Savings through Dec. 2018**




## OTHER EFFICIENCY HIGHLIGHTS

The university's 2020 goals focused on savings that could be redeployed to student financial aid and other strategic initiatives. Other initiatives reduce the cost of capital projects and operating costs at colleges and the Wexner Medical Center.

	<b>Progress through FY18</b>	<b>Status</b>	<b>Notes</b>
Strategic procurement	\$324M compared with FY12	●	Savings largely benefit colleges and units through discounted rates on goods and services
Wexner Medical Center	\$407.6M over four years	●	Margin improvement has increased days cash on hand metric from 81 days to 135.5 days
Capital projects	\$33.8M In FY18	●	Costs avoided by improving project accounting, capturing bid favorability, budget reductions

## New resource scorecard

The university set a 5-year, \$200 million goal for innovative funding

<b>FY20 goal</b>	\$200M	
<b>Major projects</b>	<b>Upfront total</b>	<b>Annual funding through FY20</b>
NIKE extension	\$22.5M	\$6.4M
Comprehensive Energy Management	\$1.07B	\$98.7M
Coca-Cola extension	\$6M	\$550,000
<b>Total</b>	<b>\$1.1B</b> 	<b>\$105.7M</b>

### OTHER NEW RESOURCE HIGHLIGHTS

The university continues to benefit from innovative funding work that pre-dated the 2020 goal. Examples include:

<b>Project</b>	<b>New resource metric</b>	<b>Notes</b>
Parking	\$152M distributed FY13-FY19	Supports 200+ scholarships per year, 137 Discovery Themes faculty hires, Arts District and more
Affinity relationships	160+ internships per year	Relationships with Nationwide, Huntington and other partners support the campus in various ways



**THE OHIO STATE UNIVERSITY**

---

# Major Project Updates

Projects Over \$20M

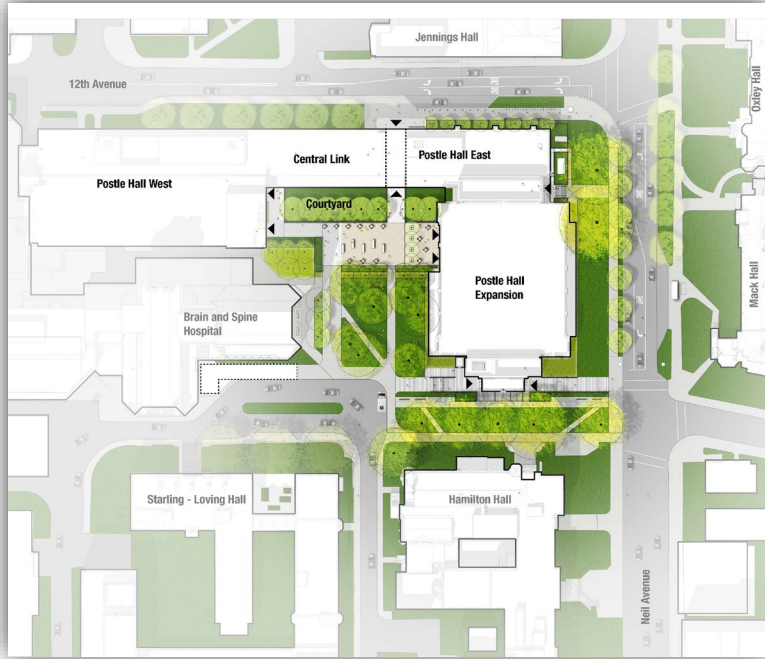
February 2019



# PROJECT STATUS REPORT CURRENT PROJECTS OVER \$20M

PROJECT	COMPLETION DATE	APPROVALS		BUDGET	ON TIME	ON BUDGET
		Des	Con			
Covelli Multi-Sport/Jennings Wrestling	5/2019	✓	✓	\$49.7M		
700 Ackerman – Consolidated Call Center	5/2019	✓	✓	\$21.8M		
Ohio Stadium Upgrades	8/2019	✓	✓	\$39.1M		
Cannon Drive Relocation – Phase 1	12/2019	✓	✓	\$51.9M		
OSU East – West Wing Expansion/Renovation	3/2020	✓	✓	\$26.0M		
Wooster – New Laboratory Building	5/2020	✓	✓	\$33.5M		
Postle Partial Replacement	6/2020	✓	✓	\$95.0M		
Controlled Env Food Production Res Complex	7/2020	✓		\$24.0M		
Advanced Materials Corridor – Phase 1 (BMEC)	8/2020	✓	✓	\$59.1M		
Health Sciences Faculty Office and Optometry Clinic	8/2020	✓	✓	\$35.9M		
Ty Tucker Tennis Center	12/2020	✓		\$21.9M		
WMC Regional Ambulatory Facilities (Hamilton Road)	5/2021	✓		TBD		
Arts District	8/2021	✓		\$160.0M		
Celeste Lab Renovation	8/2022	✓		\$29.0M		

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



## 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

### CONSULTANTS

architect of record	Design Group
design architect	Robert AM Stern Arch
CM at Risk	Gilbane


### PROJECT SCHEDULE

BoT approval	9/16
construction	6/18-6/20
facility opening	11/20

### PROJECT UPDATE

Foundation, waterproofing, and masonry construction continues. The foundation work has been hindered by dewatering issues, the effect of which is still being determined. Structural steel installation will begin after the resolution of the dewatering issues.

 On Time

 On Budget



## CONTROLLED ENVIRONMENT FOOD PRODUCTION RESEARCH COMPLEX

Construct a new facility to house research and support learning in several approaches to food (plant and fish) production; research on greenhouse engineering, pest and pathogen management, and plant breeding

### PROJECT FUNDING

development funds

### CURRENT PROJECT BUDGET

construction w/cont	\$21.2M
total project	\$24.0M

### CONSULTANTS

architect of record	Erdy McHenry
CM at Risk	Corna/Kokosing

### PROJECT SCHEDULE

BoT approval	6/17
construction	4/19-7/20
facility opening	10/20

### PROJECT UPDATE

Design development is complete and the estimated costs exceed the conceptual estimates. A review of the scope and budget is underway.

 On Time

 On Budget



## ADVANCED MATERIALS CORRIDOR BIOMEDICAL ENGINEERING COMPLEX (BMEC)

Renovation of the former Koffolt Lab and Fontana Lab to create research labs, offices, and classrooms

### PROJECT FUNDING

state appropriations; development; department funds; university debt

### CURRENT PROJECT BUDGET

construction w/cont	\$53.2M
total project	\$59.1M

### CONSULTANTS

architect of record	Moody Nolin/P&W
CM at Risk	Ruscilli

### PROJECT SCHEDULE

BoT approval	9/16
construction	5/18-6/20
facility opening	8/20

### PROJECT UPDATE

Demolition work is complete. The foundations and steel erection for the addition will be the next major milestones.

 On Time

 On Budget