



**THE OHIO STATE UNIVERSITY**

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# FY2018 Internal Bank Update

## Office of Financial Services

**Jake Wozniak, Interim Treasurer**

Finance Committee | August 30, 2018



# Internal Bank Overview

## Internal Bank Function

- **Overview:** The Office of Financial Services (OFS) manages cash, investments, and debt for all departments within the university. In performing these functions, OFS serves as a “bank” to university departments- taking deposits, issuing debt, investing operating funds and administering loans for projects. Formally established in 2009, the internal bank concept is a framework for coordinating these activities and providing a consolidated view of the associated assets, liabilities, revenues and expenses.
  - Source of funds include external (bond issuances and leases) and internal (cash)
  - Method to allocate scarce financial resources, managing risk and creating long-term unrestricted resources
  - Leverages institutional borrowing and cash flow timing to address capital needs for departments and affiliates of the university
- **Guidelines:** Internal bank loans and capital equipment leases must adhere to the provisions stated in the University Debt Policy
- **Governance:** Oversight is provided by the Internal Bank Executive Committee which is made up of individuals from the Office of Financial Services and Business & Finance with input from the Financial Planning and Analysis office
- **Capital Planning Process:** Internal Bank Loans are identified as a funding source for projects during the capital core planning stage by the Integrated Physical Planning Liaison Group (IPPLG)

## Loan Statistics (as of June 30, 2018)

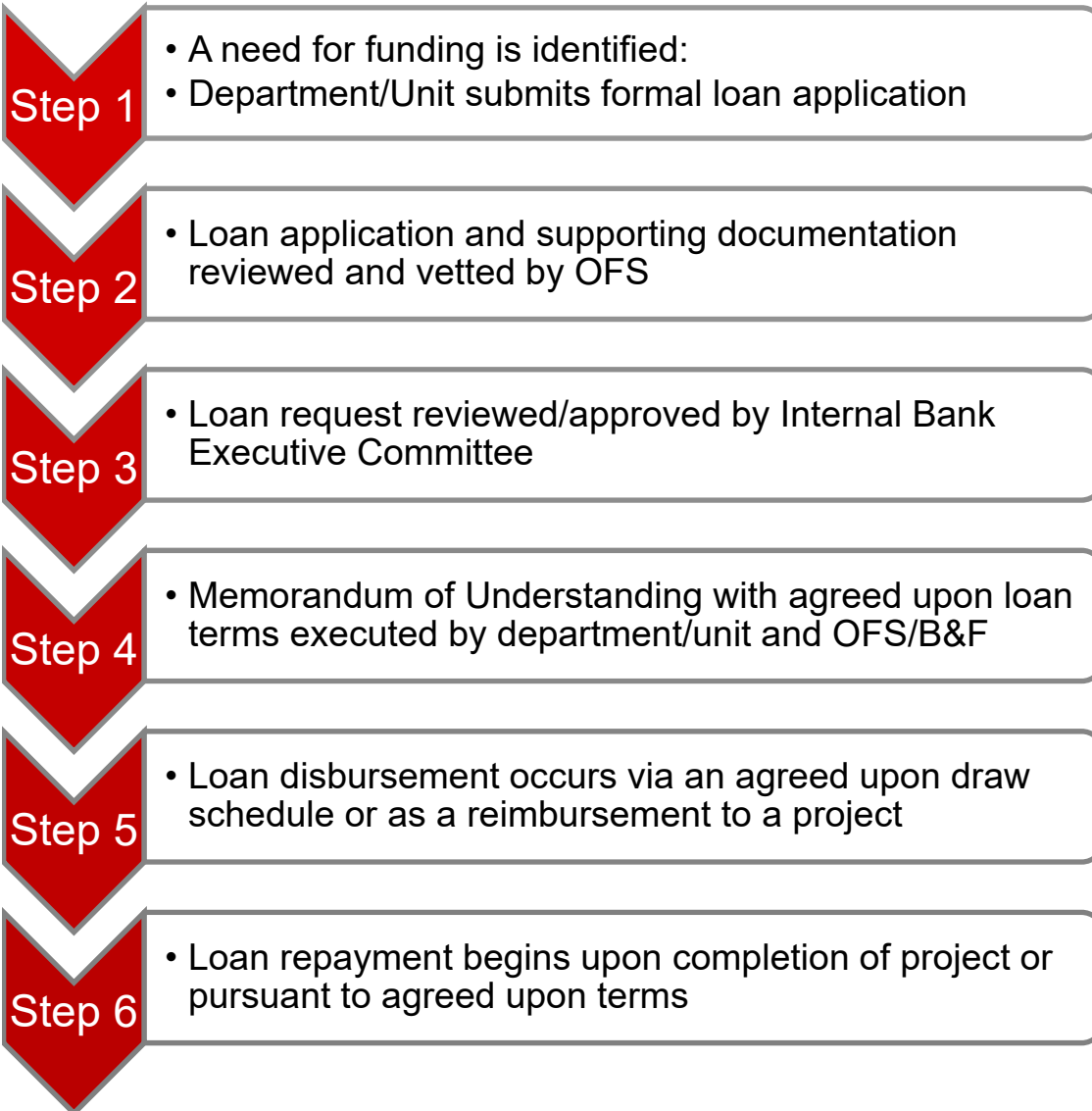
| Loan Summary                     | Number            | Amount           |
|----------------------------------|-------------------|------------------|
| <b>Total Loans Outstanding</b>   | <b>167</b>        | <b>\$2.74B</b>   |
| <b>Loans in Repayment</b>        | <b>150</b>        | <b>\$2.51B</b>   |
| <b>Loans in Disbursement</b>     | <b>17</b>         | <b>\$238.3MM</b> |
| <b>Wtd. Average Cost Capital</b> | <b>4.36%</b>      |                  |
| <b>Wtd. Average Life</b>         | <b>15.7 Years</b> |                  |

| Recent Loan Activity              | Number    | Amount           |
|-----------------------------------|-----------|------------------|
| <b>Funded in FY 2018</b>          | <b>13</b> | <b>\$163.0MM</b> |
| <b>Near Term Requests FY 2019</b> | <b>13</b> | <b>\$79.7MM</b>  |



# Internal Bank Overview

## Loan Process



## Current Borrowing Rates/Terms

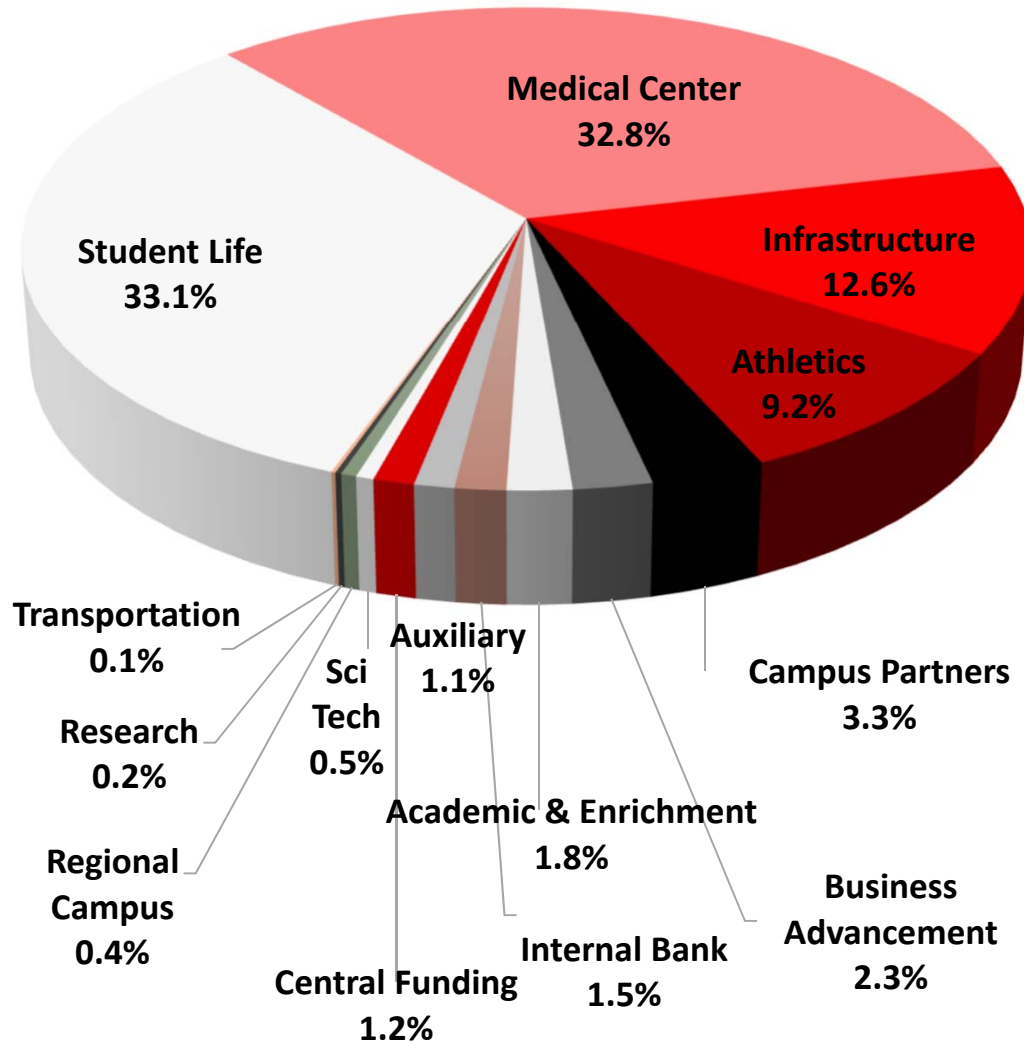
| Capital Projects - Internal Bank Loan |       |
|---------------------------------------|-------|
| 1 to 5 year term                      | 4.50% |
| Over 5 years and up to 10 years       | 5.00% |
| Greater than 10 years                 | 5.25% |

| Equipment Leases               |       |
|--------------------------------|-------|
| 1 to 3 year term               | 2.50% |
| Over 3 years and up to 5 years | 2.75% |
| Over 5 years and up to 7 years | 3.00% |
| Greater than 7 years           | 3.25% |



# Internal Bank Overview

as of 6/30/2018

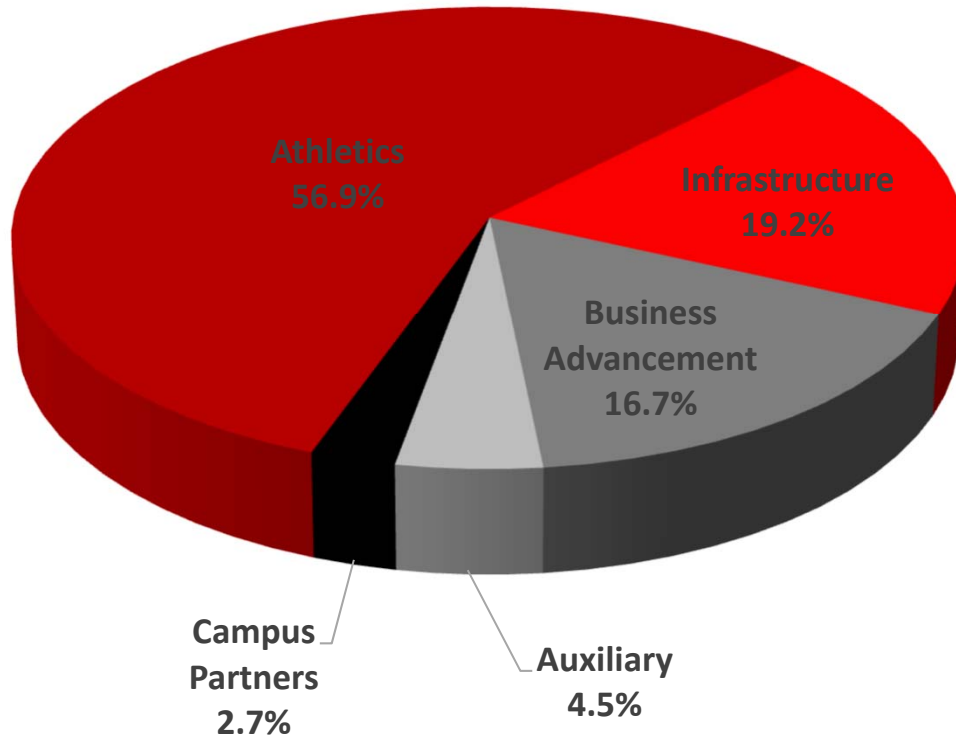


| Funding Source           | Loans in Repayment     |
|--------------------------|------------------------|
| Bonds                    | 2,497,274,041          |
| Capital Equipment Leases | 19,833,373             |
| <b>Total</b>             | <b>\$2,517,107,414</b> |

| Borrowing Unit/Obligor | Loans in Repayment     |
|------------------------|------------------------|
| Student Life           | 832,715,140            |
| Medical Center         | 825,008,452            |
| Infrastructure         | 316,440,784            |
| Athletics              | 231,524,227            |
| Campus Partners        | 82,134,242             |
| Business Advancement   | 56,880,445             |
| Academic & Enrichment  | 46,374,137             |
| Internal Bank          | 36,583,428             |
| Central Funding        | 29,375,797             |
| Auxiliary              | 28,675,596             |
| Sci Tech               | 12,827,726             |
| Regional Campus        | 11,122,830             |
| Research               | 4,432,264              |
| Transportation         | 3,012,346              |
| <b>Total</b>           | <b>\$2,517,107,414</b> |



# Projects Funded in Fiscal 2018



| Borrowing Unit/Obligor | Amount |
|------------------------|--------|
|------------------------|--------|

| Athletics                                    |                      |
|--|----------------------|
| Schumaker Student Athlete Development Center | 43,000,000           |
| Ohio Stadium Loge Boxes and Concrete Repair  | 41,600,000           |
| District Road and Stormwater                 | 7,500,000            |
| OSU Golf Course Turf Equipment               | 183,814              |
|  | <b>\$ 92,283,814</b> |

| Infrastructure                     |                      |
|------------------------------------|----------------------|
| Cannon Drive Replacement - Phase 1 | \$ 31,200,000        |
|                                    | <b>\$ 31,200,000</b> |

| Business Advancement                         |                      |
|--|----------------------|
| Schottenstein Center-Expansion & Renovations | 27,000,000           |
| Blackwell Inn Ford Fusion Fleet Vehicle      | 36,694               |
|  | <b>\$ 27,036,694</b> |

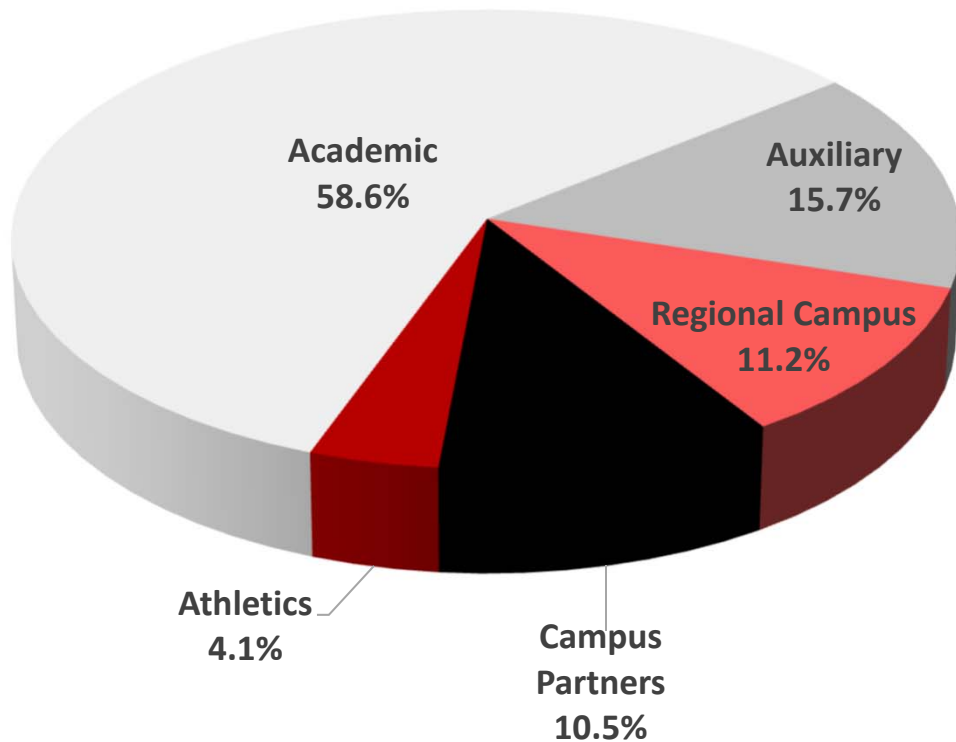
| Auxiliary                                  |                     |
|--|---------------------|
| OSU Airport T-Hangars                      | 4,333,389           |
| TRC  | 2,615,028           |
| Dental Faculty Practice AXIUM EMR Software | 417,053             |
|  | <b>\$ 7,365,470</b> |

| Campus Partners            |                     |
|----------------------------|---------------------|
| 15th & High Infrastructure | 3,000,000           |
| Real Estate Acquisitions   | 2,143,664           |
|                            | <b>\$ 5,143,664</b> |

**Total \$ 163,029,642**



# Near Term Requests Fiscal 2019



| Borrowing Unit/Obligor | Amount |
|------------------------|--------|
|------------------------|--------|

**Academic**

|   |                      |
|---|----------------------|
| Dentistry - Postle Hall Project             | 33,500,000           |
| Nursing - Newton Hall Expansion             | 6,000,000            |
| Pharmacy - Riffe Renovation & Lab Expansion | 3,828,923            |
| Optometry - Interdisciplinary Clinic        | 2,000,000            |
| Optometry - Fry Hall Enabling Project       | 1,000,000            |
| Arts & Sciences - Thermo Mass Spectrometer  | 356,942              |
|   | <b>\$ 46,685,865</b> |

**Auxiliary**

|                            |                      |
|----------------------------|----------------------|
| TRC - SMART Center Phase 1 | 12,500,000           |
|                            | <b>\$ 12,500,000</b> |

**Regional Campus**

|  |                     |
|--|---------------------|
| OSU Newark - Science and Technology Building | 8,500,000           |
| OSU Mansfield - Campus Entrance Bridge Loan  | 400,000             |
|  | <b>\$ 8,900,000</b> |

**Campus Partners**

|                               |                     |
|-------------------------------|---------------------|
| Real Estate Acquisitions      | 3,100,000           |
| 15th & High Enabling Projects | 2,810,000           |
| Buildings A&B Design          | 2,485,000           |
|                               | <b>\$ 8,395,000</b> |

**Athletics**

|                       |                     |
|-----------------------|---------------------|
| WHAC Roof Replacement | 3,236,055           |
|                       | <b>\$ 3,236,055</b> |

**Total \$ 79,716,920**