

**THURSDAY, MAY 30, 2019  
FINANCE COMMITTEE MEETING**

Timothy P. Smucker  
Gary R. Heminger  
Erin P. Hoeflinger  
Alexander R. Fischer  
John W. Zeiger  
Lewis Von Thae  
Janice M. Bonsu  
James D. Klingbeil  
Lawrence A. Hilsheimer  
Michael J. Gasser (*ex officio*)

Location: Longaberger Alumni House  
Sanders Grand Lounge

Time: 12:30-2:15pm

Executive Session

12:30-1:10pm

Public Session

*ITEMS FOR DISCUSSION*

1. *University Financial Scorecards – Mr. Papadakis, Ms. Devine* 1:10-1:15pm




*ITEMS FOR ACTION*

2. Approval of FY20 Interim Operating Budget and Interim Capital Investment Plan – Mr. Papadakis, Ms. Devine, Mr. Larmore, Mr. Kasey 1:15-1:25pm
3. Approval of FY20 Interim Ohio State Energy Partners Utility System Capital Improvement Projects – Mr. Potter 1:25-1:35pm
4. Modification of the Benchmark Weighting System for Certain Asset Classes of the Long-Term Investment Pool – Mr. Papadakis, Mr. Lane 1:35-1:45pm
5. Approval to Enter Into/Increase Professional Services and Construction Contracts – Mr. Kasey, Mr. Conselyea 1:45-1:55pm
6. Authorization of Waiver of Tuition for Study Abroad – Ms. Devine 1:55-2:00pm
7. Authorization for Designated Officials to Buy, Sell, Assign and Transfer Securities – Mr. Papadakis, Mr. Wozniak 2:00-2:05pm
8. Reappointments to the Self-Insurance Board – Mr. Papadakis, Mr. Wozniak 2:05-2:10pm
9. Approval of the Sale of Real Property – Mr. Papadakis, Mr. Myers 2:10-2:15pm




*Written Reports (Background Only) – Public*

- a. *FY19 Interim Financial Report*  
b. *CY18 Annual Waiver Report*  
c. *Efficiency Scorecard*  
d. *Major Project Updates*

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	5,496,333	5,376,870	↑
2. Total Expenses	5,321,718	5,303,495	↔
3. Change in Net Assets	434,794	553,240	↓
4. Change in Net Assets excluding endowment performance	272,734	166,457	↑
5. Change in Net Financial Assets	471,959	125,000	↑
<b>B. Institutional Financial Metrics</b>			
1. Liquidity - Days Cash on Hand	219	120	↑
2. Actual Debt Service to Operations	2.7%	< 3.0%	↔
	2018-19 Actual	2018-19 Benchmark	Actual vs. Benchmark
3. Short Term Investment Pool Return	2.49%	2.12%	↔
4. Intermediate Investment Pool Return	1.92%	1.34%	↔
5. 1 Year Long Term Investment Pool Return	1.37%	4.03%	↓
6. 3 Year Long Term Investment Pool Average Return	7.65%	8.11%	↔
7. 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	969,258	951,494	↑
2. Grants and Contracts (exchange)	581,663	536,923	↑
3. Advancement Cash Receipts	121,465	124,543	↓
4. SSI	287,818	288,371	↔
5. State Line Item Appropriations	64,522	68,969	↓
6. Net Contribution from Auxiliary Enterprises	50,904	49,152	↑
<b>B. Financial Snapshot (in thousands)</b>			
1. Total Revenue excluding endowment performance	2,742,897	2,681,183	↑
2. Total Expenses	2,692,553	2,692,258	↔
3. Current Net Margin	212,618	151,216	↑
4. Change in Net Assets	275,556	430,846	↓
5. Change in Net Assets excluding endowment performance	296,076	228,083	↑
<b>C. Performance Metrics (Columbus Campus only)</b>			
1. Enrollment - summer/autumn/spring	137,733	136,090	↑
2. Credit Hours - summer/autumn/spring	1,727,459	1,704,879	↑

	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	48,089	49,357	↔
2. Patients in Inpatient Beds	57,928	58,407	↑
3. Patient Discharges	48,137	49,402	↔
4. Total Surgeries	34,429	34,202	↓
5. Outpatient Visits	1,402,178	1,404,193	↔
6. ED Visits	98,644	96,170	↔
<b>B. Activity Metrics</b>			
1. Adjusted Admissions	94,576	95,926	↔
2. Operating Revenue / Adjusted Admit	\$ 25,264	\$ 24,623	↔
3. Expense / Adjusted Admit	\$ 22,186	\$ 21,733	↔
<b>C. Financial Snapshot (in thousands)</b>			
1. Operating Revenues	\$ 2,389.4	\$ 2,362.0	↔
2. Total Expenses	\$ 2,098.3	\$ 2,084.8	↔
3. Gain from Operations	\$ 291.1	\$ 277.2	↑
4. Excess Revenue Over Expenses	\$ 189.7	\$ 173.2	↑
<b>D. Performance Metrics</b>			
1. Operating EBIDA Margin	18.5%	18.2%	↑
2. Days Cash on Hand	165.0	131.6	↑
3. Debt Service Coverage	7.07	6.78	↑

**LEGEND**

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

**APPROVAL OF INTERIM OPERATING BUDGET AND  
INTERIM CAPITAL INVESTMENT PLAN FOR FISCAL YEAR 2020**

Synopsis: Authorization to make expenditures in fiscal year 2020, is proposed.

WHEREAS the State of Ohio Biennial Budget for State Fiscal Years 2020 and 2021, including funding levels for state institutions of higher education, is still pending in the Ohio General Assembly; and

WHEREAS the university has not yet finalized its operating budget and capital expenditure plan for fiscal year 2020; and

WHEREAS this will allow the university to continue to advance the academic and financial goals during the period from July 1, 2019 through August 31, 2019; and

WHEREAS it is necessary to continue operating and capital expenditures, including payment of faculty and staff, operation of the Wexner Medical Center and other auxiliaries and student instructional and support services prior to the time that the fiscal year 2020 operating budget is finalized and adopted; and

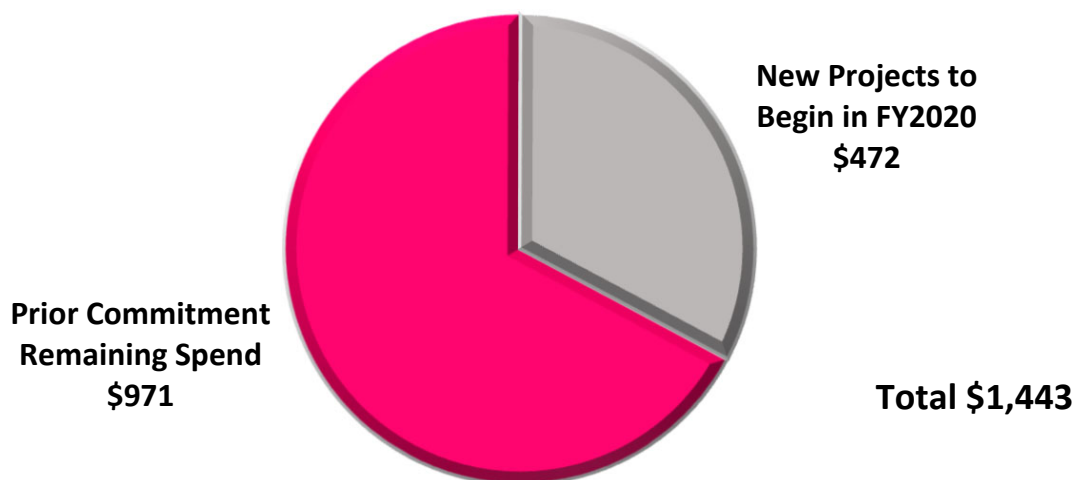
WHEREAS the Finance Committee has reviewed and recommends for approval the interim operating budget and capital expenditure plan:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby authorizes the university to make operating expenditures consistent with the level of resources approved for fiscal year 2019 and capital expenditures consistent with the interim fiscal year 2020-2024 Capital Investment Plan, pending the adoption of the fiscal year 2020 operating budget and the fiscal year 2020-2024 Capital Investment Plan at the August 2019 Board of Trustees meeting.

# Interim FY2020-24 Capital Investment Plan

(\$ Millions)



**Table 1 - Prior Commitment - Remaining Spend**

Line	Capital Priority	Projected Capital Expenditures					Total
		FY2020	FY2021	FY2022	FY2023	FY2024	
1	Athletics - Covelli Multi-Sport Arena	6.3	2.4				8.7
2	Cannon Drive Relocation - Phase I	5.9	1.3				7.2
3	Postle Partial Replacement	48.7	21.7				70.4
4	Ohio Stadium Upgrades	5.8	0.7				6.4
5	Wooster - New Laboratory Building	17.8	10.2	0.8			28.8
6	OSU East - West Wing Expansion/Renovation	15.9	5.5				21.5
7	Campus Wi-Fi System	8.1	5.6	0.2			13.8
8	A&S - Celeste Teaching Labs Renovations	6.3	7.9	7.9	6.4		28.5
9	Athletics - Indoor Tennis Center	6.8	9.6	4.9			21.3
10	Engineering - Advanced Materials Corridor	28.0	16.1	1.3			45.4
11	FAES - Controlled Env. Food Prd Research	17.4	4.6				22.0
12	FOD - Cannon Ph 2 - (additional design funding)	1.6	1.9	1.5	0.5		5.5
13	FOD - RDM Instructional Sciences	1.0	6.8	8.8	8.4		25.0
14	Newark - Science & Technology Bldg	8.2	10.7	3.4			22.3
15	Nursing - Newton Building Addition	2.4	8.6	11.5	1.6		24.1
16	TTM - Service Annex Building Renovation	3.9	2.7				6.6
17	Arts District (design)	6.8					6.8
18	Interdisciplinary Research Center (design)	12.1					12.1
19	Interdisciplinary Health Sci Center (design)	13.6					13.6
20	Interdisciplinary Health Sci + Opt Clinic	19.0	12.7	2.6			34.3
21	Inpatient Hospital (design)	28.3					28.3
22	WMC - Regional Ambulatory Site 1 Hamilton Road	25.4	25.4	26.8	6.8		84.4
23	WMC - Ambulatory West Campus (design)	7.7	7.7	6.3			21.7
24	WMC - Inpatient Hospital - Central Sterile Supply	23.1	15.9	3.1			42.1
25	WMC - Inpatient Hospital - Garage, Infrast. & Roads	28.1	33.1	21.8	4.5		87.5
26	WMC - Ambulatory Dublin (design)	4.0					4.0
27	Energy Advancement and Innovation Center (design)	3.0					3.0
28	Roll-up of Small Projects	141.8	97.1	35.6	1.6		276.1
	<b>Totals</b>	<b>496.8</b>	<b>308.3</b>	<b>136.5</b>	<b>29.7</b>	<b>0.0</b>	<b>971.3</b>

# Interim FY2020-24 Capital Investment Plan

**Table 2 - New Projects Beginning in FY2020**

Line	Capital Priority	Funding					Total
		FY2020	FY2021	FY2022	FY2023	FY2024	
1	Small Programmatic Cash-Ready Projects	1.4	16.5	10.1	0.7		28.7
2	Anticipated Spend for CIP Additions/Changes	0.4	8.9	0.7			10.0
3	WMC - Roll-up of Multiple Cash-Ready Projects	152.6					152.6
4	Roll-up of Small Infrastructure/RDM Projects	0.6	11.4	7.0	0.5		19.5
5	A&S - Arts District Phase 1 (const.)	18.1	43.5	43.5	38.2	1.7	145.0
6	Newark - Science & Technology Bldg (Third Floor)	2.4	5.8	1.2			9.4
7	Pharmacy - Parks Hall Fume Hood Renovations	0.2	2.5	4.0	0.3		7.0
8	SL - Housing - Columbus R&R & Minor Capital FY 2020	0.3	4.9	8.0	0.7		13.9
9	SL - Housing - Taylor Public Space Renovation	0.2	1.3	3.8	3.9	1.8	11.0
10	VetMed - Vet Community Practice Hosp. and Learning	0.3	2.1	6.1	6.2	2.8	17.5
11	WMC - Ambulatory Dublin (design 2)	2.0	5.0	1.0			8.0
12	WMC - Ambulatory Hamilton Road (const. 2)	6.7	16.1	15.8	4.3		42.9
13	WMC - Ambulatory West Campus (enabling)	0.3	5.9	0.4			6.6
	<b>Totals</b>	<b>185.5</b>	<b>123.9</b>	<b>101.6</b>	<b>54.8</b>	<b>6.3</b>	<b>472.1</b>

**Table 3 - Funding for New Projects Beginning in FY2020 by Unit Type**

Line	Unit Type	Funding Sources						Totals by Unit	% by Unit
		Local Funding	State Capital	Debt	Fund Raising	CEMP Capital	Partners		
1	Academic/Academic Support	\$ 60.1	\$ -	\$ 25.0	\$ 79.0	\$ 68.1	\$ -	\$ 232.2	49.2%
2	Student Life	\$ 30.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30.1	6.4%
3	Athletics	\$ 12.6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12.6	2.7%
4	Infrastructure	\$ 6.7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6.7	1.4%
5	Wexner Medical Center	\$ 177.0	\$ -	\$ -	\$ 13.5	\$ -	\$ -	\$ 190.5	40.4%
<b>Totals by Funding Source</b>		<b>\$ 286.5</b>	<b>\$ -</b>	<b>\$ 25.0</b>	<b>\$ 92.5</b>	<b>\$ 68.1</b>	<b>\$ -</b>	<b>\$ 472.1</b>	
<b>% by Funding Source</b>		60.7%	0.0%	5.3%	19.6%	14.4%	0.0%		

**APPROVAL OF FY20 INTERIM OHIO STATE ENERGY PARTNERS  
UTILITY SYSTEM CAPITAL IMPROVEMENT PROJECTS**

Utility Systems Life-Cycle Renovation, Repair and Replacement Projects  
Utility Systems Expansion and Extension Projects  
Energy Conservation Measure Projects

Synopsis: Authorization and acceptance of the Ohio State Energy Partners LLC interim fiscal year 2020 plan and authorization for Ohio State Energy Partners LLC to make capital improvements to the utility system pursuant to terms of the Long-Term Lease and Concession Agreement for The Ohio State University Utility System dated April 10, 2017, as amended ("Agreement"), is proposed.

WHEREAS the Agreement requires the concessionaire, Ohio State Energy Partners LLC, to annually submit a plan for utility system capital improvement projects for university approval; and

WHEREAS the plan includes requested approval of these utility system capital improvement projects for the fiscal year beginning July 1, 2019; and

WHEREAS the university has not finalized its operating budget or capital investment plan for fiscal year 2020; and

WHEREAS it is necessary to continue time-sensitive utility systems projects until the fiscal year 2020 operating and capital plans are finalized and adopted; and

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

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

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

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

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

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

**NOW THEREFORE**

**BE IT RESOLVED**, That the Board of Trustees hereby approves and authorizes Ohio State Energy Partners LLC to proceed with the Interim Fiscal Year 2020 capital improvements to the Utility System as outlined in the attached materials.



**APPROVAL OF INTERIM FISCAL YEAR 2020  
OHIO STATE ENERGY PARTNERS  
UTILITY SYSTEM CAPITAL IMPROVEMENT PROJECTS**

**BACKGROUND**

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

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

Pursuant to the Agreement, OSEP submitted a draft five-year plan to the Energy Advisory Committee (EAC) 180 days prior to the start of the fiscal year. Members of the EAC have reviewed the details of the proposed five-year plan, provided feedback and made recommendations to OSEP. OSEP submitted a revised five-year plan for university review and approval, including the OSEP Fiscal Year 2020 proposed capital investments. To ensure alignment with the university’s operating budget and capital plan approval schedule, an Interim OSEP fiscal year 2020 Utility System capital improvement plan was developed as further described below.

Approval of these projects will be pursuant to the project scope outlined below, any applicable university directives, applicable project requests, and supporting documentation submitted pursuant to the Agreement.

Utility Systems Life-Cycle Renovation, Repair, and Replacement Projects  
Utility Systems Expansion and Extension Projects  
Energy Conservation Measure Projects

**Utility System Life-Cycle Renovations, Repairs, and Replacement Projects**

**Electrical Distribution Equipment Assessment and Replacement 31-20-LFC**

Scope: Upgrades to the electrical distribution system to address equipment at the end of its life cycle. The scope of this project includes the assessment of relevant components of the distribution system for replacement according to a risk-prioritized schedule.

Estimated Cost: \$ 339,000 (Design Only)

Project Cost Breakdown	Cost
Design – FY 2020	\$0.34 M

**McCracken Chilled Water Lifecycle Upgrade 32-20-LFC**

Scope: The current chilled water system in McCracken is approximately 20 years old and near the end of its useful life. This project will replace approximately 200 feet of piping; media in the sand filters, sensors, insulation, and valves. The project will also correct cooling tower leaks; and upgrade lighting, security, and emergency egress.

Estimated Cost: \$2.9 M

Project Cost Breakdown	Cost
FY 2020	\$1.35 M
FY 2021	\$1.55 M

Steam Piping Weld Inspection & Correction Project 52-20-LFC

Scope: Inspection of 4000 feet of piping in the campus core to identify and correct weld deficiencies.

Estimated Cost: \$394,000

Project Cost Breakdown	Cost
FY 2020	\$ 0.39 M

City Water Loss Utility System Risk Assessment & Improvement 62-19-LFC

Scope: Construction of a water storage tank supply system for the South Campus Central Chiller Plant.

Estimated Cost: \$ 302,000

Project Cost Breakdown	Cost
FY 2019 – Design	\$ 0.05 M
FY 2020 – Construction	\$0.30 M

Campus Gas – Building System Upgrade 77-20-LFC

Scope: The university will audit all buildings within the nine master-meter natural gas systems to ascertain the gas needs of each buildings. Using the audit, OSEP will identify and repair/upgrade any system inadequacies to insure safe, reliable, and compliant operation. This project will be repeated annually until the entire system has been addressed.

Estimated Cost: \$ 544,000

Project Cost Breakdown	Cost
FY 2020	\$ 0.54 M

**Utility Systems Expansions and Extensions Projects**

South Neil Steam Capacity Upgrade 09-18-EXP

Scope: Upgrade the South Neil steam capacity to provide adequate steam to the expanded Postle Hall.

Estimated Cost: \$1.92 M

Project Cost Breakdown	Cost
FY 2019 – Design	\$ 0.09 M
FY 2020 – Construction	\$ 1.92 M

College Road Utility System Infrastructure 15-18-EXP

Scope: Expand and improve utility infrastructure for the new Arts District facilities School of Music and Department of Theatre; buildout of the East Region Chilled Water Plant (ERCWP); connecting the Wexner Arts complex to ERCWP; and tunnel repairs at Page Hall. To maximize construction efficiencies, the university’s Arts District project will manage the installation of OSEP utility system equipment within the Department of Theatre site. This \$20.56 M request includes approximately \$1.6 M that OSEP will transfer to OSU for this portion of the project.

Estimated Cost: \$ 20.56 M

Project Cost Breakdown	Cost
FY 2019 – Design	\$ 1.80 M
FY 2020 – Construction	\$ 20.56 M

Combined Heat and Power Plant and Midwest District Heating & Cooling Loop 16-19-EXP

Scope: Selection of contractors to advance the design of the Combined Heat and Power Plant and Midwest District Heating & Cooling Loop, including the major equipment elements (gas and steam turbines and heat recovery steam generators). The permitting process with the Ohio Power Siting Board will also be initiated.

Estimated Cost: \$ 10.0 M (Design, Permitting, and OEM long-lead contracts)

Project Cost Breakdown	Cost
FY 2019	\$ 10.0 M

Chilled Water Plants Network Connections 38-20-EXP

Scope: Modifications to campus central chilled water systems to optimize resiliency through interconnection of the chilled water loops. Project scope will include new/upgraded pumps, distribution pipes, and a thermal storage system. The interconnection of the existing networks will enable greater optimization, increase resiliency, and improve energy efficiency.

Estimated Cost: \$ 809,000 (Design only)

Project Cost Breakdown	Cost
FY 2020 – Design only	\$ 0.81 M

South Residence Halls Air Conditioning 57-19-EXP

Scope: Design to bring air conditioning to Baker, Mack, Canfield, Bradley and Paterson Halls via available capacity in the existing south high-rise geothermal plant. It is expected that construction approval will be sought in August 2019. To ensure that the project is complete prior to the residence move-in for summer 2020, the design work must begin promptly.

Estimated Cost: \$ 1.4 M (Design only)

Project Cost Breakdown	Cost
FY 2019 – Study	\$ 0.06 M
FY 2020 – Design	\$ 1.40 M
Projected FY 2020 – Construction	\$ 9.40 M

Athletics District Gas & Power Infrastructure (Tennis Facility only) 73-20-EXP

Scope: Expand the utility system to provide power and gas to new Athletics District facilities including Ty Tucker Tennis Facility, gymnastics, fencing, practice facility, indoor track, and lacrosse stadium. Design work for the tennis facility must begin promptly to stay on schedule with the university's planned construction schedule for this facility.

Estimated Cost: \$ 50,000 (Tennis Facility Design only)

Project Cost Breakdown	Cost
FY 2020 – Design	\$ 0.05 M
Projected FY 2020-22 – Construction	\$ 5.68 M

Optometry Building Electrical Supply – 74-20-EXP

Scope: Extension of the university electricity distribution system to the new optometry building. This work includes the installation of a new transformer. The transformer must be ordered promptly to keep the project on the university’s desired schedule.

Estimated Cost: \$ 256,000

Project Cost Breakdown	Cost
FY 2020	\$ 0.26 M

ENGIE Digital Platform – Phase II 75-20-EXP

Scope: Continuation of the ENGIE Digital platform. Phase I, was a platform for real-time energy data from the various campus buildings and energy systems. Phase II will optimize communications between campus heating and cooling assets (e.g. regional plants and local in-building assets); and implement controls to better engage in ancillary energy market programs, reduce system energy peaks, and manage the optimization of campus as an integrated energy system.

Estimated Cost: \$ 593,000

Project Cost Breakdown	Cost
FY 2020	\$ 0.59 M

Controlled Environment Food Production Research facility utility infrastructure 80-20-EXP

Scope: Provide the necessary infrastructure to supply the required electricity and natural gas needs for the university’s project OSU-160920.

Estimated Cost: \$ 320,000 (Design only)

Project Cost Breakdown	Cost
FY 2020	\$ 0.18 M
FY 2021	\$ 0.14 M

Vet Community Practice Hospital and Learning Expansion – Utility Systems 83-20-EXP

Scope: Expansion of the primary electricity and natural gas distribution systems to provide service to the new Vet Community Practice Hospital. Installations will include new underground primary electric service and natural gas service, a transformer, electric and natural gas meters, switch, and associated communications equipment.

Estimated Cost: \$421,000

Project Cost Breakdown	Cost
FY 2020	\$ 0.22 M
FY 2021	\$ 0.20 M

## **Energy Conservation Measures Projects**

### Campus Lighting - Buildings Phase III 54-20-ECM (Student Life Only)

Scope: Continuation of the indoor lighting retrofit. Phase III is being sub-divided. For the Interim FY 2020 plan, Phase III will only include approximately 25 Student Life residence halls and buildings. It is necessary to begin the work on the Student Life facilities so the work can be completed over the summer when students are away. The balance of Phase III is projected to come for approval in August 2019 and will include over 150 additional buildings. Completion of Phase III will complete a campus-wide lighting retrofit of more than 70,000 lamps.

Estimated Cost: \$ 4,085,000

Project Cost Breakdown	Cost
FY 2020 – SL Buildings Only	\$ 4.08 M

**MODIFICATION OF BENCHMARK WEIGHTING FOR  
CERTAIN ASSET CLASSES FOR THE LONG-TERM INVESTMENT POOL**

Synopsis: Modifying the university's benchmark weighting for certain asset classes for the university's Long-Term Investment Pool, is proposed.

WHEREAS The Ohio State University Board of Trustees previously amended the asset classes and allocations, benchmarks and benchmark weighting for the university's Long-Term Investment Pool effective as of July 2014; and

WHEREAS there is a desire to modify the benchmark weighting for certain asset classes for the Long-Term Investment Pool; and

WHEREAS the Chief Investment Officer has recommended to the Senior Vice President for Business and Finance certain modifications to the benchmark weighting for certain asset classes for the Long-Term Investment Pool; and

WHEREAS the Senior Vice President for Business and Finance has reviewed the proposed modifications to the benchmark weighting for certain asset classes for the Long-Term Investment Pool, has determined that it is appropriate and in the best interest of the university that such modifications be adopted, and has recommended such modifications to the Finance Committee; and

WHEREAS the Finance Committee has approved such modifications to the benchmark weighting for certain asset classes for the Long-Term Investment Pool; and

WHEREAS the Finance Committee hereby recommends such modifications to the benchmark weighting for certain asset classes for the Long-Term Investment Pool to The Ohio State University Board of Trustees:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves the following benchmark weighting for all asset classes for the Long-Term Investment Pool to be effective beginning July 1, 2019:

<u>Asset Class</u>	<u>Range</u>	<u>Modified LTIP Benchmark Weighting</u>
Global Equities	40-80%	65%
Global Credit	10-50%	25%
Real Assets	5-20%	10%

## BACKGROUND

**TOPIC:** Modification of benchmark weighting for certain asset classes for the Long-Term Investment Pool (“LTIP”).

**CONTEXT:** Prior to FY10, the Long-Term Investment Pool was managed by the university treasurer. The Office of Investments began professional management of the LTIP in FY10, pursuing a more diversified strategy designed to generate steady growth over the long term while mitigating downside risk. The Long Term Investment Pool (LTIP) is valued at \$5.28 billion as of April 30, 2019. The investment objective is to generate an annual real total return (net of investment management fees) of at least +5.0%, with a +8.0% nominal return objective, utilizing a prudent level of risk.

**SUMMARY:** The LTIP annual distribution supports less than 3 percent of Ohio State’s annual operating budget, which permits a long-term investment strategy approach. As stated in the Investment Policy, “Asset allocation is thought to be the largest contributor to overall LTIP return performance and risk characteristics.”

The Board of Trustees approved the asset allocation and guidelines for the LTIP in April 2009 to coincide with the establishment of the Office of Investments. The asset allocation and guidelines were further revised in 2013 when we created a comprehensive Investment Policy. In 2014, the board revised the asset classes and related benchmarks and benchmark weighting to its current targets:

Asset Class	Range	Benchmark	LTIP Benchmark Weighting
Global Equities	40-80%	MSCI All Country World Index (ACWI)	60%
Global Credit	10-50%	Barclays U.S. Aggregate Bond Index	30%
Real Assets	5-20%	U.S. Consumer Price Index (CPI) +5%	10%

Over time, illiquid investments have provided superior returns when compared to publicly-traded marketable securities and will be an important part of the LTIP’s asset allocation going forward. The LTIP’s illiquid investments will include buyouts, venture capital, private credit, real estate and infrastructure. These investments are usually held in 10-year limited partnership structures, where the investments are made over the first four to five years and sold over the remaining term.

In the last 15-year and 20-year time periods, both venture capital and buyouts outperformed the public market equity benchmark MSCI All Country World Index (ACWI). In the most recent five- and 10-year periods, venture capital outperformed in both periods. Buyouts outperformed in the five-year period but not in the 10-year period.

Over the last five, 10, 15 and 20 years, in all periods, the top quartile endowments were overweight the mean holding of illiquid investments by greater than 4% in three of the periods and 3% in the 10-year period. The top five performing endowments in each of the periods had an even greater allocation to illiquids. Long-term, forward-looking return forecasts for both buyouts and venture capital have the highest expected real compounded returns of +8.1% and +7.6% compared to the liquid public equity markets of +5.7% for U.S. equities and +5.3% for international developed equity.

Currently, the illiquid allocation is 29.1% of the LTIP moving to a long-term target of 38%. It takes years to prudently build a cross section of vintage year buyout and venture capital portfolios with top tier general partners. The top performing endowments established relationships years ago and have mature portfolios. Each illiquid asset type has its own individual target and pace to reach its investment allocation over time.

The LTIP's asset allocation benchmark weighting target policy should be changed effective July 1, 2019 as follows:

Asset Class	Current LTIP Benchmark Weighting	Proposed LTIP Benchmark Weighting
Global Equities	60%	65%
Global Credit	30%	25%
Real Assets	10%	10%

In order to achieve this new target asset allocation benchmark weighting, we will increase our exposure to illiquid investments over time from the current 29.1% to a target of 38% of the overall portfolio. At June 2018, the mean equity exposure of the over \$1 billion endowment and university peer group is 69% (including natural resources).

**REQUESTED OF THE FINANCE COMMITTEE:** Approval of the resolution.



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

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

Cannon Drive Relocation – Phase 2  
Comprehensive Transportation & Parking Plan Update  
WMC Regional Ambulatory Facilities – Dublin

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

Arts District  
Morehouse Tower – 7<sup>th</sup> – 8<sup>th</sup> Floor Updates  
Taylor Tower – Main Entrance  
VMC Community Practice Hospital & Learning Center  
WMC Regional Ambulatory Facilities – Hamilton Road

**APPROVAL TO ENTER INTO/INCREASE CONSTRUCTION CONTRACTS**

Newark – John & Mary Alford Center for Science and Technology  
Service Building Annex Renovation  
Ty Tucker Tennis Center  
WMC West Campus Ambulatory Facilities

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

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

	Prof. Serv. Approval Requested	Total Project Cost	
Cannon Drive Relocation – Phase 2	\$5.2M	TBD	University Debt OSEP Funds
Comprehensive Transportation & Parking Plan Update	\$0.3M		University Funds Partner Funds
WMC Regional Ambulatory – Dublin	\$12.0M	TBD	Auxiliary Funds

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

	Prof. Serv. Approval Requested	Construction Approval Requested	Total Project Cost	
Arts District	\$1.0M	\$145.6M	\$161.6M	University Debt Fundraising University Funds OSEP Funds
Morehouse Tower – 7 <sup>th</sup> & 8 <sup>th</sup> Floor Updates	\$0.7M	\$4.3M	\$5.0M	Auxiliary Funds
Taylor Tower – Main Entrance	\$1.0M	\$10.M	\$11.0M	Auxiliary Funds

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

	Prof. Serv. Approval Requested	Construction Approval Requested	Total Project Cost	
VMC Community Practice Hospital & Learning Center	\$2.0M	\$15.5M	\$17.5M	Fundraising University Funds
WMC Regional Ambulatory Facilities – Hamilton Road	\$11.0M	\$114.9M	\$137.9M	Auxiliary Funds

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

	Construction Approval Requested	Total Project Cost	
Newark – John & Mary Alford Center for Science and Technology	\$29.7M	\$32.0M	University Debt Fundraising University Funds
Service Building Annex Renovation	\$1.7M	\$8.7M	University Funds
Ty Tucker Tennis Center	\$20.9M	\$22.8M	Fundraising
WMC West Campus Ambulatory Facilities	\$6.6M	TBD	Auxiliary Funds

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

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

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves that the fiscal year 2019 Capital Investment Plan be amended to include additional construction for the Ty Tucker Tennis Center; and

BE IT RESOLVED, That the Board of Trustees hereby approves that the President and/or Senior Vice President for Business and Finance be authorized to enter into/increase 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

## Cannon Drive Relocation – Phase 2

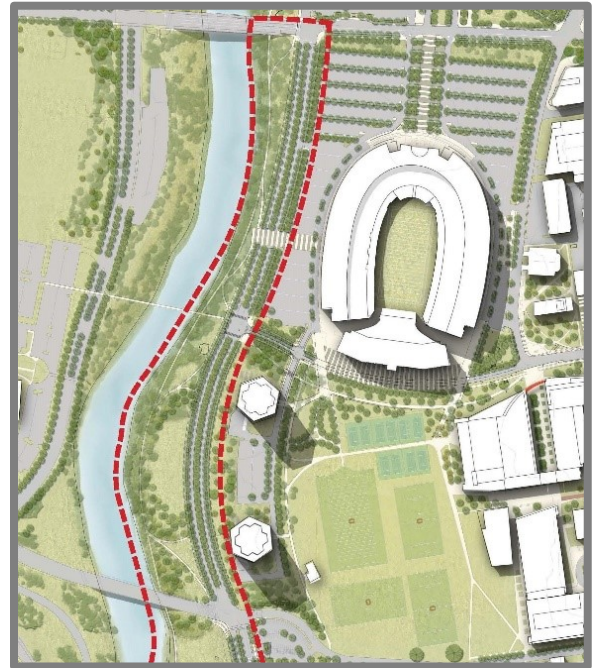
OSU-180069 (CNI# 13000046, 18000174)

Project Location: Cannon Drive between John Herrick Drive and Woody Hayes Drive

- **approval requested and amount**
  - professional services including OSEP scope \$5.2M
- **project budget**
  - professional services (previously approved) \$3.0M
  - professional services (remaining design) \$3.6M
  - construction w/contingency TBD
  - OSEP scope \$1.6M

---

  - total project cost TBD
- **project funding**
  - university debt
  - fundraising
  - university funds
  - OSEP funds
  - auxiliary funds
  - state funds
- **project schedule**
  - BoT professional services approval 8/17
  - design 9/17 – 5/20
  - construction 3/20 – 12/22
- **project delivery method**
  - general contracting
  - design/build
  - construction manager at risk
- **planning framework**
  - this project was included in the FY 2018 Capital Investment Plan to begin design services; the remaining \$3.6M for professional services is included in the FY 2019 Capital Investment Plan
  - schematic design is complete
- **project scope**
  - the project will continue the relocation of Cannon Drive between John Herrick Drive and Woody Hayes Drive and will raise Cannon Drive above the 500-year flood level
  - the project anticipates extending Annie and John Glenn Ave from Tuttle Park Place to Cannon Drive
  - a new north/south road will be constructed east of Lincoln and Morrill Towers to provide service access for the towers
  - final project scope and total project cost will be validated during design
- **approval requested**
  - approval is requested to increase professional services contracts for the remainder of design services including OSEP scope



- 
- **project team**
    - University project manager: Tom Ekegren
    - AE/design architect: EMHT, Inc.
    - CM at Risk: Igel/Ruhlin (joint venture)

## **APPROVAL TO ENTER INTO A CONTRACT FOR PROFESSIONAL SERVICES TO UPDATE THE COMPREHENSIVE TRANSPORTATION AND PARKING PLAN**

The Ohio State University campus master plan, Framework 2.0, is a long-term guiding vision that imagines the development of transformational, clinical, research and learning environments over the next decade and beyond. While Framework 2.0, adopted in 2017, establishes a very high-level transportation strategy, more detailed planning is needed around transportation and parking to support near-term and long-term campus development.

Two previous Comprehensive Transportation and Parking Plans have been conducted — one in 2014, and a follow-up with a more narrow focus in 2016. Both studies identified the need for a paradigm shift for transportation that will support key principles embodied in Framework 2.0. These principles include a more pedestrian-oriented campus core, implementing a park-once strategy and migrating over time to an integrated, seamless parking and transit system that is both convenient and effective.

The goal of this Comprehensive Transportation and Parking Plan update is to outline and prioritize a path to an efficient and sustainable transportation and parking system that is effective for everyday users, yet easy for visitors to navigate. It must also be flexible, enabling the university to grow and evolve over time. In addition, projects and plans being implemented outside the boundaries of the university need to be understood as they impact the Ohio State transportation system. The university will partner with CampusParc to ensure the following deliverables:

- Provide strategies and solutions to address near-term parking and transportation needs related to campus development on West Campus, the Wexner Medical Center and Health Sciences District, and Arts District.
- Refine the university's high-level future "mobility vision" and test it for reasonableness against an evolving mobility landscape.
- Document current parking supply/utilization and project future faculty, staff, student and visitor population levels related to transportation and parking needs.
- Analyze and recommend solutions for fully utilizing all parking assets and identify associated transit requirements.
- Provide recommendations for both near-term and long-term strategies that address the needs of vehicles, integrate and improve area transit, address traffic congestion with mitigation options, and increase functionality and safety for alternative modes including bicyclists, pedestrians, and scooters.
- Produce a comprehensive plan that summarizes mobility and logistical best practices to provide efficient and effective mobility, identify project priorities and estimate planning level costs appropriate for inclusion in future capital plans.

# Project Data Sheet for Board of Trustees Approval

## WMC Regional Ambulatory Facilities - Dublin

OSU-180636-1 (CNI#18000177, 19000140)

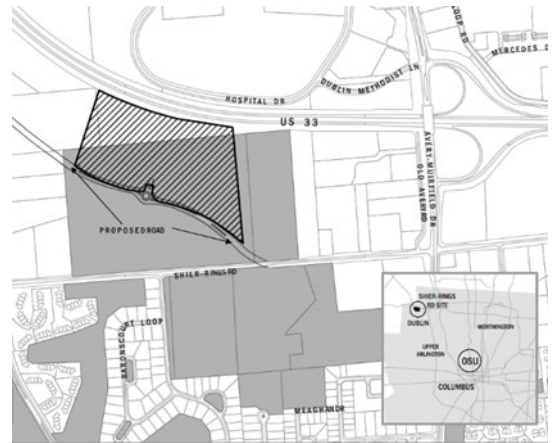
Project Location: Dublin, Ohio

- **approval requested and amount**

professional services	\$12.0M
-----------------------	---------
  
- **project budget**

professional services (through DD)	\$12.0M
construction w/contingency	TBD
<hr/>	
total project budget	TBD
  
- **project funding**
  - university debt
  - development funds
  - university funds
  - auxiliary funds (health system)
  - state funds
  
- **project schedule**

BoT professional services approval	5/19
design	6/19 – 6/20
construction	7/20 – 6/22
facility opening	9/22
  
- **project delivery method**
  - general contracting
  - design/build
  - construction manager at risk
  
- **planning framework**
  - consistent with the strategic plans of the university and Wexner Medical Center to provide medical services within community-based ambulatory facilities
  - the FY 2019 Capital Investment Plan includes the \$4.0M professional services; the FY 2020 Capital Investment Plan includes \$8.0M for a total of \$12.0M for design services through Design Development
  
- **project scope**
  - the project will design an ambulatory building that will include ambulatory surgery, endoscopy, primary care, specialty medical and surgical clinics, and related support
  
- **approval requested**
  - approval is requested to enter into professional services contracts for design services through Design Development



- 
- **project team**

University project manager: Holly Cloud  
AE/design architect:  
CMR:

# Project Data Sheet for Board of Trustees Approval

## Arts District

OSU-180285 (CNI# 17000142, 18000075)

Project Location: Arts district between 15<sup>th</sup> and 18<sup>th</sup> Avenues

- **approval requested and amount**  
prof services/construction including OSEP scope \$146.6M

- **project budget**

professional services	\$16.0M
construction w/contingency	\$144.0M
OSEP scope	\$1.6M
<b>total project budget</b>	<b>\$161.6M</b>



- **project funding**
  - university debt
  - fundraising
  - university funds
  - OSEP funds
  - auxiliary funds
  - state funds

- **project schedule**

BoT professional services approval	11/17
BoT construction approval	05/19
design	05/18 – 07/19
construction	06/19 – 08/21
facility opening	12/21

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

- **planning framework**
  - the project aligns with Framework 2.0 and the Strategic Plan by promoting teaching, learning and creative expression
  - this project is included in the FY 2018 and FY 2020 Capital Investment Plans

- **project scope**
  - the project will develop a new Arts District between 15<sup>th</sup> and 18<sup>th</sup> Avenues
  - the project envisions high-quality, modern learning environments for interaction across arts disciplines
  - included are new facilities for the School of Music and Department of Theatre, which will feature a home for the Moving Image Production program
  - the project will also include site amenities such as the road extensions and adjacent pedestrian spaces

- **approval requested**
  - approval is requested to increase professional services and enter into construction contracts including OSEP scope

- 
- **project team**

University project manager:	Nate Thomas
AE/design architect:	DLR Group/Westlake Reed Leskosky
CM at Risk:	Holder Construction Group LLC

# Project Data Sheet for Board of Trustees Approval

## Morehouse Tower – 7<sup>th</sup> & 8<sup>th</sup> Floor Updates

OSU-190180 (CNI#18000154)

Project Location: Morehouse Medical Plaza - Tower

- **approval requested and amount**

prof serv/construction	\$5.0M
------------------------	--------
  
- **project budget**

professional services	\$0.7M
construction w/contingency	\$4.3M
<hr/>	
total project budget	\$5.0M
  
- **project funding**
  - university debt
  - fundraising
  - university funds
  - auxiliary funds (health system)
  - state funds
  
- **project schedule**

BoT approval	5/19
design/bidding	6/19 – 6/20
construction	7/20 – 2/21



- **project delivery method**
  - general contracting
  - design/build
  - construction manager at risk
  
- **planning framework**
  - this project is included in the FY 2019 Capital Investment Plan
  
- **project scope**
  - the project will renovate the recently vacated 7th floor for the Gastrointestinal Cancer Center, which is currently on the 8th floor. The program will include patient exam rooms, procedure room and support spaces
  - the project will also renovate the 8th floor for future patient services
  - the scope includes HVAC updates, updates for ADA restroom compliance, and interior finish upgrades
  
- **approval requested**
  - approval is requested to enter into professional services contracts and construction contracts

- 
- **project team**

University project manager:	Kevin Koesters
AE/design architect:	

# Project Data Sheet for Board of Trustees Approval

## Taylor Tower – Main Entrance

OSU-180067 (CNI# 18000138, 19000134)

Project Location: Taylor Tower

- **approval requested and amount**
  - prof services/construction \$11.0M
- **project budget**

professional services	\$1.0M
construction w/contingency	\$10.0M
<hr/>	
total project budget	\$11.0M
- **project funding**
  - university debt
  - fundraising
  - university funds
  - auxiliary funds
  - state funds
- **project schedule**

BoT prof services/construction	5/19
design	5/19 – 1/20
construction	2/20 – 10/20
- **project delivery method**
  - general contracting
  - design/build
  - construction manager at risk
- **planning framework**
  - the project aligns with the Framework 2.0 and Strategic Plan by providing programmatic spaces to enhance student success
  - project scope and budget are based on programming completed in March 2019
  - this project is included in the FY 2019 and FY 2020 Capital Investment Plans
- **project scope**
  - this project will renovate the ground floor and 1st floor of Taylor Tower to provide accessibility and create student program spaces, staff offices, lounges and lobby areas
  - the project will create a visual connectivity between the two floors to promote student collaboration and socialization
- **approval requested**
  - approval is requested to enter into professional services contracts and construction contracts



- 
- **project team**

University project manager:	Karin Murillo-Kirlangitis
Study/Planning AE:	The Collaborative, Inc.
General Contractor:	TBD



# Project Data Sheet for Board of Trustees Approval

## VMC Community Practice Hospital & Learning Center

OSU-190900 (CNI# 19000093)

Project Location: Community Practice Hospital & Learning Center

- **approval requested and amount**  
prof serv/construction \$17.5M

- **project budget**  
professional services \$2.0M  
construction w/contingency \$15.5M  

---

total project budget \$17.5M

- **project funding**
  - university debt
  - fundraising
  - university funds
  - OSEP funds
  - auxiliary funds
  - state funds

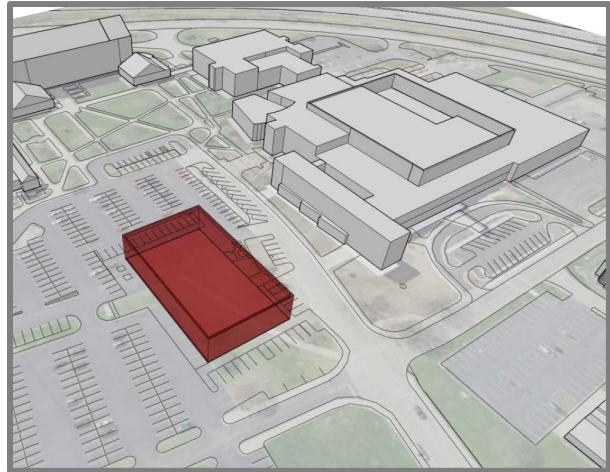
- **project schedule**  
BoT approval 5/19  
design 6/19 – 9/20  
construction 5/20 – 5/21  
facility opening 6/21

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

- **planning framework**
  - this project is included in the FY 2020 Capital Investment Plan

- **project scope**
  - the project will construct a 35,000 square foot freestanding community care veterinary clinic for primary care to enhance the clinical training of veterinary students and a learning center
  - the facility will include teaching and clinical spaces, offices, and support spaces

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



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

# Project Data Sheet for Board of Trustees Approval

## WMC Regional Ambulatory Facilities – Hamilton Road

OSU-180636 (CNI# 18000157, 19000139)

Project Location: Hamilton Road and SR 161

- **approval requested and amount**  
prof serv/construction \$125.9M

- **project budget**  
professional services \$20.1M  
construction w/contingency \$117.8M  

---

total project budget \$137.9M

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

- **project schedule**  
BoT professional services approval 4/18  
design 4/18 – 5/19  
BoT construction approval (site) 8/18  
BoT construction approval (full project) 5/19  
construction 10/18 – 5/21  
facility opening 7/21

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

- **planning framework**
  - consistent with the strategic plans of the university and Wexner Medical Center to provide medical services within community-based ambulatory facilities
  - the FY 2019 Capital Investment Plan includes the remainder of professional services and a portion of construction costs; the FY 2020 Capital Investment Plan includes the remainder of construction costs

- **project scope**
  - design and construct an approximately 244,000 square foot ambulatory building that will include ambulatory surgery, endoscopy, primary care, specialty medical and surgical clinics, and related support
  - the facility will be located at Hamilton Road and SR 161 in Columbus

- **approval requested**
  - approval is requested to increase professional services and construction contracts for the remainder of design and construction



- 
- **project team**  
University project manager: Holly Cloud  
AE/design architect: DLR Group  
CMR: Daimler Group

# Project Data Sheet for Board of Trustees Approval

## Newark – John & Mary Alford Ctr for Science and Technology

OSU-190050 (CNI# 12000648, 19000124)

Project Location: Newark Campus



- **approval requested and amount**

construction w/contingency	\$29.7M
----------------------------	---------
  
- **project budget**

professional services	\$2.3M
construction w/contingency	\$29.7M
<hr/>	
total project budget	\$32.0M
  
- **project funding**
  - university debt
  - fundraising
  - university funds
  - auxiliary funds
  - state funds
  
- **project schedule**

BoT prof serv approval	08/18
BoT construction approval	05/19
design/bidding	09/18 – 06/19
construction	07/19 – 12/20
facility opening	01/21
  
- **project delivery method**
  - general contracting
  - design/build
  - construction manager at risk
  
- **planning framework**
  - this project is included in the FY 2019 and FY 2020 Capital Investment Plans
  
- **project scope**
  - this project will construct a 60,000 square foot building for biological and physical sciences research and teaching labs, classrooms, collaborative learning and academic support space
  - shared instructional spaces will serve both The Ohio State University Newark and Central Ohio Technical College
  - project funding includes Central Ohio Technical College local funds
  
- **approval requested**
  - approval is requested to enter into construction contracts

- 
- **project team**

University project manager:	Brandon Shoop
AE/Design Architect:	Design Group/Perkins + Will
CM at Risk:	Smoot Construction Company

# Project Data Sheet for Board of Trustees Approval

## Service Building Annex Renovation

OSU-180830 (CNI# 14000406)

Project Location: Service Building Annex

- **approval requested and amount**  
increase construction w/contingency \$1.7M
  
- **project budget**  
professional services \$1.1M  
construction w/contingency \$7.6M  

---

total project budget \$8.7M
  
- **project funding**
  - university debt
  - fundraising
  - university funds
  - auxiliary funds
  - state funds
  
- **project schedule**

BoT approval	6/18
design	6/18 – 6/19
BoT approval – construction increase	5/19
construction	7/19 – 8/20
  
- **project delivery method**
  - general contracting
  - design/build
  - construction manager at risk
  
- **planning framework**
  - this project is included in the FY 2019 Capital Investment Plan
  
- **project scope**
  - the project will renovate the Service Building to accommodate a combined Facilities Operations and Development and Transportation and Traffic Management bus and vehicle maintenance facility
  - infrastructure upgrades included in scope support university sustainability initiatives
  - the budget increase will address deferred maintenance and code compliance issues
  
- **approval requested**
  - approval is requested to increase construction contracts



- 
- **project team**

University project manager:	Al Stazzone
AE/design architect:	Moody Nolan
CM at Risk:	Elford

# Project Data Sheet for Board of Trustees Approval

## Ty Tucker Tennis Center

OSU-190076 (CNI# 18000038)

Project Location: Athletics District

- **approval requested and amount**

construction w/contingency	\$20.9M
----------------------------	---------
- **project budget**

professional services	\$1.9M
construction w/contingency	\$20.9M
<hr/>	
total project budget	\$22.8M
- **project funding**
  - university debt
  - fundraising
  - university funds
  - OSEP funds
  - auxiliary funds
  - state funds
- **project schedule**

BoT prof serv approval	8/18
BoT construction approval	5/19
design	9/18 – 11/19
construction	11/19 - 12/20
facility opening	01/21
- **project delivery method**
  - general contracting
  - design/build
  - construction manager at risk
- **planning framework**
  - the FY 2019 Capital Investment Plan includes \$21.9M for the project: the Capital Investment Plan will be amended to include an additional \$0.9M
  - 
  - this project is consistent with Framework 2.0 and the Athletics District Framework Plan
- **project scope**
  - this project will construct a new 68,000 square foot indoor tennis facility to be located in the Athletic District adjacent to the existing outdoor tennis facility
  - the project includes 6 courts, 450 spectator seats, men/women varsity locker rooms, athletic training room and offices
- **approval requested**
  - approval is requested to amend the FY 2019 Capital Investment Plan
  - approval is requested to enter into construction contracts



- 
- **project team**

University project manager:	Gary Collier
Architect/Engineer:	Moody Nolan Inc
CM at Risk	Barton Malow Co

# Project Data Sheet for Board of Trustees Approval

## WMC West Campus Ambulatory Facilities

OSU-180390 (CNI# 18000175)

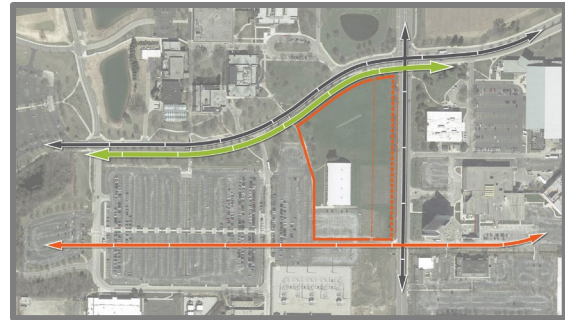
Project Location: Kenny Road and Carmack Road

- **approval requested and amount**  
construction w/contingency \$6.6M

- **project budget**  
professional services (through DD) \$23.0M  
construction – enabling projects \$6.6M  
construction w/contingency TBD

---

- total project budget TBD



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

- **project schedule**  
BoT professional services approval 11/18  
design 12/18 – 8/20  
BoT construction approval – enabling projects 5/19  
construction 9/20 – 12/22  
facility opening – proton 2022  
facility opening – ambulatory 2023

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

- **planning framework**
  - consistent with the strategic plans of the university and Wexner Medical Center to provide high-value care with an unparalleled patient experience
  - this project was included in the FY 2019 Capital Investment Plan for design; the enabling projects are included in the FY 2020 Capital Investment Plan
  - total project cost will be validated during design

- **project scope**
  - the project will construct a new ambulatory facility on west campus
  - the ambulatory center will be approximately 395,000 square feet and will include outpatient operating rooms, an endoscopy unit, an urgent care, a pre-anesthesia center, an outpatient diagnostic imaging center, and patient and building support spaces

- **approval requested**
  - approval is requested to enter into construction contracts to construct a parking lot on Kinnear Road and for initial proton equipment procurement

- 
- **project team**  
University project manager: Mitch Dollery  
Study/Planning AE: Perkins & Will  
AE/design architect: Perkins & Will  
CM at Risk: (selected)

**WAIVER OF TUITION FOR STUDY ABROAD**

Synopsis: Waiver of tuition for Ohio State students who enroll in university-approved third-party provider/direct enroll study abroad programs for fiscal year 2020 and fiscal year 2021, is proposed.

WHEREAS the Board of Trustees of The Ohio State University supports academic programs that meet the needs of Ohio State students; and

WHEREAS Ohio State students who participate in study abroad programs through third-party providers or direct enrollment are required to pay tuition to the host institution; and

WHEREAS students benefit from continued enrollment at Ohio State during study abroad, which allows them to earn Ohio State credit, access financial aid and receive support when needed in other circumstances; and

WHEREAS Ohio State has, since fiscal year 2015, requested and received a tuition waiver for approved third-party provider/direct enroll study abroad programs from the Board of Trustees and the Ohio Department of Higher Education (ODHE) so that students avoid two tuition payments during study abroad; and

WHEREAS the university seeks to continue the study abroad tuition waiver, but the current waiver expires after June 30, 2019; and

WHEREAS the Ohio Department of Higher Education requires a Board of Trustees resolution to consider a new tuition waiver per Ohio Revised Code and ODHE directive 2009-011:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves to waive tuition and fees at The Ohio State University for students enrolled in a third-party provider/direct enroll study abroad program and to allow the students to remain enrolled at the university while participating in these programs; and

BE IT FURTHER RESOLVED, That this approval will become effective for all semesters and terms, beginning July 1, 2019, through June 30, 2021; and

BE IT FURTHER RESOLVED, That the administration will seek approval of a tuition waiver from the Ohio Department of Higher Education for state fiscal years 2020 and 2021.

**The Ohio State University Board of Trustees  
Finance Committee  
May 31, 2019**

**TOPIC:**

Continuation of tuition waiver for students participating in study abroad programs through a third-party provider or direct enrollment. This waiver has been in effect since fiscal 2015.

**CONTEXT:**

Ohio State students are involved in three types of approved study abroad programs:

- Reciprocal Exchange Programs
  - Formal university-level agreement with a foreign university where students from one university study at the other and vice versa
  - Students pay tuition to their home institution only
- Ohio State Sponsored Programs
  - Programs designed by Ohio State faculty
  - Students are enrolled for graded Ohio State credit and pay tuition and fees to Ohio State
- Third Party Provider/Direct Enroll Programs
  - Programs that have been approved by Ohio State but are offered by another university or provider
  - Students enroll at and pay fees to the other university or provider. (To maintain access to financial aid, a student must also enroll at Ohio State for graded academic credit.)

Before the university implemented a tuition waiver in fiscal year 2015, students participating in study abroad programs through third-party providers or direct enroll programs were required to pay the tuition or charge for these programs — in addition to Ohio State tuition and fees if they wished to remain enrolled at the university.

As a result, students either paid two tuition payments for the term (one to the host institution and one to Ohio State) or they de-enrolled from Ohio State during the time they were involved in study abroad. De-enrollment was not an option for those utilizing financial aid. De-enrolling also caused students to be “off our radar,” inhibiting Ohio State’s ability to provide assistance in the case of situations such as natural disasters and medical emergencies.

On April 4, 2014, the Board of Trustees approved the establishment of a waiver of tuition and fees for students enrolled in these programs and the establishment a fee of \$400 for program services. The board-approved tuition waiver was submitted to the state in accordance with procedures established by the Ohio Department of Higher Education, and approved on August 6, 2014. This waiver was renewed by the Board of Trustees and the state in 2016.

It must be renewed every two years to remain in effect.

We are requesting approval of the enclosed resolution approving the continuation of the tuition and fee waiver for third-party provider/direct enroll programs.



**AUTHORIZATION FOR DESIGNATED OFFICIALS TO BUY, SELL,  
ASSIGN AND TRANSFER SECURITIES**

**ALSO TO DEPOSIT OR WITHDRAW FUNDS  
FROM BANK AND INVESTMENT ACCOUNTS, TO DESIGNATE DEPOSITORIES  
AND TO EXECUTE TREASURY- AND INSURANCE-RELATED AGREEMENTS**

Synopsis: Authorization for designated officials to buy, sell, assign and transfer securities, to deposit or withdraw funds from bank and investment accounts held in the name of The Ohio State University, to designate depositories and to execute treasury- and insurance-related agreements, is proposed.

WHEREAS designated officials of the university buy, sell, assign and transfer stocks, bonds and other financial instruments owned by The Ohio State University; and

WHEREAS various financial institutions are designated as depositories of The Ohio State University; and

WHEREAS accounts at various financial institutions are opened and maintained in the name of The Ohio State University; and

WHEREAS designated officials of the university are responsible for the procurement and management of the university's insurance programs:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby authorizes the university treasurer and/or the university senior vice president for Business and Finance or their designees to buy, sell, assign and transfer any and all stocks, bonds, evidences of interest and/or indebtedness, rights and options to acquire or to sell the same, and all other securities corporate or otherwise, standing in the name of or belonging to The Ohio State University in any capacity; and

BE IT FURTHER RESOLVED, That the university treasurer and/or the university senior vice president for Business and Finance or their designees be authorized to designate various financial institutions as depositories and/or custodians for The Ohio State University, and to open and maintain accounts and enter into agreements at institutions providing financial products and services in the name of The Ohio State University; to engage in and sign agreements for bank financing, underwriting, brokerage, leasing, equipment financing, deposits, foreign currency exchange, hedging vehicles including forwards, futures, swaps and options, financial advisory services; and

BE IT FURTHER RESOLVED, That the university treasurer and/or the university senior vice president for Business and Finance or their designees be authorized, on behalf of The Ohio State University and in its name, to sign checks, drafts, notes, bills of exchange, letters of credit, acceptances, electronic fund transfers or other orders for the payment of money from said accounts; to endorse in writing or by stamp checks, notes, bills, certificates of deposit, or other instruments owned or held by the university for deposit in said accounts or for collection or discount by said banks; to accept drafts, acceptances and other instruments payable to said banks; to waive, demand, protest, file notice of protest, or dishonor any check, note, bill, draft, or other instrument made, drawn, or endorsed by the university; and

**AUTHORIZATION FOR DESIGNATED OFFICIALS TO BUY, SELL  
ASSIGN AND TRANSFER SECURITIES (cont'd)**

BE IT FURTHER RESOLVED, That the university treasurer and/or the university senior vice president for Business and Finance or their designees be authorized to engage in insurance-related transactions and sign insurance-related agreements to ensure coverage that best fits the needs of The Ohio State University to include, but not be limited to, insurance carrier, consulting and broker agreements, emergency response services, and third-party claim administrator contracts.

## **BACKGROUND**

**TOPICS:** Annual resolution to authorize the university treasurer and/or the university senior vice president for business and finance to undertake a variety of financial transactions on behalf of the university.

**CONTEXT:** This annual resolution is required by the institutions with which the university does business. There are no changes from last year's annual resolution.

**SUMMARY:** This resolution will continue the current policies that authorize the university treasurer and/or senior vice president for business and finance or their designees to provide oversight and signature authority over the function of buying, selling, and transferring of stocks, bonds, and other financial instruments. The resolution continues the authorization that allows the university treasurer and/or senior vice president for business and finance or their designees to designate depositories and custodians and to open and maintain accounts at various financial institutions. It allows the university treasurer or the treasurer's designees be authorized to enter into agreements with institutions providing financial products and services on behalf of the university. In addition, the university treasurer and/or senior vice president for business and finance or their designees retain the authorization to sign agreements for bank financing, underwriting, brokerage, leasing, equipment financing, deposits, foreign currency exchange, hedging vehicles including forwards, futures, swaps and options, and other financial advisory services. The resolution also will continue the current authorization that allows the university treasurer and/or senior vice president for business and finance or their designees to enter into insurance-related agreements which includes emergency response service agreements.

**REQUESTED OF THE FINANCE COMMITTEE:** Approval of the resolution.

### REAPPOINTMENTS TO THE SELF-INSURANCE BOARD

Synopsis: Reappointments to the Self-Insurance Board, is proposed.

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

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

WHEREAS the terms of members Charlotte Agnone, MD; L. Arick Forrest, MD; Reed Fraley; James Gilmour; and Andrew Thomas, MD; expire on June 30, 2019:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves that the following individuals be reappointed as members of the Self-Insurance Board effective July 1, 2019 for the terms specified below:

- Charlotte Agnone, MD, term ending June 30, 2021 (reappointment)
- L. Arick Forrest, MD, term ending June 30, 2021 (reappointment)
- Reed Fraley, term ending June 30, 2021 (reappointment)
- James Gilmour, term ending June 30, 2021 (reappointment)
- Andrew Thomas, MD, term ending June 30, 2021 (reappointment)

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

**APPROVAL OF THE SALE OF REAL PROPERTY**

SHIER RINGS ROAD  
DUBLIN, FRANKLIN COUNTY, OHIO

Synopsis: Authorization is requested to sell +/- 20.887 acres of real property located at Shier Rings Road, Dublin, Franklin County, Ohio.

WHEREAS the property, Parcel ID 273-000297, is located at the intersection of Shier Rings Road and Wilcox Road in Dublin, Ohio; and

WHEREAS the property is not needed for university purposes and the Office of Financial Services is seeking authorization to sell the property; and

WHEREAS it has been recommended by the Office of Planning and Real Estate, in coordination with the Office of Financial Services, that the university sell the property; and

WHEREAS proceeds from the sale will benefit the university to the credit of the university operating funds:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves the sale of real property as detailed above and in the attached documents; and

BE IT FURTHER RESOLVED, That the President and/or Senior Vice President and CFO for Business and Finance are authorized to take any action required to effect the sale of the property and to negotiate a purchase contract containing terms and conditions deemed to be in the best interest of the university.

**APPROVAL FOR SALE OF REAL PROPERTY  
SHIER RINGS ROAD  
DUBLIN, FRANKLIN COUNTY, OHIO  
BOARD BACKGROUND**

**Background**

The Ohio State University seeks to sell approximately +/- 20.887 acres of unimproved land located in Dublin, Ohio, Parcel ID 273-000297, to AEP Ohio Transmission Company, Inc. (AEP). AEP intends to use the property for its new transmission line to upgrade two existing substations as part of the Dublin West Innovation District Improvements.

**Location and Description**

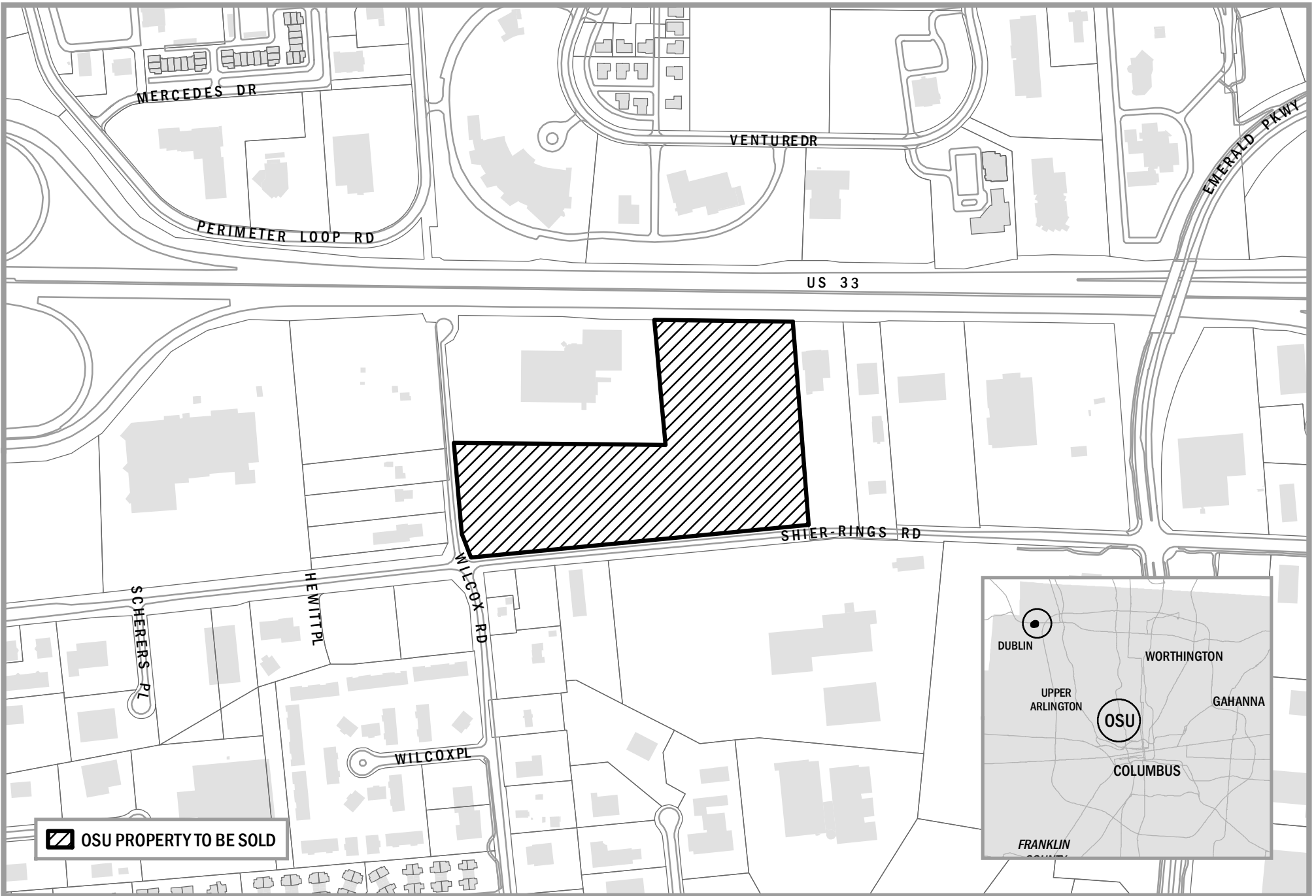
The property is located at the northeast corner of Shier Rings Road and Wilcox Road in Dublin, Ohio. The property is undeveloped, largely wooded, and approximately 5 acres are tillable. The property is located in a Technology Flex zoning district.

**Property History**

The property is titled in the name of the Board of Trustees and was donated to the university in 1978. The donation included another property on Eiterman Road, Dublin, Ohio, which was sold by the university in 2012. The land is not needed for university purposes and is available for disposition.

**Sale of Property**

Planning and Real Estate, together with the Office of Financial Services, recommend that the property be sold under terms and conditions that are deemed to be in the best interest of the university. AEP is responsible for all due diligence required for their purchase of the property as well as any potential costs associated with making the property available for its use. Sale proceeds will benefit the university to the credit of the university operating funds.



 OSU PROPERTY TO BE SOLD

**SALE OF 20.887 ACRES OF REAL PROPERTY  
 SHIER-RINGS ROAD  
 DUBLIN, FRANKLIN COUNTY, OHIO 43016  
 PARCEL ID #273-000297**

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

**TOPIC:** Fiscal Year 2019 Interim Financial Report - March 31, 2019

**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 nine months ended March 31, 2019
  - 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 nine months ended March 31, 2019
  - A. State Support Outlook
  - B. OSU Wexner Medical Center
  - C. Enrollment
  - D. Research
  - E. Auxiliary Operations

## I. Summary

Consolidated revenues through the nine months of fiscal year 2019, excluding investment income, were \$5,386 million, representing an increase of \$278 million, or 5.4% over the same period of fiscal year 2018. The revenue increase is primarily in Healthcare revenues, which were up \$216 million. Additional details on revenue trends are provided below:

- Healthcare revenues for the OSU Health System and OSU Physicians (OSUP) increased \$215 million, or 8.0%, to \$2,900 million. The Health System accounted for \$192 million of the increase. Total outpatient visits and surgeries were 5.1% and 3.4% above prior year, respectively.
- University revenues through the nine months of fiscal year 2019 increased \$52 million, to \$2,192 million compared to the same period in fiscal year 2018.
  - Net student tuition and fees increased \$36 million, to \$791 million or 4.8% over the same period of fiscal year 2018, due primarily to an increase in gross tuition of \$47 million, offset by \$11 million increase in scholarship allowances. The increase in gross tuition relates primarily to increases in undergraduate enrollments and non-resident surcharges. Enrollments for new first-year (NFY) students and continuing students increased 10% and 1%, respectively, over the prior year, and non-resident surcharge rates increased 4.8%. The increase in scholarship allowance reflects budget increases in undergraduate student financial aid.
  - Grant and contract revenues increased \$17 million, or 2.8%, to \$645 million, due primarily to increases in federal grants of \$19 million, state grants of \$6 million, and private grants of \$6 million, offset by decreases in local grants of \$14 million. Local grants decreased \$14 million primarily due to a \$15 million grant payment from City of Columbus for the Cannon Drive relocation project in fiscal year 2018.
- Auxiliary revenues for the first nine months of fiscal year 2019 increased \$11 million, to \$293 million, primarily due to increases in two concerts held in Ohio Stadium this fiscal year of \$5 million, increases in Student Life housing and dining revenues of \$4 million, and Athletics revenue of \$2 million.

Consolidated expenses for the nine months ended March 31, 2019 were \$5,022 million, up \$287 million, or 6.1%, over the same period of fiscal year 2018.

- Healthcare expenses of \$2,475 million increased \$212 million, or 9.3%, primarily due to increases in operating costs from increases in patient volumes.
- University expenses of \$2,275 million for the first nine months of fiscal year 2019 increased \$57 million compared to the same period of fiscal year 2018 primarily due to salary increases of \$41 million and depreciation increase of \$15 million.
- Auxiliary expenses increased \$18 million to \$272 million for the first nine 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 \$5,386 million outpaced total expenses of \$5,022 million for a margin of \$364 million. Total consolidated margin with endowment distributions of \$162 million for the first nine months of fiscal year 2019 is \$526 million, an increase of \$4 million over the same period in fiscal year 2018.

Total cash and restricted cash increased \$249 million for the first nine 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 as a result of spring and summer semester student enrollment. Net capital assets increased \$162 million for university academic projects such as Postle Hall replacement, Koffolt/Fontana lab renovation, Cannon Drive project, and auxiliary projects such as Covelli arena, Schumaker Student complex, and Schottenstein Center North, and the Wexner Medical Center Inpatient Hospital, sterile supply building, and garage. The Long-term Investment Pool (LTIP) decreased \$16 million for the first nine months of fiscal year 2019 to \$5,195 million. For nine months ended March 31, 2019 (FYTD), the LTIP earned a net of investment fee return of 0.60% versus a Policy Benchmark of 3.43%, resulting in underperformance of 2.83%. During that period, our Global Fixed Income returned 1.09%, followed by Global Equities at 0.93%, and Real Assets at -1.64%

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

**THE OHIO STATE UNIVERSITY**  
**CONSOLIDATED STATEMENTS OF NET POSITION**  
**March 31, 2019 (unaudited) and June 30, 2018 (audited)**

	<u>As of March</u> <u>2019</u>	<u>As of June</u> <u>2018</u>	<u>Increase/Decrease</u>	
			<u>Dollars</u>	<u>%</u>
<b>ASSETS:</b>				
Current Assets:				
Cash and cash equivalents	\$ 1,866,547	\$ 1,548,826	\$ 317,721	20.5%
Temporary investments	1,754,091	1,615,671	138,420	8.6%
Accounts receivable, net	740,321	672,587	67,734	10.1%
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	19,809	23,454	(3,645)	-15.5%
Inventories and prepaid expenses	183,130	129,881	53,249	41.0%
Investments held under securities lending program	35,509	39,510	(4,001)	-10.1%
<b>Total Current Assets</b>	<u>4,654,248</u>	<u>4,084,770</u>	<u>569,478</u>	<u>13.9%</u>
Noncurrent Assets:				
Restricted cash	495,562	564,656	(69,094)	-12.2%
Notes receivable, net	44,017	43,666	351	0.8%
Pledges receivable, net	70,887	70,901	(14)	0.0%
Long-term investment pool	5,194,825	5,211,434	(16,609)	-0.3%
Other long-term investments	218,183	165,427	52,756	31.9%
Capital assets, net	5,316,660	5,154,803	161,857	3.1%
<b>Total Noncurrent Assets</b>	<u>11,340,134</u>	<u>11,210,887</u>	<u>129,247</u>	<u>1.2%</u>
<b>Total Assets</b>	<u>15,994,382</u>	<u>15,295,657</u>	<u>698,725</u>	<u>4.6%</u>
Deferred Outflows:				
Pension	631,651	631,651	-	0.0%
Other post-employment benefits	87,915	87,915	-	0.0%
Other deferred outflows	20,853	18,393	2,460	13.4%
<b>Total Assets and Deferred Outflows</b>	<u>\$ 16,734,801</u>	<u>\$ 16,033,616</u>	<u>\$ 701,185</u>	<u>4.4%</u>
<b>LIABILITIES AND NET POSITION:</b>				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 708,521	\$ 603,410	\$ 105,111	17.4%
Deposits and advance payments for goods and services	501,598	276,496	225,102	81.4%
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	35,509	39,510	(4,001)	-10.1%
Other current liabilities	78,222	88,850	(10,628)	-12.0%
<b>Total Current Liabilities</b>	<u>1,965,761</u>	<u>1,650,177</u>	<u>315,584</u>	<u>19.1%</u>
Noncurrent Liabilities:				
Bonds, notes and leases payable	2,560,142	2,603,059	(42,917)	-1.6%
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	175,195	170,225	4,970	2.9%
Self-insurance accruals	69,644	74,139	(4,495)	-6.1%
Amounts due to third-party payors - Health System	61,995	44,909	17,086	38.0%
Irrevocable split-interest agreements	29,265	29,378	(113)	-0.4%
Refundable advances for Federal Perkins loans	32,638	32,638	-	0.0%
Advance from concessionaire	1,030,002	1,046,342	(16,340)	-1.6%
Other noncurrent liabilities	92,247	91,987	260	0.3%
<b>Total Noncurrent Liabilities</b>	<u>7,859,363</u>	<u>7,900,912</u>	<u>(41,549)</u>	<u>-0.5%</u>
<b>Total Liabilities</b>	<u>9,825,124</u>	<u>9,551,089</u>	<u>274,035</u>	<u>2.9%</u>
Deferred Inflows:				
Parking service concession arrangement	418,953	426,176	(7,223)	-1.7%
Pension	411,809	411,809	-	0.0%
Other post-employment benefits	100,511	100,511	-	0.0%
Other deferred inflows	33,627	33,779	(152)	-0.4%
<b>Total Deferred Inflows</b>	<u>964,900</u>	<u>972,275</u>	<u>(7,375)</u>	<u>-0.8%</u>
Net Position:				
Net investment in capital assets	2,710,315	2,488,574	221,741	8.9%
Restricted:				
Nonexpendable	1,825,812	1,551,278	274,534	17.7%
Expendable	1,169,510	1,328,793	(159,283)	-12.0%
Unrestricted	239,140	141,607	97,533	68.9%
<b>Total Net Position</b>	<u>5,944,777</u>	<u>5,510,252</u>	<u>434,525</u>	<u>7.9%</u>
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<u>\$ 16,734,801</u>	<u>\$ 16,033,616</u>	<u>\$ 701,185</u>	<u>4.4%</u>

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

**Comparative Year-To-Date**

**March 31, 2019 and March 31, 2018**

	March		Increase/Decrease	
	2019	2018	Dollars	%
<b>Operating Revenues:</b>				
Student tuition and fees, net	\$ 791,189	\$ 755,119	\$ 36,070	4.8%
Federal grants and contracts	268,595	249,691	18,904	7.6%
State grants and contracts	64,926	58,790	6,136	10.4%
Local grants and contracts	19,322	32,920	(13,598)	-41.3%
Private grants and contracts	221,336	215,717	5,619	2.6%
Sales and services of educational departments	128,222	121,487	6,735	5.5%
Sales and services of auxiliary enterprises	292,935	282,132	10,803	3.8%
Sales and services of the OSU Health System, net	2,491,004	2,298,850	192,154	8.4%
Sales and services of OSU Physicians, Inc., net	409,426	385,876	23,550	6.1%
Other operating revenues	29,528	23,402	6,126	26.2%
<b>Total Operating Revenues</b>	<b>4,716,483</b>	<b>4,423,984</b>	<b>292,499</b>	<b>6.6%</b>
<b>Operating Expenses:</b>				
<b>Educational and General:</b>				
Instruction and departmental research	788,071	761,217	26,854	3.5%
Separately budgeted research	395,260	384,292	10,968	2.9%
Public service	140,569	138,641	1,928	1.4%
Academic support	168,028	164,771	3,257	2.0%
Student services	69,588	68,792	796	1.2%
Institutional support	190,850	203,164	(12,314)	-6.1%
Operation and maintenance of plant	109,403	107,477	1,926	1.8%
Scholarships and fellowships	112,211	103,393	8,818	8.5%
Auxiliary enterprises	271,621	253,827	17,794	7.0%
OSU Health System	2,095,451	1,902,193	193,258	10.2%
OSU Physicians, Inc.	379,415	361,074	18,341	5.1%
Depreciation	301,365	286,491	14,874	5.2%
<b>Total Operating Expenses</b>	<b>5,021,832</b>	<b>4,735,332</b>	<b>286,500</b>	<b>6.1%</b>
<b>Operating Loss</b>	<b>(305,349)</b>	<b>(311,348)</b>	<b>5,999</b>	<b>-1.9%</b>
<b>Non-operating Revenues (Expenses):</b>				
State share of instruction and line-item appropriations	352,340	356,331	(3,991)	-1.1%
Federal subsidies for Build America Bonds interest	8,140	8,117	23	0.3%
Federal non-exchange grants	59,927	59,277	650	1.1%
State non-exchange grants	11,053	11,370	(317)	-2.8%
Gifts	137,014	140,714	(3,700)	-2.6%
Net investment income (loss)	162,060	370,493	(208,433)	-56.3%
Interest expense on plant debt	(91,478)	(87,161)	(4,317)	-5.0%
Other non-operating revenues(expenses)	2,698	4,984	(2,286)	-45.9%
<b>Net Non-operating Revenue (Expense)</b>	<b>641,754</b>	<b>864,125</b>	<b>(222,371)</b>	<b>-25.7%</b>
<b>Income (Loss) before Other Revenues, Expenses, Gains or Losses</b>	<b>336,405</b>	<b>552,777</b>	<b>(216,372)</b>	<b>-39.1%</b>
<b>Other Changes in Net Position</b>				
State capital appropriations	53,741	60,960	(7,219)	-11.8%
Private capital gifts	8,015	6,987	1,028	14.7%
Additions to permanent endowments	36,364	34,896	1,468	4.2%
<b>Total Other Changes in Net Position</b>	<b>98,120</b>	<b>102,843</b>	<b>(4,723)</b>	<b>-4.6%</b>
<b>Increase in Net Position</b>	<b>434,525</b>	<b>655,620</b>	<b>\$ (221,095)</b>	<b>-33.7%</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>\$ 5,944,777</b>	<b>\$ 6,334,897</b>		

**THE OHIO STATE UNIVERSITY**  
**STATEMENTS OF CASH FLOWS - UNAUDITED**  
**Years Ended March 31, 2019 and March 31, 2018**  
(in thousands)

	<u>March 2019</u>	<u>March 2018</u>	<u>Incr/(Decr) to Cash Dollars</u>	<u>%</u>
<b>Cash Flows from Operating Activities:</b>				
Tuition and fee receipts	\$ 761,629	\$ 735,843	\$ 25,786	3.5%
Grant and contract receipts	545,810	561,088	(15,278)	-2.7%
Receipts for sales and services	3,372,329	3,068,703	303,626	9.9%
Receipt from energy concessionaire	-	1,089,914	(1,089,914)	-100.0%
Payments to or on behalf of employees	(2,183,850)	(2,055,718)	(128,132)	6.2%
University employee benefit payments	(581,463)	(544,337)	(37,126)	6.8%
Payments to vendors for supplies and services	(1,676,738)	(1,647,552)	(29,186)	1.8%
Payments to students and fellows	(105,115)	(103,571)	(1,544)	1.5%
Student loans issued	(4,628)	(9,332)	4,704	-50.4%
Student loans collected	8,437	6,195	2,242	36.2%
Student loan interest and fees collected	1,415	1,285	130	10.1%
Other receipts, net	33,651	19,841	13,810	69.6%
Net cash provided (used) by operating activities	<u>171,477</u>	<u>1,122,359</u>	<u>(950,882)</u>	<u>-84.7%</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
State share of instruction and line-item appropriations	352,340	356,331	(3,991)	-1.1%
Non-exchange grant receipts	70,980	62,424	8,556	13.7%
Gift receipts for current use	121,334	126,612	(5,278)	-4.2%
Additions to permanent endowments	36,364	34,896	1,468	4.2%
Drawdowns of federal direct loan proceeds	321,193	310,892	10,301	3.3%
Disbursements of federal direct loans to students	(308,201)	(313,114)	4,913	-1.6%
Repayment of loans from related organization	296	453	(157)	-34.7%
Amounts received for annuity and life income funds	1,186	3,457	(2,271)	-65.7%
Amounts paid to annuitants and life beneficiaries	(1,299)	(2,175)	876	-40.3%
Agency funds receipts	5,892	5,518	374	6.8%
Agency funds disbursements	(5,373)	(4,894)	(479)	9.8%
Net cash provided (used) by noncapital financing activities	<u>594,712</u>	<u>580,400</u>	<u>14,312</u>	<u>2.5%</u>
<b>Cash Flows from Capital Financing Activities:</b>				
Proceeds from capital debt and leases	-	82,669	(82,669)	-100.0%
State capital appropriations	54,145	59,717	(5,572)	-9.3%
Gift receipts for capital projects	8,015	6,987	1,028	14.7%
Payments for purchase or construction of capital assets	(476,467)	(348,242)	(128,225)	36.8%
Principal payments on capital debt and leases	(35,967)	(132,851)	96,884	-72.9%
Interest payments on capital debt and leases	(63,736)	(62,890)	(846)	1.3%
Federal subsidies for Build America Bonds interest	5,310	5,287	23	0.4%
Net cash provided (used) by capital financing activities	<u>(508,700)</u>	<u>(389,323)</u>	<u>(119,377)</u>	<u>30.7%</u>
<b>Cash Flows from Investing Activities:</b>				
Net (purchases) sales of temporary investments	(138,420)	54,193	(192,613)	-355.4%
Proceeds from sales and maturities of long-term investments	2,934,999	1,950,869	984,130	50.4%
Investment income	170,935	106,214	64,721	60.9%
Purchases of long-term investments	(2,976,376)	(2,600,272)	(376,104)	14.5%
Net cash provided (used) by investing activities	<u>(8,862)</u>	<u>(488,996)</u>	<u>480,134</u>	<u>-98.2%</u>
<b>Net Increase (Decrease) in Cash</b>	<u>248,627</u>	<u>824,440</u>	<u>\$ (575,813)</u>	<u>-69.8%</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>\$ 2,362,109</u>	<u>\$ 2,201,125</u>		

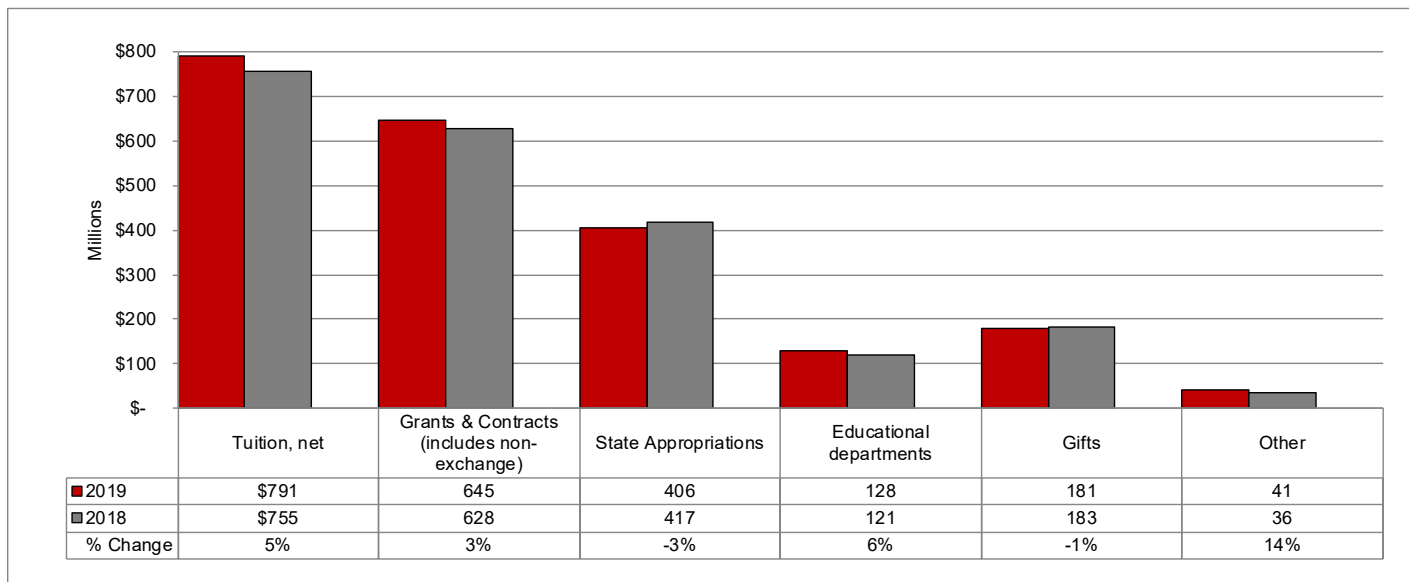
**B. Revenue**

Consolidated revenues through the first nine months of fiscal year 2019, excluding investment income, were \$5,386 million, representing an increase of \$278 million, or 5.4% 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 nine months of fiscal year 2019 were \$2,192 million, up \$52 million compared to the first nine months of fiscal year 2018. Major components of university revenues were as follows:

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



Net student tuition and fees increased \$36 million, to \$791 million or 4.8% over the same period of fiscal year 2018, due primarily to an increase in gross tuition of \$47 million, offset by \$11 million increase in scholarship allowances. The increase in gross tuition relates primarily to increases in undergraduate enrollments and non-resident surcharges. Enrollments for new first-year (NFY) students and continuing students increased 10% and 1%, respectively, over the prior year, and non-resident surcharge rates increased 4.8%. The increase in scholarship allowance reflects budget increases in undergraduate student financial aid. It should be noted that, for planning purposes, an enrollment increase of 100 NFY students translates into approximately \$1.4 million of marginal revenue.

Grant and contract revenues increased \$17 million, or 2.8%, to \$645 million, due primarily to increases in federal grants of \$19 million, state grants of \$6 million, and private grants of \$6 million, offset by decreases in local grants of \$14 million. Federal grants increased \$19 million primarily due to increases in grants from National Aeronautics and Space Administration, Department of Defense, Department of Health & Human Services, Department of Energy, and Department of Labor. 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. Local grants decreased \$14 million primarily due to a \$15 million grant payment from City of Columbus for the Cannon Drive relocation project in fiscal year 2018.

Educational departments revenue increased \$7 million from an increase in VMware software sales by Ohio Academic Resources Network (OARNet) and increased patient revenues in Veterinary Medicine operations.

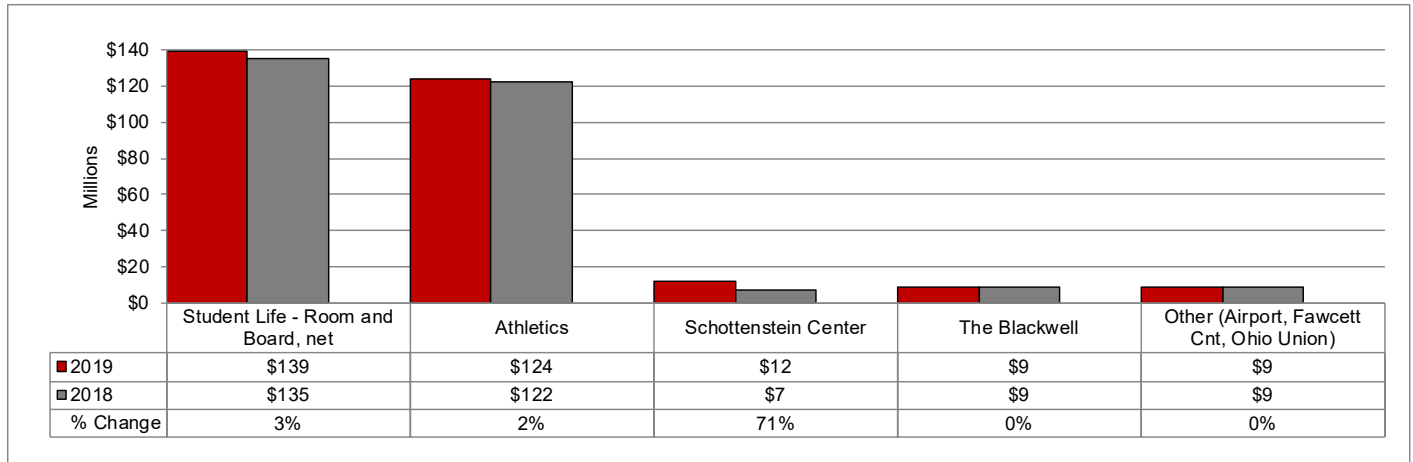
State appropriations decreased \$11 million due to decreases in state capital appropriations of \$7 million and state operating appropriations of \$4 million. State capital appropriations decreased \$7 million primarily due to a decline in capital expenditures for Pomerene Oxley Halls of \$14 million and various repair and replacements of \$3 million, offset

by increases in capital expenditures for Postle Hall replacement of \$6 million and Koffolt /Fontana lab renovation of \$4 million.

Auxiliary

Auxiliary revenues for the first nine months of fiscal year 2019 increased \$11 million, to \$293 million, compared to the first nine months of fiscal year 2018. Major components of auxiliary revenues were as follows:

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

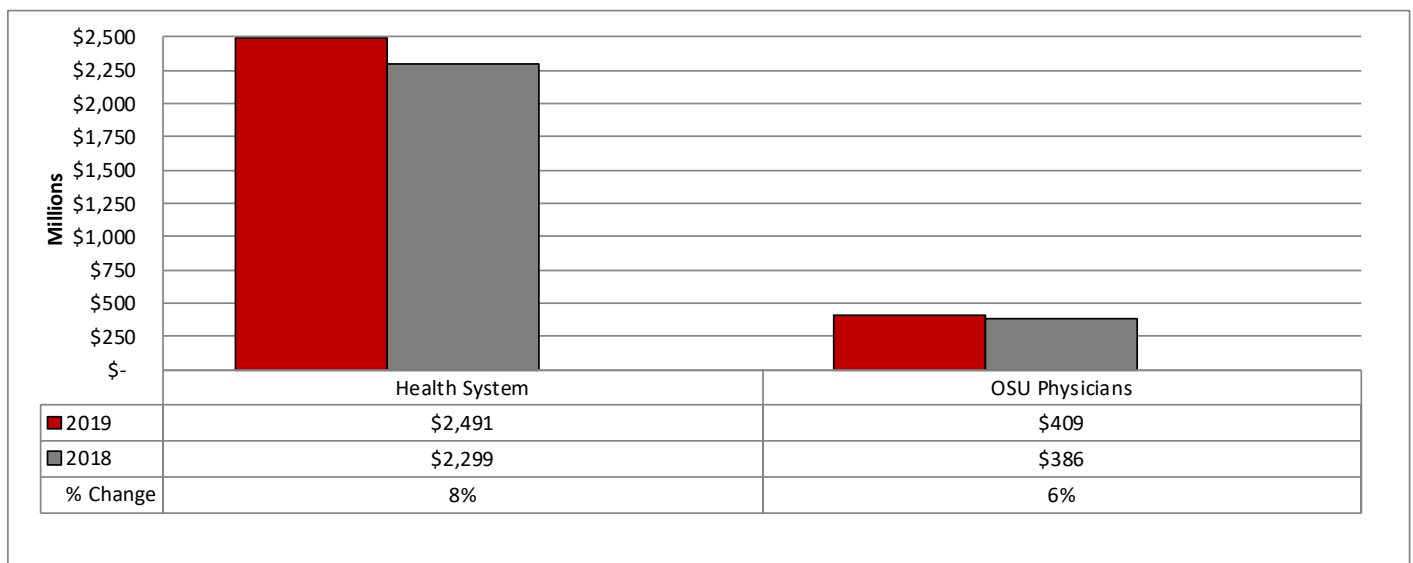


Auxiliary revenues increased \$11 million due primarily to increases in two concerts held in the Ohio Stadium in fiscal year 2019 of \$5 million, Student Life housing and dining revenue of \$4 million, and Athletics revenue of \$2 million.

Healthcare

Total healthcare revenue for the first nine months of fiscal year 2019 increased \$215 million, or 8.0%, to \$2,900 million, compared to the first nine months of fiscal year 2018.

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



Consolidated OSU Health System revenues of \$2,491 million increased \$192 million, or 8.4%, in the first nine months of fiscal year 2019 over the same period in 2018. Total operating revenue per adjusted admission was 3.3% above prior

year and 2.6% above budget. Total outpatient visits were 5.1% above prior year and 0.1% below budget. The total number of patients treated in inpatient beds was above prior year by 1.9%. OSU Physicians revenue increased \$23 million, or 6.1%, for the first nine months of fiscal year 2019.

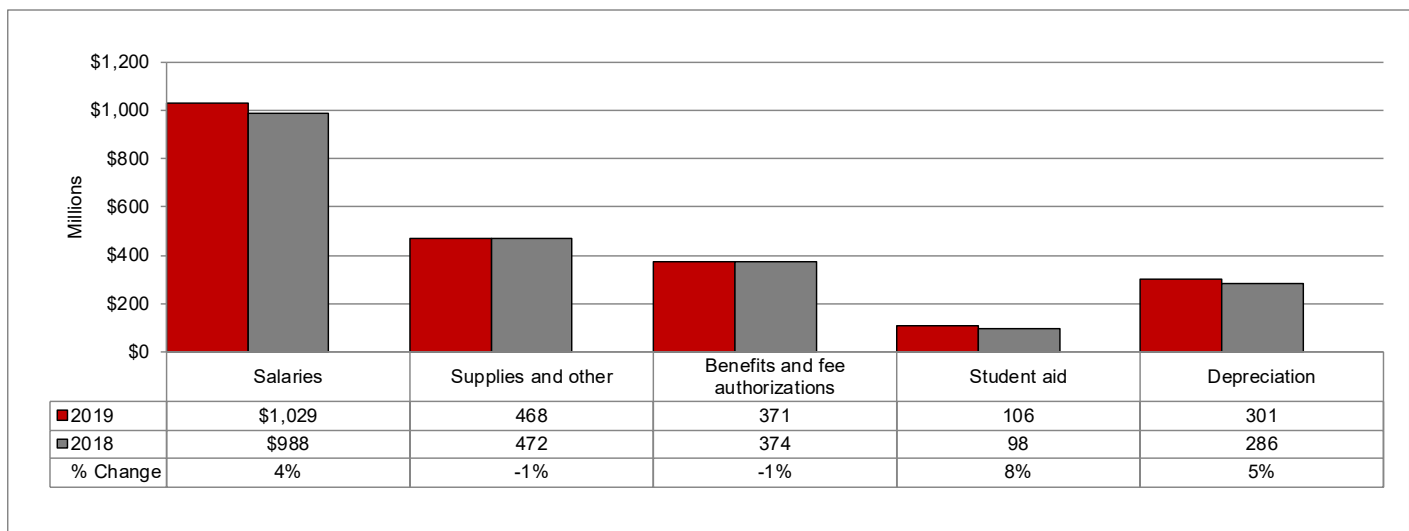
**C. Expenses**

Consolidated expenses of \$5,022 million for the first nine months of fiscal year 2019 increased \$287 million, or 6.1%, compared to the first nine months of fiscal year 2018 of \$4,735 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 nine months of fiscal year 2019 of \$2,275 million were up \$57 million, or 2.6% compared to the first nine months of fiscal year 2018. Major categories of university expenses were as follows:

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



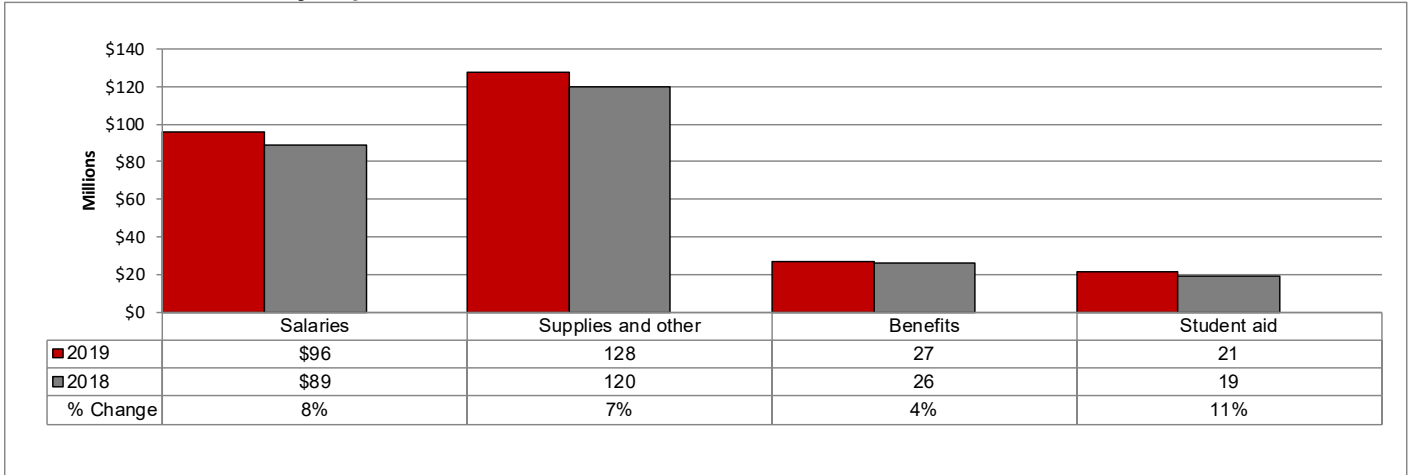
Salaries increased \$41 million, or 4.2%, in the first nine months of fiscal year 2019 over the comparable period in fiscal year 2018 due primarily to increases in average university merit pool of 2.5%, or approximately \$21 million, and increased hiring occurred in the areas of clinical operations in the Colleges of Medicine and Veterinary Medicine (\$8 million), faculty positions in the Discovery Themes (\$3 million), and in positions in Research, Legal and Compliance (\$4 million). The remaining increase in salaries is predominately attributable to incentive increases associated with the teaching and learning initiative. Benefits and fee authorizations decreased \$3 million primarily driven by a decrease in the average composite rate of \$10 million, offset by increases in fee authorizations of \$7 million primarily due to non-resident surcharge increases. Supplies and other expenses decreased \$4 million due primarily to \$12 million in closing costs on the energy transaction in fiscal year 2018, offset by increases in sponsored research expenses, consulting/legal fees, non-cap equipment, and software maintenance. Depreciation increased due to higher building and equipment depreciations for both university and health system.

Auxiliary

Auxiliary expenses for the first nine months of fiscal year 2019 of \$272 million were up \$18 million, or 7.0%, compared to the first nine months of fiscal year 2018 due primarily to increases in Athletics salaries, cost of sales, and travel, Student Life housing and dining costs, and event related costs. Major categories of auxiliary expenses were as follows:



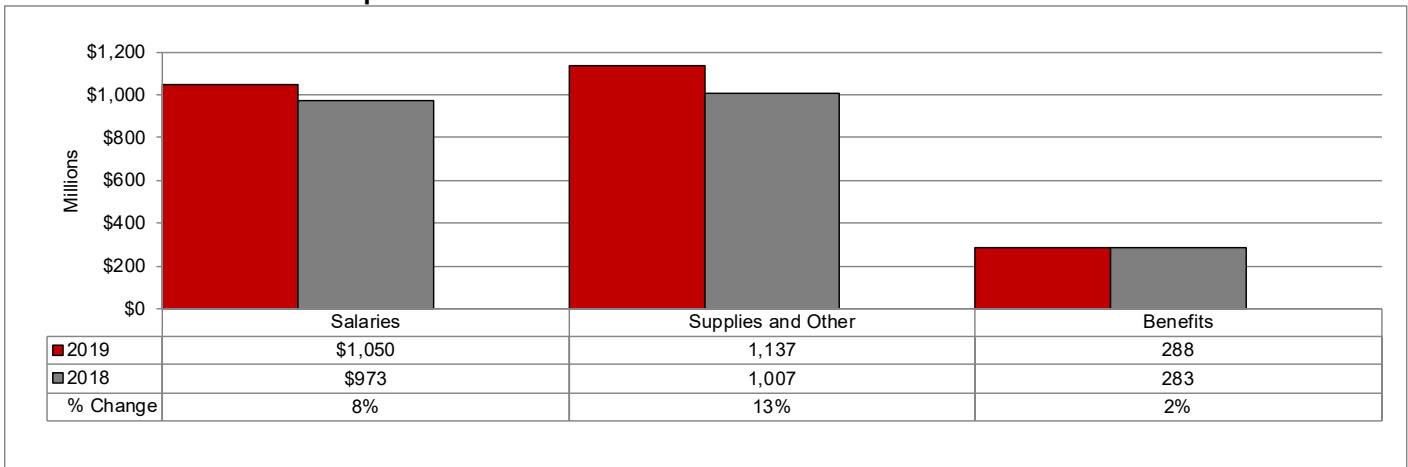
**Auxiliary Expenses YTD First Nine Months Fiscal Year 2019 vs. Fiscal Year 2018**



**Healthcare**

Healthcare expenses for the first nine months of fiscal year 2019 of \$2,475 million were up \$212 million, or 9.3% compared to the first nine months of fiscal year 2018. Major categories of healthcare expenses were as follows:

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

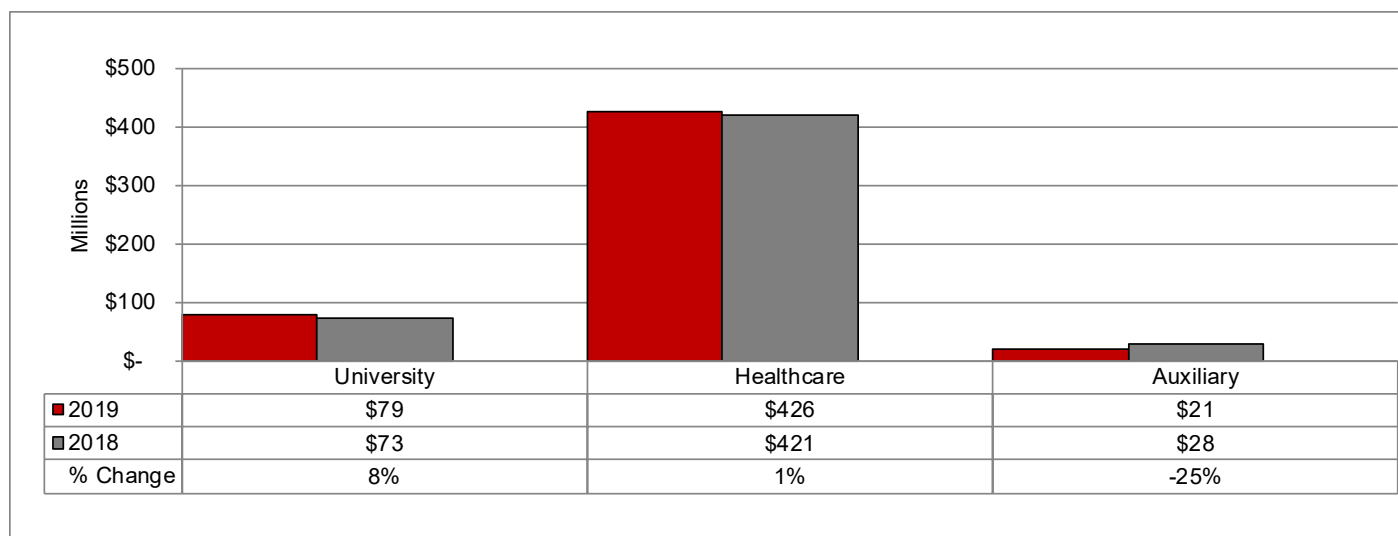


Salaries increased \$77 million in the first nine months of fiscal year 2019, or 7.9% over the comparable period in fiscal year 2018 due primarily to increases in staffing levels to support increased patient volumes and annual salary increases. Supplies and other expenses increased \$130 million, or 12.9%, due primarily to increases in operating costs from increases in patient volumes and cost of drugs. Benefits increased \$5 million or 1.8% due to salary increases.

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

Consolidated revenues less expenses plus endowment distributions for The Ohio State University increased \$4 million, from \$522 million to \$526 million, for the first nine months of fiscal year 2019 compared to the first nine months of fiscal year 2018. University margins increased \$6 million, Healthcare margins increased \$5 million, and auxiliary margins decreased \$7 million for the first nine months of fiscal year 2019 compared to last year.

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



**E. Investments**

For the nine months ended March 31, 2019, the fair value of the university's Long-Term Investment Pool decreased \$16.6 million to \$5,195 million. Changes in total valuation are summarized below:

	2019	2018
Market Value at June 30	\$ 5,211,434	\$ 4,253,459
Net principal additions	131,224	782,742
Change in market value	(5,230)	311,649
Income earned	78,621	67,960
Distributions	(164,506)	(150,225)
Expenses	(56,718)	(63,173)
Market Value at March 31	<u>\$ 5,194,825</u>	<u>\$ 5,202,412</u>

Net principal additions include new endowment gifts (\$36.3 million), reinvestment of unused endowment distributions (\$3.7 million), and other net transfers of University monies (\$91.2 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 March 31, 2019. Income earned includes interest and dividends and is used primarily to help fund distributions. Expenses include investment management expenses (\$42.3 million), University Development related expenses (\$13.9 million) and other administrative related expenses (\$0.5 million).

**LTIP Investment Returns**

For nine months ended March 31, 2019 (FYTD), the LTIP earned a net of investment fee return of 0.60% versus a Policy Benchmark of 3.43%, resulting in underperformance of 2.83%. During that period, our Global Fixed Income returned 1.09%, followed by Global Equities at 0.93%, and Real Assets at -1.64%.

The comparable nine-month period ended March 31, 2018 saw a net of investment fee return of 6.90% versus a 6.78% Policy Benchmark, resulting in outperforming of 0.12%. During that period, our Global Equities returned 10.08%, followed by Real Assets at 5.62%, and Global Fixed Income at 1.40%.

**Temporary Investments**

For the nine months ended March 31, 2019 (FYTD) the Intermediate Investments earned a return of 3.09% (+27.7 million) outperforming the BofA ML 1-3 Yr US Gov't/Credit benchmark (+2.76%) by 0.33%. Short-Term Investments earned 1.85% (+\$10.7 million) outperforming the 90 Day T-Bill benchmark (+1.66%) by 0.19%.

The comparable nine-month period ended March 31, 2018, saw Intermediate Investments earn a return of 0.31% (+\$2.8 million). Short-Term Investments returned 1.03% (+\$5.9 million) for this same period.

**F. Cash Flows**

Cash provided by operating activities was \$171 million through the first nine months of fiscal year 2019, compared with net cash provided by operating activities of \$1,122 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.

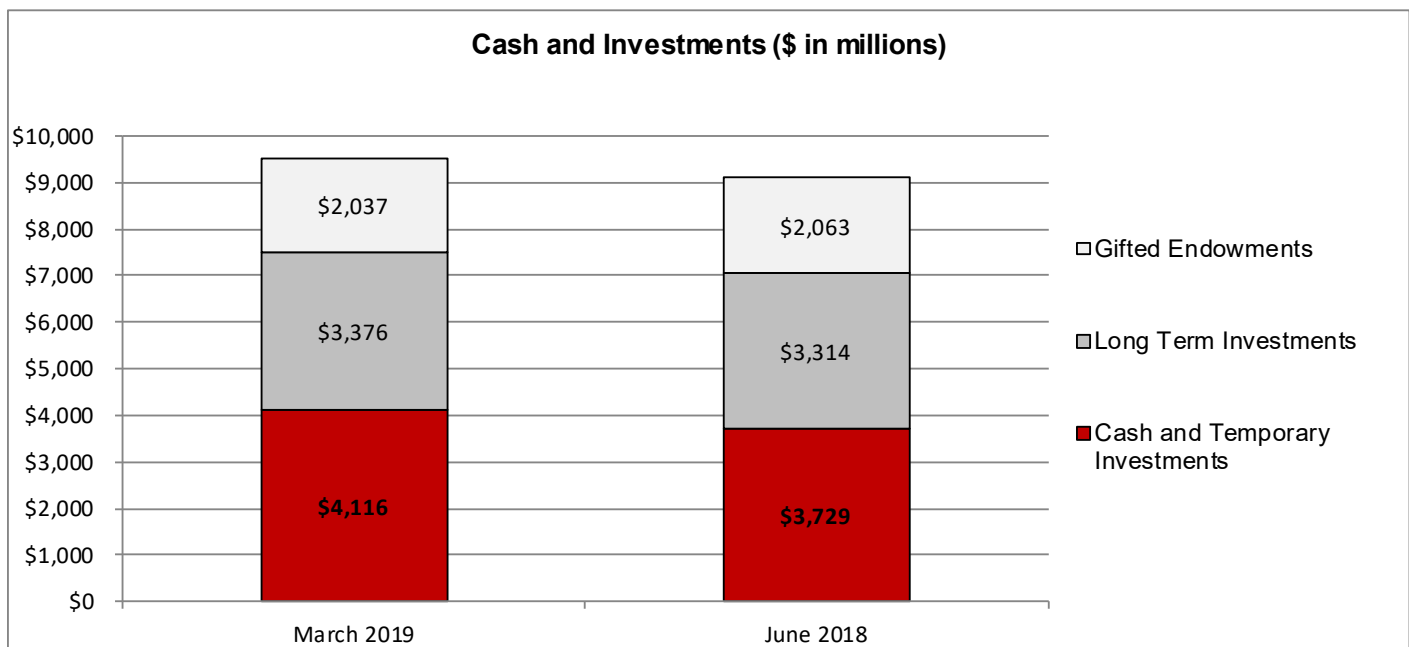
Cash provided by noncapital financing activities was \$595 million through the first nine months of fiscal year 2019, compared with \$580 million for the same period in fiscal year 2018. The increase is primarily due to increases in federal direct loan proceeds.

Net cash flows used by capital financing activities were \$509 million through the month ended March 31, 2019, primarily for payments on the construction of capital assets of \$477 million. Capital expenditures consist of \$255 million for University academic, infrastructure, and auxiliary projects, \$173 million for Health System projects and equipment expenditures, and University equipment purchases of \$49 million.

Net cash used by investing activities was \$9 million for the first nine months of fiscal year 2019, compared to net cash used by investing activities of \$489 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 \$423 million, to \$9,529 million at March 31, 2019. Gifted endowment and long-term investments increased \$36 million due primarily to unrealized gain in Drive Capital. Total cash and temporary investments increased \$387 million for the first nine 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 Nine Months Ending March 31, 2019

#### A. State Support Outlook

The Office of Budget and Management (OBM) reports March fiscal year 2019 General Revenue Fund (GRF) total revenue receipts were \$3.4 million or 0.1% above estimates. On a year-to-date basis, GRF revenues are \$343 million or 1.4% below estimates. This is driven primarily by unfavorable YTD non-taxable receipts of \$480 million (mostly federal grants) offset by \$137 million in favorable taxable receipts.

The unemployment rate held steady at 3.8% for a second-month in March, strongly suggesting that the rise to 4.0% at the turn of the year was an anomaly. The recent pattern of the unemployment rate remains strongly consistent with uninterrupted economic growth. In the past, increases of at least 0.4 percentage points in the unemployment rate from its lowest level during the previous twelve months has coincided with the onset of recession. As of March, the unemployment rate is up 0.1 point from the low reached last November.

March disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled \$188.3 million and were \$0.3 million (0.18%) below estimate. The variance was primarily attributable to spending in the National Guard Scholarship Program, which was below estimate by \$2.2 million due to lower than expected requests for reimbursement from higher education institutions. This variance was partially offset by above estimate spending in the Choose Ohio First Scholarship Program, which was above estimate by \$1.9 million due to higher than expected requests for reimbursement from higher education institutions. Both variances will likely offset in future months.

Higher Education year-to-date disbursements were \$1,730 million, which was \$13 million (0.7%) below the estimate. On a year-over-year basis, disbursements in this category were \$3.9 million (2.0%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$11.7 million (0.7%) 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 \$1,500 million. The Ohio State University share decreased slightly by 0.19% or \$731,000 based on the funding formula, Course Completion and Degree Attainment gained \$645,000, offset by a Medical funding decrease of approximately \$1.4 million.

#### B. OSU Wexner Medical Center

For the first nine months of the fiscal year 2019, the Wexner Health System's Excess of Revenue over Expense was 9.5% above budget and 4.3% 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 1.9%.
- Total outpatient visits were 0.1% below budget and 5.1% above prior year.
- Adjusted admissions were 1.4% below budget and 4.2% above prior year.
- Operating revenue per adjusted admission was 2.6% above budget and 3.3% above prior year.
- Operating expense per adjusted admission was 2.1% above budget and 4.2% above prior year.
- Total operating revenue was 1.2% above budget and 7.6% above prior year.
- Total operating expense was 0.7% above budget and 8.6% above prior year.
- Operating margins before interest and depreciation was 1.7% above budget, days cash on hand totaled 165.0 days, and debt service coverage was 4.3% 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				
	Student Level	Actual	Budget	Change	% Chg	FY 2019	FY 2018	Change	% Chg
	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				
	Residency Status	Actual	Budget	Change	% Chg	FY 2019	FY 2018	Change	% Chg
	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				
	Campus	Actual	Budget	Change	% Chg	FY 2018	FY 2017	Change	% Chg
	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

Expenditures on sponsored programs are up by 4.6% overall, including an increase of expenditures on federal awards of 3.2% and on non-federal awards of 9.1% compared to the same time last year. Recovered Facilities and Administrative (F&A) is up by 5.2%.

Awarded dollars, a leading indicator of the state of the research enterprise, are up by 12.7% overall. This is driven by an 18% increase in awarded federal dollars: awards from the National Institute of Health (NIH), National Science Foundation (NSF), United States Department of Agriculture (USDA), Department of Labor (DOL) and Department of Defense (DOD) agencies are higher compared to the same time last year. Maintaining increased funding from DOD agencies will be key to continued growth of the research enterprise over the next few years since DOD Science and Technology (S&T) funding is up by 7.6% or \$1.1 billion over fiscal year 2018.

On the non-federal side, awards are down by 3.1%, driven by a drop in awarded dollars from industry and the state of Ohio. Much of the variance from last year in the total awards from the state is due to the award in fiscal year 2018 of \$8

million in state funding towards the “Federal research network -- Emerging missions and job growth opportunities”. All of the funding for this multi-year effort was awarded at once, hence we see a drop in awarded dollars from the state, while at the same time there is an increase in expenditures of state award funds of 17.2% compared to the same time last year. On the positive side, awards from private agencies (foundations, associations) are up by 16.3%. The large uptake in ‘Other Non-Federal’ is attributed mostly to a \$3.4 million jointly funded award from the United Kingdom’s Department for International Development and the Bill and Melinda Gates Foundation.

## 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.

<b>Athletics Department</b>				
For the period ending March 2019				
(In Thousands)				
	<b>FY19</b>	<b>FY18</b>	<b>\$ Change</b>	<b>%</b>
Revenues	\$ 170,934	\$ 163,235	\$ 7,699	4.7%
Expenses	\$ 186,198	\$ 160,799	\$ 25,399	15.8%
Net Income	\$ (15,264)	\$ 2,436	\$ (17,700)	-726.6%

Revenues are \$7.7 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 \$25 million higher than prior year primarily due to increases in new facilities and building renovations of \$11 million, personnel of \$6.9 million, cost of sales of \$4.1 million, grant in aid of \$1.7 million, and travel of \$1.8 million.

<b>Housing &amp; Dining</b>				
For the period ending March 2019				
(In Thousands)				
	<b>FY19</b>	<b>FY18</b>	<b>\$ Change</b>	<b>%</b>
Revenues	\$ 163,683	\$ 157,375	\$ 6,308	4.0%
Expenses	\$ 134,577	\$ 131,927	\$ 2,650	2.0%
Net Income	\$ 29,106	\$ 25,448	\$ 3,658	14.4%

Housing and dining revenues are \$6.3 million higher compared to prior fiscal year. Housing revenue is \$4.1 million ahead of prior year mainly due to increased student room revenue of \$3.7 million. As part of the tuition guarantee, a 1.5% increase was approved for new incoming students. Dining revenue is above prior year by \$2.2 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 \$2.7 million from the prior fiscal year. Housing expenses are \$1.3 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.

<b>Schottenstein Center</b>				
For the period ending March 2019				
(In Thousands)				
	<b>FY19</b>	<b>FY18</b>	<b>\$ Change</b>	<b>%</b>
Revenues	\$ 34,137	\$ 18,334	\$ 15,804	86.2%
Expenses	\$ 31,515	\$ 16,508	\$ 15,008	90.9%
Net Income	\$ 2,622	\$ 1,826	\$ 796	43.6%

Revenues are \$15.8 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 March 2019

(In Thousands)

	<b>FY19</b>	<b>FY18</b>	<b>\$ Change</b>	<b>%</b>
Revenues	\$ 16,339	\$ 16,183	\$ 156	1.0%
Expenses	\$ 14,135	\$ 13,956	\$ 179	1.3%
Net Income	\$ 2,204	\$ 2,227	\$ (23)	-1.0%

Revenues are \$156,000 higher than prior year. Expenses are \$179,000 higher than the prior year primarily due to higher purchased service costs, personnel, student travel, and equipment and space rental.

**Ohio Union**

For the period ending March 2019

(In Thousands)

	<b>FY19</b>	<b>FY18</b>	<b>\$ Change</b>	<b>%</b>
Revenues	\$ 11,255	\$ 11,330	\$ (75)	-0.7%
Expenses	\$ 10,915	\$ 10,715	\$ 200	1.9%
Net Income	\$ 340	\$ 615	\$ (275)	-44.7%

Revenues are \$75,000 lower compared to prior fiscal year primarily due to lower event related income. Expenses are \$200,000 higher than prior year primarily due to increased costs in utilities, and repair and maintenance.

**Blackwell Inn**

For the period ending March 2019

(In Thousands)

	<b>FY19</b>	<b>FY18</b>	<b>\$ Change</b>	<b>%</b>
Revenues	\$ 9,146	\$ 9,144	\$ 2	0.0%
Expenses	\$ 9,164	\$ 9,098	\$ 65	0.7%
Net Income	\$ (18)	\$ 46	\$ (64)	-138.8%

Revenues are \$2,000 higher than prior year due to increased revenues in rooms and food and beverage, offset by decreases in Rohr Café. Occupancy is up by 744 rooms or 1.8 points compared to prior year. The average rate of \$156.81 is lower than last year by \$4.35 and the revenue per available room of \$111.90 is down by \$0.20 due to lower occupancy. Expenses are \$65,000 above last year primarily due to higher utilities, reservation and travel agent expense, and food costs.

**Fawcett Center**

For the period ending March 2019

(In Thousands)

	<b>FY19</b>	<b>FY18</b>	<b>\$ Change</b>	<b>%</b>
Revenues	\$ 3,676	\$ 3,696	\$ (19)	-0.5%
Expenses	\$ 2,899	\$ 2,881	\$ 18	0.6%
Net Income	\$ 777	\$ 815	\$ (38)	-4.6%

Revenues are \$19,000 lower compared to last fiscal year primarily due to \$59,000 decrease in conference revenues. The decreases in conference revenues are partially offset by increases in office space rental. Office space rentals are \$37,000 better than last year due to full rental of available space and the annual 3% rent increase. Expenses are \$18,000 higher compared to prior fiscal year primarily due to higher utility costs and higher personnel cost as vacant positions have been filled.

**Drake Union**

For the period ending March 2019

(In Thousands)

	<b>FY19</b>	<b>FY18</b>	<b>\$ Change</b>	<b>%</b>
Revenues	\$ 955	\$ 907	\$ 48	5.3%
Expenses	\$ 631	\$ 554	\$ 77	13.9%
Net Income	\$ 324	\$ 353	\$ (29)	-8.3%

Revenues are up \$48,000 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 \$77,000 higher than prior fiscal year mostly due to higher costs in utilities, repair and maintenance, and personnel costs.



THE OHIO STATE UNIVERSITY BOARD OF TRUSTEES  
FINANCE COMMITTEE

**TOPIC:** Annual Waiver Report for the 2018 Calendar Year

**SUMMARY:**

2018 Calendar Year (1/1/2018 - 12/31/2018)

A total of 1,140 waivers of competitive bidding were approved as sole source, emergency or for economic reasons, and by Board of Trustees resolution totaling approximately \$452.5 million.

- Thirty-three percent (33%) or \$150 million of spend was sole source waivers
- One percent (1%) or \$3 million of spend was emergency purchase waivers
- Thirty-four percent (34%) or \$155 million of spend was for sufficient economic reason
- Thirty-two percent (32%) or \$145 million of spend was Board of Trustees resolution waivers

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

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

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

Year-Over-Year Comparison

Year-over-year the increase in number of waivers was 159 and the waiver spend increased by \$110.4 million. This increase was attributed to waivers in the sole source category, primarily driven by Health Systems Administrative Equipment and Services (\$33 million), and Health Systems Board of Trustee Resolution waivers (\$55 million).

The Ohio State University  
 Competitive Bid Waiver Report for calendar year 2018

<u>Category</u>	<u>Sufficient Economic Reason</u>	<u>Count</u>	<u>Emergency</u>	<u>Count</u>	<u>Sole Source</u>	<u>Count</u>	<u>Total</u>	<u>Count</u>
Academic Support	\$ 74,492,828	68	\$ 1,377,993	3	\$ 19,208,388	81	\$ 95,079,209	152
Administrative Support Equipment and Services	\$ 15,136,185	19	\$ 810,435	5	\$ 3,635,411	12	\$ 19,582,031	36
Instructional and Academic Research Equipment and Services	\$ 28,119,354	109	\$ 243,883	4	\$ 23,355,981	172	\$ 51,719,218	285
Health Systems - Merchandise for Resale							\$ -	0
Health Systems - Professional Health Care Services	\$ 2,252,439	16	\$ -	0	\$ 5,479,745	30	\$ 7,732,184	46
Health Systems - Administrative Equipment and Services	\$ 34,505,985	66	\$ 394,551	6	\$ 98,357,010	103	\$ 133,257,546	175
<b>TOTAL WAIVERS</b>	<b>\$ 154,506,791</b>	<b>278</b>	<b>\$ 2,826,862</b>	<b>18</b>	<b>\$ 150,036,535</b>	<b>398</b>	<b>\$ 307,370,188</b>	<b>694</b>
Waivers Authorized by BOT Resolutions							\$ 44,139,453	319
Health Systems - Waivers Authorized by BOT Resolutions							\$ 101,041,033	127
<b>TOTAL BOT Resolutions</b>							<b>\$ 145,180,486</b>	<b>446</b>
<b>GRAND TOTAL</b>							<b>\$ 452,550,674</b>	<b>1,140</b>

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

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

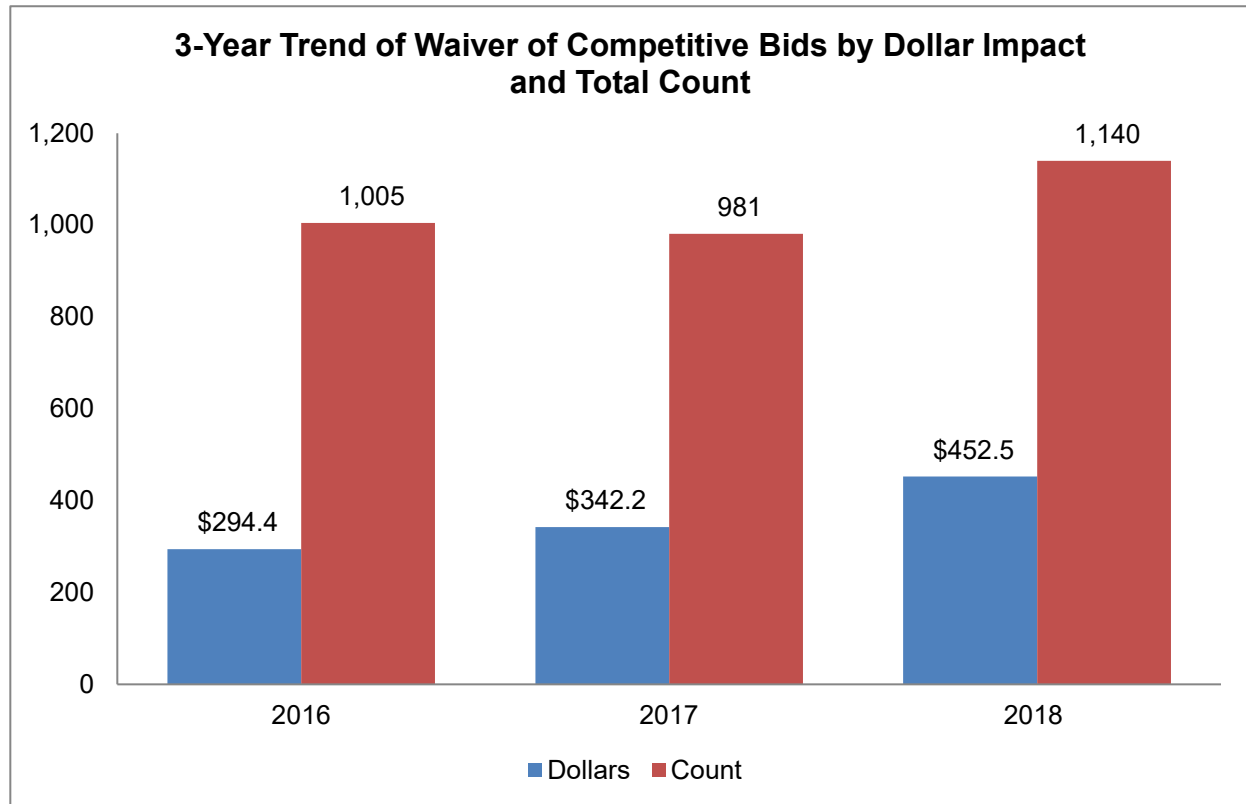
**The Ohio State University  
Competitive Bid Waiver Report Comparison for 2018 and 2017**

<u>Category</u>	<u>Sufficient Economic Reason</u>	<u>Count</u>	<u>Emergency</u>	<u>Count</u>	<u>Sole Source</u>	<u>Count</u>	<u>Total</u>	<u>Count</u>
Academic Support	\$ (15,054,141)	57	\$ 1,377,993	3	\$ 16,663,062	73	\$ 2,986,914	133
Administrative Support Equipment and Services	\$ (8,770,389)	(19)	\$ (1,775,626)	1	\$ (4,327,956)	(43)	\$ (14,873,971)	(61)
Instructional and Academic Research Equipment and Services	\$ 16,880,978	23	\$ (28,635)	0	\$ (22,627,649)	14	\$ (5,775,306)	37
Health Systems - Merchandise for Resale	\$ -	0	\$ -	0	\$ -	0	\$ -	0
Health Systems - Professional Health Care Services	\$ (3,348,239)	(2)	\$ -	0	\$ 2,953,318	15	\$ (394,921)	13
Health Systems - Administrative Equipment and Services	\$ 24,348,278	20	\$ 65,781	5	\$ 40,126,256	(44)	\$ 64,540,315	(19)
<b>TOTAL WAIVERS</b>	<b>\$ 14,056,487</b>	<b>79</b>	<b>\$ (360,487)</b>	<b>9</b>	<b>\$ 32,787,031</b>	<b>15</b>	<b>\$ 46,483,031</b>	<b>103</b>
Waivers Authorized by BOT Resolutions							\$ 9,257,481	52
Health Systems - Waivers Authorized by BOT Resolutions							\$ 54,668,256	4
<b>TOTAL BOT Resolutions</b>							<b>\$ 63,925,737</b>	<b>56</b>
<b>GRAND TOTAL</b>							<b>\$ 110,408,768</b>	<b>159</b>

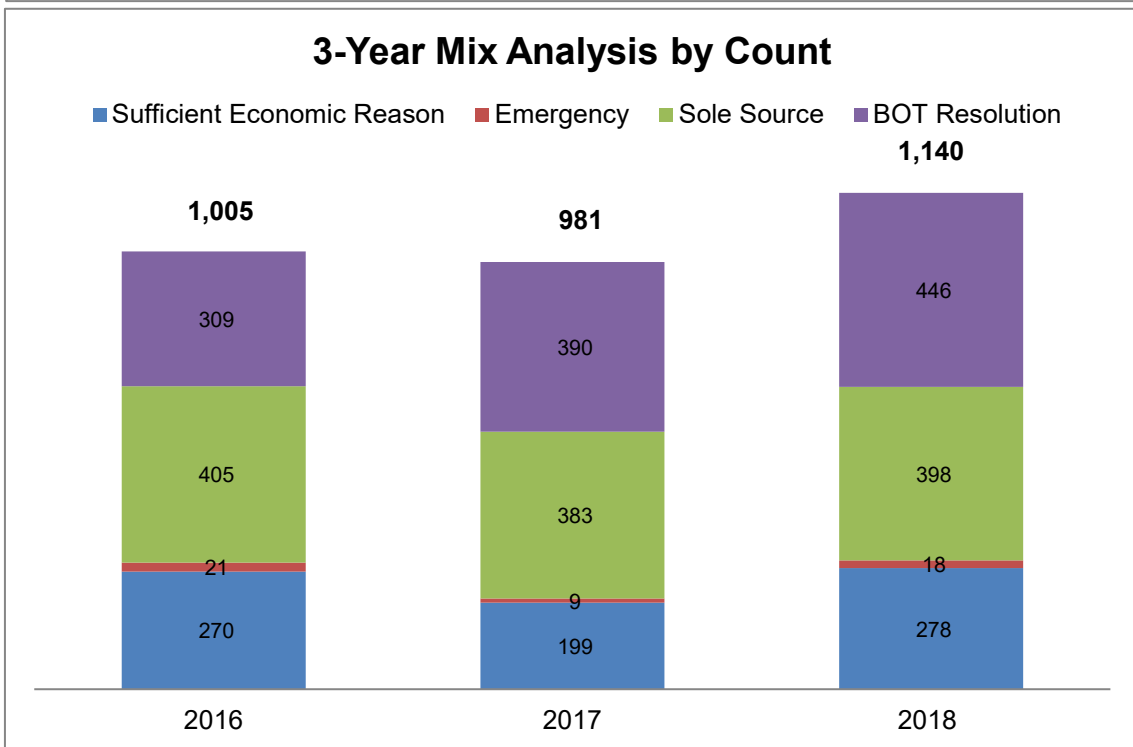
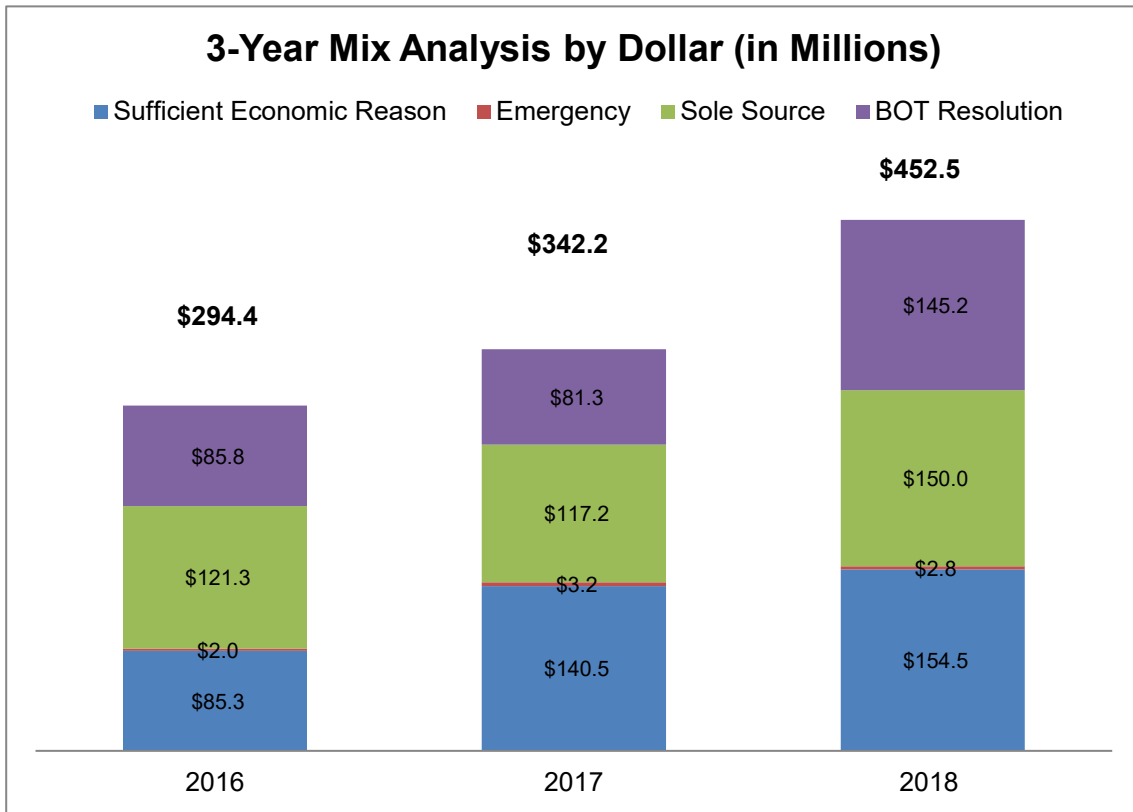
## Annual Waiver Report for Calendar Year 2018

### Waiver of Competitive Bids Summary 2016 - 2018

Waiver Type <i>(\$ in Millions)</i>	2016		2017		2018	
	Dollars	Count	Dollars	Count	Dollars	Count
<b>Sufficient Economic Reason</b>	\$ 85.3	270	\$ 140.5	199	\$ 154.5	278
<b>Emergency</b>	\$ 2.0	21	\$ 3.2	9	\$ 2.8	18
<b>Sole Source</b>	\$ 121.3	405	\$ 117.2	383	\$ 150.0	398
<b>BOT Resolution</b>	\$ 85.8	309	\$ 81.3	390	\$ 145.2	446
<b>TOTAL</b>	<b>\$ 294.4</b>	<b>1,005</b>	<b>\$ 342.2</b>	<b>981</b>	<b>\$ 452.5</b>	<b>1,140</b>



## Waiver of Competitive Bids Summary Calendar Years 2016 - 2018





**THE OHIO STATE UNIVERSITY**




---

# Efficiency and New Resources Scorecard

Board of Trustees Finance Committee | May 30, 2019

# FY19 progress through March 2019

Efficiency savings and new resources are directed to support our mission

Efficiency program	FY19 target	FYTD19 results	Progress to goal	YTD status
University	\$41M	\$35.9M	88%	
Wexner Medical Center	\$32M	\$37.2M	116%	
Capital efficiencies	\$52M	\$49.7M	94%	

## 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 covers 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

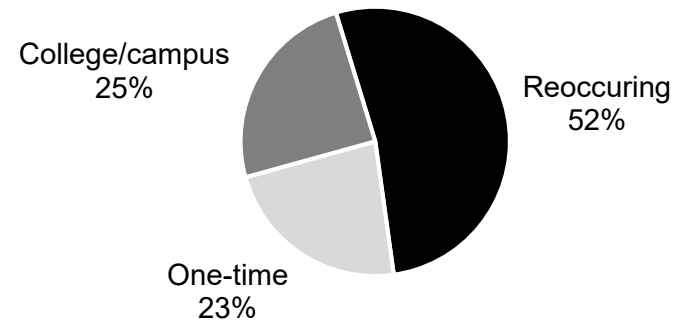


# Operational efficiency scorecard

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	\$113.9M	57%	●
Projected through FY19	\$168.5M	84%	●
Projected through FY20	\$212.5M	106%	●

**Savings through March 2019**




## 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	\$99.1M
Coca-Cola extension	\$6M	\$550,000
<b>Total</b>	<b>\$1.1B</b> 	<b>\$106.0M</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

May 2019

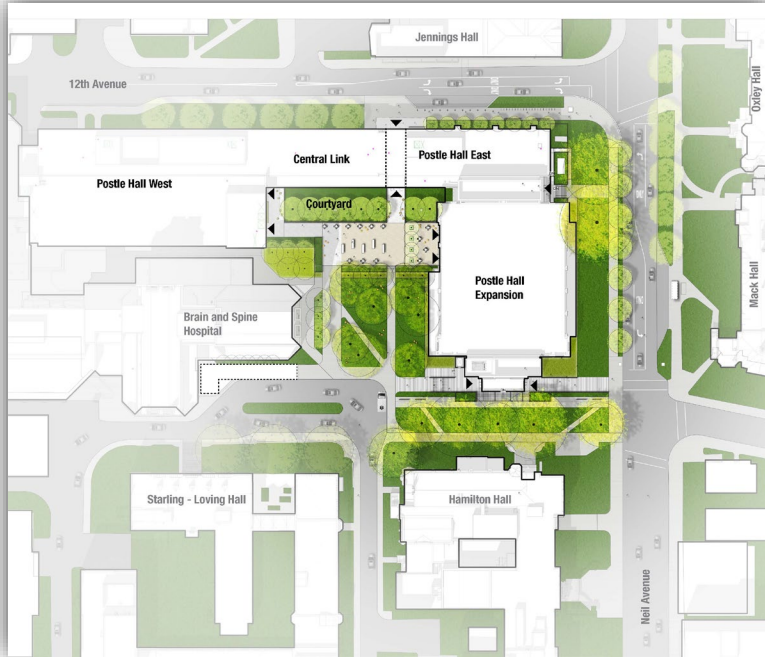


# PROJECT STATUS REPORT

## 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	6/2020	✓	✓	\$33.5M		
Postle Partial Replacement	7/2020	✓	✓	\$95.0M		
Advanced Materials Corridor – Phase 1 (BMEC)	7/2020	✓	✓	\$59.1M		
Health Sciences Faculty Office and Optometry Clinic	8/2020	✓	✓	\$35.9M		
WMC Inpatient Hospital – Central Sterile Supply	11/2020	✓	✓	\$44.2M		
Ty Tucker Tennis Center	12/2020	✓		\$22.8M		
WMC Inpatient Hosp Garage, Infr & Road Work	5/2021	✓	✓	\$102.1M		
WMC Regional Ambulatory Facilities-Hamilton Rd	5/2021	✓	✓	\$137.9M		
Arts District	8/2021	✓		\$161.6M		
Celeste Lab Renovation	8/2022	✓		\$29.0M		
Controlled Env Food Production Complex	TBD	✓		\$35.0M		

**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

fundraising; state appropriations; department funds; university debt

### CURRENT PROJECT BUDGET

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

### CONSULTANTS

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

### PROJECT SCHEDULE

BoT approval	9/16
construction	6/18-7/20
facility opening	8/20

### PROJECT UPDATE

Foundation, waterproofing, and masonry construction continues. Structural steel connections to existing building are ongoing. Steel erection has begun.

 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 production; research on greenhouse engineering, pest and pathogen management, and plant breeding

### PROJECT FUNDING

fundraising

### CURRENT PROJECT BUDGET

construction w/cont	\$31.8M
total project	\$35.0M

### CONSULTANTS

architect of record	Erdy McHenry
CM at Risk	Corna/Kokosing


### PROJECT SCHEDULE

BoT approval	6/17
construction	TBD
facility opening	TBD

### 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