



OHIO
UNIVERSITY

Board of Trustees

O h i o U n i v e r s i t y

Minutes

January 23, 2009

**MINUTES OF THE MEETING OF
THE BOARD OF TRUSTEES OF OHIO UNIVERSITY**

January 23, 2009

**Shannon Hall Theater, St. Clairsville, Ohio
Ohio University, Eastern Campus**

THE OHIO UNIVERSITY BOARD OF TRUSTEES
MINUTES OF January 23, 2009 MEETING

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Chairman C. Daniel DeLawder called the meeting to order at 11:01 a.m.

ROLL CALL

Nine Trustees were present – Chairman C. Daniel DeLawder, David Brightbill, Sandra J. Anderson, Norman E. “Ned” Dewire, Gene T. Harris, C. Robert Kidder, M. Marnette Perry, Larry L. Schey, and David Wolfort.

Student Trustees Chauncey Jackson and Tracy Kelly were present as were National Trustees Frank P. Krasovec and Charles R. Stuckey.

Also attending were President Roderick J. McDavis, Board Secretary Thomas E. Davis, and Dennis Minichello, Chair, National Alumni Board of Directors.

APPROVAL OF THE MINUTES OF THE BOARD MEETING of October 3, 2008 (Previously distributed)

Chair DeLawder asked for a motion to approve minutes of the Board of Trustee meeting of October 3, 2008. Trustee Dewire motioned to approve the minutes, second by Trustee Anderson. All voted in favor.

COMMUNICATIONS, PETITIONS, AND MEMORIALS

There were no communications, petitions, or memorials. President McDavis introduced the new Executive Director for University Communications and Marketing, Renea Morris and wished her a warm welcome.

Report from the Chair

Chair DeLawder discussed the value of visiting Ohio University’s Regional Campuses in addition to the college visits on the Athens campus. He highlighted the importance of the exposure to regional educators during these visits.

Mr. DeLawder expressed his appreciation for the opportunity to visit the Eastern Campus. He expressed his gratitude to all those involved in regional campuses, in particular to Interim Dean Richard Greenlee, along with students, and members of the Advisory Counsel who were able to attend the previous evening’s dinner.

Chair DeLawder shared that a number of the Trustees are products of, or have had working relationships, with regional campuses. He reported that Board members greatly value the input and counsel they receive from regional campus administrators and faculty.

Secretary Davis distributed the President's evaluation summary produced by Association of Governing Boards' consultant Dr. Terry MacTaggart. Dr. Davis outlined the evaluation process that took place. He reported in excess of 80 individuals were interviewed either individually or in small groups to gather the data used in the evaluation.

Chair DeLawder reported that the results of the evaluation will serve as a learning tool to improve past and current practices and will serve as a springboard to move the institution forward. Although not the intent of the evaluation report, Chair DeLawder suggested that the summary of the performance of President McDavis' first four years served to support the Board's earlier action of granting a contract extension.

Chair DeLawder reported healthy discussions and active dialogues that resulted from this evaluation. He indicated that trustees met with Dr. MacTaggart without the presence of the President and discussed his view of the evaluation outcomes in an Executive Session. Chair DeLawder made reference to themes generated through the evaluation process and general recommendations found in the report. A copy of the report is in Appendix A of these minutes.

Chair DeLawder thanked all the participants who took part in the Comprehensive Presidential Evaluation.

Report of the President

President McDavis acknowledged the published President's Report in the printed agenda (See Appendix A.), however, focused his comments on the Presidential evaluation report. Dr. McDavis indicated that he embraced observations and outcomes found in the report. He identified the importance of the core academic mission of Ohio University as being paramount and that focusing on the quality of education for students of Ohio University as his major focus. He stated the importance of our mission as one university on six campuses.

Based on the content of the evaluation, President McDavis identified several goals in his initial response to the report. He highlighted a desire to continue to build on institutional strengths. Dr. McDavis indicated the importance of striving to

implement regional educational strategies to increase educational access for residents of southeastern Ohio as well as the importance of viewing the strategic plan as a living document for building on the strengths within the university community.

Dr. McDavis indicated his intent to focus on administrative cost reductions by fully implementing a shared services business model that would facilitate partnerships with other higher education institutions in the region. He reported that work groups are presently focusing on potential cost analysis and reduction of all administrative, academic and non-academic structures. Work groups are in place and developing possible scenarios for cost containment and reduction. He will bring back the recommendations from the work groups and from the Budget Planning Council to the Trustees at the April Board meeting. President McDavis highlighted that we all must focus on, “What is in the best interest of Ohio University?”

President McDavis identified an additional goal of increased university communication and interaction. As a result of the evaluation President McDavis will adjust his schedule to allow for monthly open office hours so that he may spend more time listening to the voices of students, faculty, staff and groups throughout the campus. He reported that it would be his intent to increase informal visits on campus, increase visits with faculty and staff at the regional campus, and would allow more of his time spent in Baker Center and other venues on campus talking with students, faculty and staff. He indicated the importance of not only addressing issues where differences of opinion exist but also of understanding where agreements and similarities occur. Fundraising will remain a priority during these difficult financial times, however it will be his intent to be more visible to the campus community.

President McDavis thanked Dr. MacTaggart for undertaking the review and again reported that he embraced the report and takes seriously the need to work with others within and outside of the university to help move the University forward. Finally, he indicated that he is excited and motivated by the outcome of the report and emphasized that together we can accomplish whatever we put our minds to.

Chair DeLawder acknowledged the motivation and leadership of President McDavis. He stated that out of challenges come opportunities and the Board understands its roles and responsibilities to assist in moving the university forward.

Report of the Executive Vice President and Provost

Executive Vice President and Provost Krendl reported that she looks forward to working with the President in meeting both his and institutional goals.

Dr. Krendl reviewed the First-Year Student Forum, a campus-wide event hosted by University College. The goal of the Forum was to report on action items to ensure a positive first year experience based upon evidence and accountability. Every college in the university participated in the Forum that is one part of the first goals of the Five Year Vision Ohio Implementation Plan--to improve first year experience and improve student engagement.

She reported Ohio University is part of national study called the National Survey of Student Engagement (NSEE). Provost Krendl reported on recently received data from a panel of students surveyed during the period 2002 to 2005, in their freshman year through senior years. Many institutions participated in this study. Specifically, the study focused on student engagement as measured by the degree to which students communicate in and outside of classroom with faculty and how challenged students feel in their first year. Ohio University improved averaged rankings significantly by “marked improvement” on the level of interaction that occurs between freshman and senior years. Provost Krendl reported on the recent hiring of Dr. Brian Bridges from Indiana University. Dr. Bridges is the new Vice Provost for Diversity, Access, and Equity. In the future, Dr. Bridges will oversee the Student Engagement initiative.

Provost Krendl outlined the report, “Establishing a Framework for the Future of Regional Campuses” through the strategic planning process that began in May 2007. She discussed the implementation of short-, mid-, and long-term goals of the Task Force. She reviewed the nature of the issues, complexity of variables, and external factors with the strategic planning while working under the umbrella of “one University.”

Provost Krendl discussed external factors in the continuation of strategic planning. These factors include the current economic crisis, Ohio’s budget shortfalls, shifts in demographics and population drain, the University System of Ohio, growth in costs including health care and utilities, and unemployment rates. Provost Krendl identified difficult challenges and concerted actions to find new ways-- structural, administrative, programmatic, or financial--for Ohio University to realign itself. She addressed how regional campuses might play a critical role collectively and individually in fulfilling that role.

Provost Krendl identified the current variables at work with the realignment. Major restructuring will affect the First Year Vision Ohio Implementation Plan and also will affect the University System of Ohio plan. She identified the need of interrelated planning steps as a means to meet these goals. Dr. Krendl suggested short-term recommendations to begin immediately and asked for follow up on those

recommendations by the University Academic Committee. She outlined steps for a regional college study team, a strategic vision team, and a strategic plan and implementation strategy.

Dr. Krendl explored an evolutionary model for regional campuses. She expressed that the talent and creativity of regional faculty, the resourcefulness and dedication of the staff of the regional campuses, and the potential of the students on each of the campuses was underscored by the Task Force on the Future of Regional Campuses. She responded to a question posed by National Trustee Krasovec regarding the background for this report. She explained how the whole of Ohio University is greater than the sum of all parts.

Trustee Perry asked about the potential growth for regional campuses. Dr. Krendl reported that the goal is to move from 8,000 students to 10,000 students. This can be accomplished by a variety of means: offering more degree programs (including a business program), more on-line classes, and more population learning centers.

National Trustee Stuckey asked about where the growth would come from, traditional or non-traditional students. Provost Krendl reported that more traditional students are now choosing to remain at regional campuses while the average age is going down at regional campuses. The regional campus student is still predominately female. The Athens campus is currently working for the first time together with regional campus in recruitment strategies.

Student Trustee Kelly asked about the potential for introducing learning communities on the regional campuses. Provost Krendl reported they are interested in learning communities, however, Executive Dean Dan Evan reported that each Regional Dean is assessing their own campus for the appropriate fit of learning communities.

Trustee Harris discussed the value of maintaining intimacy of smaller classroom in the future growth due to the family-orientated regional campus.

A copy of Dr. Krendl's Report may be found in Appendix C.

Report of the Chair of the Faculty Senate Executive Committee

Chair DeLawder welcomed Sergio R. Lopez, Chair of the Faculty Senate Executive Committee, for the annual report to the Board.

Dr. Lopez thanked the Board for this opportunity. He shared his appreciation that Chair DeLawder periodically attends Faculty Senate meetings. Dr. Lopez

acknowledged the importance of the on-going process of dialogue and communication between trustees and faculty.

Dr. Lopez discussed his perceptions of the differences and similarities between trustees and faculty and the need for common understanding of those. He discussed the separate but similar roles of the Board and the faculty related to their concern for the taxpayers of Ohio by raising the fact that neither trustees nor faculty are reimbursed for their administrative services to the university. Dr. Lopez expressed his appreciation for the love, enthusiasm, and passion that trustees demonstrate for Ohio University. He reported that faculty's motivation to be involved is from that same love of the institution. Dr. Lopez emphasized how the Board and faculty have much deeper similarities than differences.

Dr. Lopez discussed the role of shared governance between the Board and the Faculty. Dr. Lopez expressed his appreciation to the members of the Board's Governance Committee during its recent discussion concerning faculty representation to the Board.

Chair DeLawder highlighted the importance of good communication between the faculty and trustee and shared his optimism for heightened meaningful relationships with the faculty of Ohio University.

Trustee Perry asked Dr. Lopez of his opinion concerning his faith that the proposed resolution to include faculty members on the University Resources and University Academics Committees would yield positive benefits. Dr. Lopez said that he strongly endorses the resolution. In addition, he stressed the importance of the Board's assessment of the value after a year of implementation. Dr. Lopez thanked Dr. David Thomas and other community members for their involvement with this process.

COMMITTEE REPORTS, ACTIONS, AND INFORMATION ITEMS

University Resources Committee

Committee Chair Schey referred to the FY2010 Budget Update Report. He discussed the challenges facing the university as a result of difficult economic times. He commended President McDavis along with administrators, faculty, and staff who are focusing on strategies to address these challenges.

Trustee Schey moved to adopt the Resolution: Authority to Implement Retirement and Employment Separation Incentive Plans. Trustee Anderson seconded the motion. No discussion ensued. All voted in favor.

AUTHORITY TO IMPLEMENT RETIREMENT AND EMPLOYMENT SEPARATION INCENTIVE PLANS

RESOLUTION 2009 - 3090

WHEREAS, the University budget for FY 2010 is dependent on provisions contained within the state FY 2010-2011 biennial budget which is expected to be finalized in late June, 2009, and

WHEREAS, the Governor's version of the state biennial budget for FY 2010-2011 is expected to be released in early February, 2009, and is then subject to revisions by the state legislature and the conference committee, and

WHEREAS, the University has been planning for various levels of budget reduction given the poor economy at both the state and national levels and at each reduction level it is expected that a significant reduction in personnel budgets will be necessary, and

WHEREAS, if the number of layoffs of employees covered by the Ohio Public Employees Retirement System (PERS) totals 50 or more then state law mandates that a PERS early retirement program be offered, and

WHEREAS, the University is exploring several incentive programs for early retirement or voluntary employment separation that could be offered to employees as a way of mitigating the number of layoffs, and

WHEREAS, the University will need to be in a position to decide whether to offer these incentive programs prior to the April Board of Trustees meeting in order to provide eligible employees the opportunity to elect a program and the University to realize salary savings from those elections by July 1, 2009.

NOW THEREFORE, BE IT RESOLVED that following the release of the Governor's state biennial budget plan the President is authorized to determine if implementing incentive retirement or separation plans which are intended to mitigate the impact of layoffs on University employees and to help close the anticipated budget gap for FY 2010 are in the best interest of the University in light of the biennial budget, and

BE IT FURTHER RESOLVED that if implementing incentive retirement or separation plans is determined to be in the best interest of the University, then the President is authorized to implement such plans.

Trustee Schey recommended adoption of the Series 2009 Resolution, for the issuance and sale of bonds. Trustee Anderson made a motion to approve the resolution. Trustee Dewire seconded the motion. No discussion ensued. All voted in favor.

SERIES 2009 RESOLUTION

RESOLUTION 2009 - 3091

Providing for the authorization, issuance and sale of not to exceed \$32,000,000 General Receipts Bonds of The Ohio University, authorizing a Supplemental Trust Agreement securing such bonds, and authorizing matters related thereto

WHEREAS, The Ohio University (herein called the "University"), a state university of the State of Ohio created and existing under Chapter 3337 of the Ohio Revised Code, by Resolution No. 2000-1744 adopted by its Board of Trustees (herein called the "Board") on December 8, 2000 (herein called the "General Bond Resolution") and by a Trust Agreement dated May 1, 2001 (together with amendments and supplements thereto, the "Trust Agreement"), comprised in part of the General Bond Resolution, has provided for the issuance from time to time of Obligations (as defined in the General Bond Resolution) of the University, each such issue to be authorized by a Series Resolution adopted by the Board pursuant to the Trust Agreement; and

WHEREAS, the General Bond Resolution was adopted and the Trust Agreement was authorized by the Board pursuant to Sections 3345.11 and 3345.12 of the Ohio Revised Code, enacted by the General Assembly of Ohio under authority of the Constitution of Ohio, particularly Section 2i of Article VIII thereof, which authorizes the University to issue its Obligations from time to time to pay costs of certain capital facilities, defined as "auxiliary facilities" or "education facilities" in Section 3345.12 of the Ohio Revised Code and called "University Facilities" in the General Bond Resolution and in this Series Resolution, and to refund, fund or retire such Obligations or other obligations previously issued for such purpose; and

WHEREAS, the University has heretofore authorized, issued or entered into the following Obligations under such Trust Agreement (collectively referred to herein as the "Prior Obligations"):

- \$48,025,000 principal amount of Bonds (as defined in the General Bond Resolution) designated “Subordinated Variable Rate General Receipts Bonds, Series 2001” (the “Series 2001 Bonds”), pursuant to a First Supplemental Trust Agreement dated as of May 1, 2001 (the “First Supplemental Trust Agreement”) for the purpose of paying part of the cost of certain University Facilities;
- an Interest Rate Hedge (as defined in Section 9.98 of the Ohio Revised Code) for a portion of the Series 2001 Bonds in the form of an ISDA Master Agreement, dated December 1, 2001 (which, together with the schedule and confirmations related thereto, are collectively referred to as the “Series 2001 Swap Agreement”) in a maximum notional amount of \$31,020,000 with Morgan Guaranty Trust Company of New York, under the Trust Agreement with respect to amounts payable by the University under the Series 2001 Swap Agreement (other than any Early Termination Amount, as defined in the Series 2001 Swap Agreement, and any amounts payable pursuant to Section 11 of the Series 2001 Swap Agreement by the University);
- \$47,860,000 principal amount of Bonds designated “Subordinated General Receipts Bonds, Series 2003” dated September 3, 2003 and maturing through December 1, 2023 (the “Series 2003 Bonds”), pursuant to a Second Supplemental Trust Agreement dated as of September 1, 2003 (the “Second Supplemental Trust Agreement”) for the purpose of retiring the University’s Subordinated General Receipts Bond Anticipation Notes, Series 2003 and refunding the University’s General Receipts Bonds, Series 1993 dated as of December 1, 1993, which were issued to finance the cost of certain University Facilities;
- Notes (as defined in the General Bond Resolution) pursuant to a Third Supplemental Trust Agreement dated as of October 1, 2003 (the “Third Supplemental Trust Agreement”) for the purpose of paying part of the cost of certain University Facilities; however, there are no Notes presently outstanding under the Third Supplemental Trust Agreement;
- \$52,885,000 principal amount of Bonds designated “Subordinated General Receipts Bonds, Series 2004” dated as of March 15, 2004 and maturing through December 1, 2031 (the “Series 2004 Bonds”), pursuant to a Fourth Supplemental Trust Agreement dated as of March 15, 2004 (the “Fourth Supplemental Trust Agreement”) for the purpose of paying part of the cost of certain University Facilities;
- \$28,145,000 principal amount of Bonds designated “Subordinated General Receipts Refunding Bonds, Series 2006A” dated as of February 16, 2006 and maturing through December 1, 2024 (the “Series 2006A Bonds”), pursuant to a Fifth Supplemental Trust Agreement dated as of February 1, 2006 (the “Fifth Supplemental Trust Agreement”) for the purpose of

refunding all or a portion of the University's outstanding General Receipts Bonds, Series 1999 dated as of March 15, 1999 issued pursuant to the Prior Indenture, as defined in the General Bond Resolution, for the purpose of paying part of the cost of certain University Facilities; and

- \$29,170,000 principal amount of Bonds designated "Subordinated General Receipts Bonds, Series 2006B" dated as of April 6, 2006 and maturing through December 1, 2036 (the "Series 2006A Bonds") and \$8,025,000 principal amount of Bonds designated "Subordinated Variable Rate General Receipts Bonds, Series 2006C" dated as of April 6, 2006 and maturing through December 1, 2016 (the "Series 2006C Bonds"), both pursuant to a Sixth Supplemental Trust Agreement dated as of April 1, 2006 (the "Sixth Supplemental Trust Agreement") for the purpose of paying part of the cost of certain University Facilities; and
- \$15,350,000 principal amount of Bonds comprised of \$13,345,000 principal amount of Bonds designated "Tax Exempt General Receipts Bonds, Series 2008A" dated July 10, 2008 and maturing through December 1, 2033 (the "Series 2008A Bonds") and \$2,005,000 principal amount of Bonds designated "Taxable General Receipts Bonds, Series 2008B" dated July 10, 2008 and maturing through December 1, 2015 (the "Series 2008B Bonds"), both pursuant to a Seventh Supplemental Trust Agreement dated as of July 1, 2008 (the "Seventh Supplemental Trust Agreement"); and

WHEREAS, the University has previously determined, and does hereby confirm, that it is necessary to acquire, construct, equip, furnish, reconstruct, alter, enlarge, remodel, renovate, rehabilitate or improve the following University Facilities at the respective currently estimated costs (being collectively referred to herein as the "2009 Project"):

<u>Project Name</u>	<u>Description</u>	Currently Estimated Cost
Student Information System	Purchase and installation of a student information system and various computer network upgrades	\$29,925,000

; and

WHEREAS, the University has determined to issue not to exceed \$32,000,000 principal amount of Bonds under the Trust Agreement, to be designated "General Receipts Bonds, Series 2009," or such other designation as authorized hereby (the "Series

2009 Bonds”), to finance part of the costs of the 2009 Project, and desires to provide therefor by this Resolution; and

WHEREAS, there are no Superior Obligations, or any other bonds, notes or other obligations, presently outstanding under the Prior Indenture, and the Prior Indenture and the lien grant thereby have been released, satisfied and discharged.

WHEREAS, the Board finds that all conditions precedent to the authorization and sale of the Series 2009 Bonds have been or will be met by the time the Series 2009 Bonds are issued;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE OHIO UNIVERSITY, as follows:

Section 1. Definitions and Interpretations. All words and terms defined in the General Bond Resolution and elsewhere in the Trust Agreement and all interpretations therein provided shall have the meanings, respectively, and be subject to the same interpretations as therein provided where used in this Resolution, unless the context or use indicates another or different meaning or intent, except that this Resolution is sometimes herein called and may be known as the “Series 2009 Resolution,” the Bonds authorized by this Resolution are referred to herein and in the Series 2009 Supplemental Trust Agreement hereby authorized as the “Series 2009 Bonds,” and the terms “hereof,” “herein,” “hereby,” “hereto” and “hereunder,” and similar terms, mean this Resolution. All words and terms defined in the preambles hereto shall have the respective meanings provided in the preambles hereto.

In addition, when used in this Resolution and the Series 2009 Supplemental Trust Agreement hereby authorized, the following words shall have the indicated meanings:

“Authorized Denominations” means with respect to the Series 2009 Bonds, the denominations designated as such in the Series 2009 Certificate of Award.

“Beneficial Owner” means with respect to the Series 2009 Bonds, the Person owning the Beneficial Ownership Interest therein, as evidenced to the satisfaction of the Trustee.

“Beneficial Ownership Interest” means the right to receive payments and notices with respect to the Series 2009 Bonds held in a book entry system for which the Depository does not act on behalf of a Beneficial Owner with respect to the optional or mandatory tender for purchase of the Series 2009 Bonds pursuant to the Trust Agreement.

“Book entry form” or “book entry system” means, with respect to the Series 2009 Bonds, a form or system, as applicable, under which (i) the ownership of beneficial interests in such Bonds and Debt Service Charges may be transferred only through a book entry and (ii) physical Series 2009 Bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Bondholder, with the physical Series 2009 Bond certificates “immobilized” in the custody of the Depository.

The book entry system maintained by and the responsibility of the Depository and not maintained by or the responsibility of the University or the Trustee is the record that identifies, and records the transfer of the interests of, the owners of beneficial (book entry) interests in such Series 2009 Bonds.

“Depository” means any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book entry system to record ownership of beneficial interest in the Series 2009 Bonds, and to effect transfers of book entry interests in such Bonds, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

“Fixed Rate Bonds” means Series 2009 Bonds that are not “Variable Rate Obligations,” as defined in the General Bond Resolution.

“Interest Payment Date” means, as to the Series 2009 Bonds, each of the dates set forth as such in the Series 2009 Certificate of Award.

“Mandatory Redemption Date” means, as to the Series 2009 Bonds, each of the dates set forth in the Series 2009 Certificate of Award for the retirement of a portion of the principal of the Series 2009 Bonds pursuant to any Mandatory Sinking Fund Requirements set forth therein.

“Mandatory Sinking Fund Requirements” means, as to the Series 2009 Bonds, the amounts required to be deposited in the Debt Service Fund for the purpose of redeeming Series 2009 Bonds (less the amount of any credit as provided in Section 4(c) of this Resolution) on each Mandatory Redemption Date, as may be set forth in the Series 2009 Certificate of Award.

“Maximum Rate” means six percent (6%) per annum or such lesser rate designated as such in the Series 2009 Certificate of Award.

“Memorandum of Instructions” means the Memorandum of Instructions Regarding Use of Proceeds, Investment Limitations and Rebate Requirements delivered to the University and the Trustee at the time of the issuance and delivery of the Series 2009 Bonds, as the same may be amended or supplemented in accordance with its terms.

“Original Purchaser” means, as to the Series 2009 Bonds, the purchaser or purchasers of the Series 2009 Bonds designated as such in the Series 2009 Certificate of Award.

“Pledged Bonds” means Series 2009 Bonds or Beneficial Ownership Interests registered in the name of the Series 2009 Financial Institution and securing the obligations of the University to reimburse the Series 2009 Financial Institution for advances made pursuant to the Series 2009 Credit Support Instrument as may be provided in the Series 2009 Certificate of Award and the Series 2009 Supplemental Trust Agreement.

“Prior Obligations” means the Series 2001 Bonds, Series 2001 Swap Agreement, the Series 2003 Bonds, the Notes heretofore issued, the Series 2004 Bonds, the Series 2006A Bonds, the Series 2006B Bonds, the Series 2006C Bonds, the Series 2008A Bonds and the Series 2008B Bonds.

“Rebate Fund” means the fund by that name referred to in Section 10 hereof.

“Series 2009 Certificate of Award” means the certificate of the Fiscal Officer establishing certain terms of the Series 2009 Bonds and authorized in Section 5 hereof, including any supplements thereto.

“Series 2009 Closing Date” means the date on which the Series 2009 Bonds are delivered to the Original Purchaser for payment.

“Series 2009 Credit Support Instrument” means any Credit Support Instruments relating to some or all of the Series 2009 Bonds described in the Series 2009 Certificate of Award and issued by a Series 2009 Financial Institution for the benefit of the holders of the Series 2009 Bonds.

“Series 2009 Financial Institution” means a Financial Institution issuing a Series 2009 Credit Support Instrument described in the Series 2009 Certificate of Award.

“Series 2009 Project Account” means the account by that name created in the Facilities Fund pursuant to Section 6 hereof.

“Series 2009 Supplemental Trust Agreement” means the Supplemental Trust Agreement styled and dated as determined in the Series 2009 Certificate of Award, by and between the University and the Trustee supplementing the Trust Agreement and securing the Series 2009 Bonds, as the same may be amended as provided therein.

“Taxable Series 2009 Bonds” means any Series 2009 Bonds other than Tax-Exempt Series 2009 Bonds.

“Tax-Exempt Series 2009 Bonds” means Series 2009 Bonds the interest on which is intended by the University at the time of initial issuance to be exempt from federal income taxation under the Code, such intent to be conclusively evidenced by a determination to that effect contained in the Series 2009 Certificate of Award.

Section 2. Determinations by Board. The Board hereby finds and determines that (a) the 2009 Project will constitute “auxiliary facilities” or “education facilities” as defined in the Act; (b) the issuance of the Series 2009 Bonds will be in the best interests of the University; and (c) this Resolution is adopted pursuant to the General Bond Resolution, the Trust Agreement, the Act and Section 2i of Article VIII of the Ohio Constitution.

The Board finds that the conditions stated in numbered subparagraphs (1) and (2) of Section 3(a) of the General Bond Resolution will be satisfied by the time of authentication of the Series 2009 Bonds. The Fiscal Officer shall confirm these findings

by a certificate in form satisfactory to, and to be filed with, the Trustee prior to the authentication of the Series 2009 Bonds, and the Fiscal Officer may provide such other evidence with respect thereto as the Trustee may reasonably request.

Section 3. Authorization, Designation and Purpose of Series 2009 Bonds. It is hereby declared to be necessary and in the best interests of the University to, and the University shall, issue, sell and deliver, as provided and authorized herein, Bonds of the University, on a parity with all other outstanding Obligations from time to time, which shall be designated "General Receipts Bonds, Series 2009," or such other designation as may be specified in the Series 2009 Certificate of Award (the "Series 2009 Bonds"), for the purposes of (i) paying Costs of University Facilities, as defined in the General Bond Resolution, related to the 2009 Project, and (ii) paying Costs of University Facilities related to the Series 2009 Bonds, all upon the terms set forth herein. For such purposes, the proceeds from the sale of the Series Bonds shall be allocated and deposited as provided in Section 6 hereof. The principal amount of the Series 2009 Bonds to be issued shall be determined by the Fiscal Officer and specified in the Series 2009 Certificate of Award, provided that the aggregate principal amount of all Series 2009 Bonds Outstanding at any time shall not exceed \$32,000,000. The Series 2009 Bonds may be issued in one or more separate series of 2009 Fixed Rate Bonds, as the Fiscal Officer may determine in the Series 2009 Certificate of Award and as described herein and in the Series 2009 Supplemental Trust Agreement. The Series 2009 Bonds may be issued in separate series of Tax-Exempt Series 2009 Bonds and Taxable Series 2009 Bonds as the Fiscal Officer may determine in the Series 2009 Certificate of Award.

Section 4. Terms and Provisions Applicable to the Series 2009 Bonds.

(a) Forms, Denominations, Dates and Numbering. The Series 2009 Bonds shall be negotiable instruments in accordance with the Act, shall be issued only in fully registered form, without coupons, shall be substantially in the respective forms thereof set forth in the Series 2009 Supplemental Trust Agreement, shall be in Authorized Denominations and shall express upon their faces the purpose for which they are issued and that they are issued pursuant to the Act. Each Series 2009 Bond shall have only one principal maturity date, except for interim certificates, receipts or temporary Series 2009 Bonds which may be issued pending preparation of definitive Series 2009 Bonds. The Series 2009 Bonds shall be dated and numbered as set forth in the Series 2009 Certificate of Award.

Subject to the provisions of this Resolution for the use of a book entry system, the Series 2009 Bonds shall be exchangeable for other Series 2009 Bonds in the manner and upon the terms set forth in the Trust Agreement.

(b) Execution, Interest Rates and Maturities. (i) The Series 2009 Bonds shall be executed by the Chairman of the Board or the President of the University and by the Fiscal Officer or the Secretary of the Board and may have the seal of the University affixed or printed thereon; provided that all of such signatures and such seal may be facsimiles.

(ii) The Series 2009 Bonds shall mature on the date or dates and in the amounts set forth in the Series 2009 Certificate of Award, provided that the final maturity of the Series 2009 Bonds shall be not later than December 1, 2019. Interest on the Series 2009 Bonds shall be calculated and payable as provided in the Series 2009 Certificate of Award. The net interest cost payable by the University on the Series 2009 Bonds over their stated terms shall not exceed the Maximum Rate except that Pledged Bonds (or the economic equivalent thereof as may be determined in the Series 2009 Certificate of Award) may bear interest at a rate greater than the Maximum Rate as provided in the Series 2009 Certificate of Award and the Series 2009 Supplemental Trust Agreement.

(c) Mandatory Sinking Fund Redemption. The Series 2009 Bonds shall be subject to mandatory sinking fund redemption in part on each Mandatory Redemption Date, in the manner provided in the Trust Agreement, at a redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the redemption date in such amounts and in the manner as may be set forth in the Series 2009 Certificate of Award and the Series 2009 Supplemental Trust Agreement.

(d) Optional Redemption. The Series 2009 Bonds shall be callable for redemption at the option of the University, in the manner provided in the Trust Agreement, in whole or in part, at such price or prices (but in any case not greater than 103% of the principal amount of Series 2009 Bonds to be redeemed plus accrued interest to the redemption date) at such times and in the manner as may be set forth in the Series 2009 Certificate of Award and the Series 2009 Supplemental Trust Agreement.

(e) Method and Notice of Redemption. If less than all of the outstanding Series 2009 Bonds of one maturity are to be called, the selection of such Series 2009 Bonds of such maturity to be called shall be made in the manner provided in the Series 2009 Certificate of Award and the Series 2009 Supplemental Trust Agreement. Notice of call for redemption of Series 2009 Bonds shall be given at the times and in the manner provided in the Series 2009 Certificate of Award and the Series 2009 Supplemental Trust Agreement.

(f) Place of Payment; Record Dates. Debt Service Charges on the Series 2009 Bonds when due shall be payable to the registered holders thereof at the places and in the manner provided in the Series 2009 Certificate of Award and the Series 2009 Supplemental Trust Agreement. The Fiscal Officer may establish a Regular Record Date and a Special Record Date for the Series 2009 Bonds which shall be set forth in the Series 2009 Certificate of Award.

(g) Paying Agent and Registrar. The Trustee shall serve as Paying Agent and Registrar for the Series 2009 Bonds.

(h) Payment. Debt Service Charges with respect to the Series 2009 Bonds shall be payable in lawful money of the United States of America without deduction for the services of the Trustee or the Paying Agent, in the manner provided in the Trust Agreement.

(i) Book Entry System. The Series 2009 Bonds shall only be originally issued to a Depository for use in a book entry system and: (i) such Series 2009 Bonds shall be registered in the name of the Depository or its nominee, as Bondholder, and immobilized in the custody of the Depository; (ii) there shall be a single Series 2009 Bond representing each maturity; and (iii) such Series 2009 Bonds shall not be transferable or exchangeable, except for transfer to another Depository or another nominee of a Depository or to the Series 2009 Financial Institution in order to obtain payment of principal of Series 2009 Bonds in accordance with the Trust Agreement and in exchange for any Series 2009 Bonds so transferred without further action by the University. The Beneficial Owners shall not have any right to receive Series 2009 Bonds in the form of physical certificates.

So long as a book entry system is in effect for the Series 2009 Bonds, the University and Trustee shall recognize and treat the Depository, or its nominee, as the Holder of the Series 2009 Bonds for all purposes, including payment of Debt Service Charges, giving of notices, and enforcement of remedies. The crediting of payments of Debt Service Charges on the Series 2009 Bonds and the transmittal of notices and other communications by the Depository to Beneficial Owners are the responsibility of the Depository and are not the responsibility of the University or the Trustee; provided, however, that the University and the Trustee understand that neither the Depository or its nominee shall provide any consent requested of Holders of Series 2009 Bonds pursuant to the Trust Agreement, and that the Depository will mail an omnibus proxy (including a list identifying the owners of the book entry interests in the Series 2009 Bonds) to the University which assigns the Depository's, or its nominee's, voting rights to the owners of the book entry interests in the Series 2009 Bonds (as credited to their accounts at the Depository as of the record date for mailing of requests for such consents). Upon receipt of such omnibus proxy, the University shall promptly provide such omnibus proxy (including the list identifying the owners of the book entry interests in the Series 2009 Bonds attached thereto) to the Trustee, who shall then treat such owners as Holders of the Series 2009 Bonds for purposes of obtaining any consents pursuant to the terms of the Trust Agreement.

As long as the Series 2009 Bonds are registered in the name of a Depository, or its nominee, the University and the Trustee agree to comply with the terms and provisions of their agreement with the Depository including the provisions thereof with respect to any delivery of the Series 2009 Bonds to the Trustee which shall supersede the provisions of the Trust Agreement with respect thereto.

Notwithstanding any other provision of this Resolution or any provision of the General Bond Resolution, the Trust Agreement, the Series 2009 Supplemental Trust Agreement or any Series 2009 Bond to the contrary, with the approval of the Fiscal Officer, the Trustee may enter into an agreement with a Depository, or the nominee of a Depository, that is the registered owner of a Series 2009 Bond in the custody of that Depository providing for making all payments to that registered owner of principal of and interest and any premium on that Series 2009 Bond or any portion of that Series 2009 Bond (other than any payment of its entire unpaid principal amount) at a place and in a manner (including wire transfer of federal funds) other than as provided above in this

Resolution, without prior presentation or surrender of the Series 2009 Bond, upon any conditions which shall be satisfactory to the Trustee and the Fiscal Officer. That payment in any event shall be made to the person who is the registered owner of that Series 2009 Bond on the date that principal and premium is due, or, with respect to the payment of interest, as of the applicable Regular Record Date or Special Record Date or other date agreed upon, as the case may be. The Trustee will furnish a copy of each of those agreements, certified to be correct by an officer of the Trustee, to other Authenticating Agents and Paying Agents for Series 2009 Bonds, if any, and to the University. Any payment of principal, premium, or interest pursuant to such an agreement shall constitute payment thereof pursuant to, and for all purposes of, this Resolution and Trust Agreement.

(j) Change of Depository and Replacement Series 2009 Bonds. If any Depository determines not to continue to act as a Depository for the Series 2009 Bonds for use in a book entry system, the University may attempt to have established a securities depository/book entry system relationship with another qualified Depository under the Trust Agreement. If the University does not or is unable to do so, the University and the Trustee, after the Trustee has made provision for notification of the owners of book entry interests in the Series 2009 Bonds by appropriate notice to the then Depository, shall permit withdrawal of the Series 2009 Bonds from the Depository, and authenticate and deliver Series 2009 Bond certificates in fully registered form to the assignees of the Depository or its nominee. If the event is not the result of University action or inaction, such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing or otherwise preparing, and delivering, such replacement Series 2009 Bonds), of those persons requesting that authentication and delivery unless University action or inaction shall have been the cause of the termination of the book entry system in which event such cost and expense shall be borne by the University. Such replacement Series 2009 Bonds shall be in Authorized Denominations.

Section 5. Sale of the Series 2009 Bonds; Series 2009 Certificate of Award. The Series 2009 Bonds shall be awarded and sold to the Original Purchaser at the price set forth in the Series 2009 Certificate of Award, such price for any maturity of the Series 2009 Bonds shall be not less than 95% of the principal amount thereof, plus accrued interest on the aggregate principal amount of the Series 2009 Bonds from their dates to the date of delivery to and payment by the Original Purchaser, all in accordance with, and subject to the terms and conditions of, the Original Purchaser's proposal contained in the hereinafter described Series 2009 Bond Purchase Agreement. Such award and sale shall be evidenced by the execution of a Series 2009 Certificate of Award by the Fiscal Officer setting forth such award and sale, the other matters to be set forth therein referred to in this Resolution, and such other matters as the Fiscal Officer determines are consistent with this Resolution, the Trust Agreement and the Series 2009 Supplemental Trust Agreement. That the matters contained in the Series 2009 Certificate of Award are consistent with this Resolution, the Trust Agreement and the Series 2009 Supplemental Trust Agreement shall be conclusively evidenced by the execution of the Series 2009 Certificate of Award by such officer. The Series 2009 Certificate of Award shall be and hereby is incorporated into this Resolution and the Series 2009 Supplemental Trust Agreement.

The Fiscal Officer is hereby further authorized and directed to execute and deliver, in the name and on behalf of the University, a bond purchase agreement with the Original Purchaser (the "Series 2009 Bond Purchase Agreement") upon such terms as approved by such officer not inconsistent with this Bond Legislation and not substantially adverse to the University. The approval of such officer, and that the Series 2009 Bond Purchase Agreement is consistent with this Resolution and not substantially adverse to the University, shall be conclusively evidenced by the execution of the Series 2009 Bond Purchase Agreement by such officer. Subject to receiving any necessary appointment by the attorney general of the State, the Fiscal Officer is hereby authorized to make arrangements with Peck, Shaffer & Williams LLP to serve as bond counsel and underwriter's counsel for the Series 2009 Bonds, and such firm is hereby appointed to serve in such capacities.

The Fiscal Officer, and any other appropriate officer of the University, are each hereby separately authorized to make arrangements for the delivery of the Series 2009 Bonds to, and payment therefor by, the Original Purchaser. It is hereby determined that the price for and the terms of the Series 2009 Bonds, and the sale thereof, all as provided in this Resolution, the Series 2009 Supplemental Trust Agreement and the Series 2009 Certificate of Award are in the best interest of the University and in compliance with all legal requirements.

Section 6. Allocation of Proceeds of Series 2009 Bonds. (a) All of the proceeds received by on behalf of the University from the sale of the Series 2009 Bonds shall be received and receipted for by the Fiscal Officer or the Trustee, and shall be deposited and allocated as follows:

- (i) To the Debt Service Account of the Debt Service Fund, the portion of such proceeds representing accrued interest and any capitalized interest directed to be deposited in the Debt Service Account by the Series 2009 Certificate of Award; and
 - (ii) To the Series 2009 Project Account which is hereby created as a separate deposit account within the Facilities Fund (except when invested as hereinafter provided) in the custody of the University or the Trustee or other entity, as the Fiscal Officer shall determine, the balance of such proceeds.
- (b) Any such capitalized interest may be deposited in a separate sub-account of the Debt Service Account of the Debt Service Fund as the Fiscal Officer may determine. Upon a determination by the Fiscal Officer that any portion of such amount designated to be used for capitalized interest is not needed for such purpose, such portion may be transferred to the Series 2009 Project Account.
- (c) Such proceeds are hereby appropriated for the purposes of the respective funds and accounts into which such proceeds are deposited.
- (d) No provision shall be made for a Debt Service Reserve Account with respect to the Series 2009 Bonds, and there shall be no Required Reserve for the Series 2009

Bonds. The Series 2009 Bonds shall not be payable from, and the Series 2009 Bonds shall not be secured by, any moneys in or investments credited to the Debt Service Reserve Account, and therefore, Debt Service Charges on the Series 2009 Bonds shall not have access to or claims upon the Debt Service Reserve Account.

Section 7. Series 2009 Project Account; Recordkeeping; Application of Moneys.
A record of each deposit into and disbursement from the Series 2009 Project Account shall be made and maintained by the party having custody of such account.

Moneys in the Series 2009 Project Account shall be used to pay Costs of University Facilities related to the 2009 Project, capitalized interest to a date as may be set forth in the Series 2009 Certificate of Award and any Costs of University Facilities associated with the issuance of the Series 2009 Bonds, and shall be disbursed upon the written request of the Fiscal Officer on behalf of the University. The University covenants that it will proceed with due diligence to pay such costs and complete the 2009 Project. Upon the final payment of such costs, the University shall deliver to the Trustee a certificate of the Fiscal Officer on behalf of the University stating that fact and setting forth the amount, if any, then remaining in the Series 2009 Project Account which shall be transferred to the Debt Service Account of the Debt Service Fund pursuant to this Section.

Upon such certification, any moneys remaining in the Series 2009 Project Account and certified pursuant to the preceding paragraph shall be transferred by the party having custody of such Account to the Debt Service Account of the Debt Service Fund as set forth in the immediately preceding paragraph.

Moneys in the Series 2009 Project Account may be invested in any lawful University investments in amounts maturing not later than the times when such amounts in the Series 2009 Project Account are required to pay any costs payable from such Fund. Any investment made by the Trustee shall be at the written or oral (and, if oral, promptly confirmed in writing) direction of the Fiscal Officer. The term "lawful University investments" shall mean those investments made in accordance with the *Statement of Objectives and Policies for Non-Endowment Invested Funds*, approved by the Board on September 21, 2005, as the same may be amended or supplemented from time to time. Such investments may include qualifying money market mutual funds for which the Trustee or any of its affiliates provide services for a fee, whether as an investment advisor, custodian, transfer agent, registrar, sponsor, distributor, manager or otherwise.

Any investment of moneys in the Series 2009 Project Account shall constitute a part of the Series 2009 Project Account and the Series 2009 Project Account shall be credited with all proceeds of sale, and gain or loss, from such investment. Interest earnings on moneys in the Series 2009 Project Account shall be credited when received to the Series 2009 Project Account. For investment purposes only, moneys in the Series 2009 Project Account may be commingled with moneys from one or more funds held by the Trustee pursuant to the Trust Agreement; provided that separate records are maintained for each such fund, the investments made therefrom, and the interest earnings credited thereto.

Section 8. Series 2009 Supplemental Trust Agreement. The Chairman of the Board, the President of the University, the Secretary of the Board and the Fiscal Officer, or any one or more of them, are each authorized and directed to execute, acknowledge and deliver, in the name of and on behalf of the University, a Series 2009 Supplemental Trust Agreement pursuant to the Trust Agreement in connection with the issuance of the Series 2009 Bonds, in a form not substantially adverse to the University as may be permitted by the Act and the Trust Agreement and approved by the officer or officers executing the same on behalf of the University. The approval of such form by the Board and such officer or officers, and the fact that such forms are not substantially adverse to the University, shall be conclusively evidenced by the execution of the Series 2009 Supplemental Trust Agreement by such officer or officers.

Consistent with Section 8.02 of the Original Trust Agreement, the University and the Trustee, without the consent of or notice to any of the Bondholders, may enter into agreements supplemental to the Trust Agreement and the Series 2009 Supplemental Trust Agreement to the extent necessary or desirable to permit (i) the transfer of Series 2009 Bonds from one Depository to another, and the succession of Depositories or (ii) the withdrawal of Series 2009 Bonds issued to a Depository for use of a book entry system and the issuance of replacement Series 2009 Bonds in fully registered form to others than a Depository.

The Chairman of the Board, the President of the University, the Secretary of the Board and the Fiscal Officer are each separately authorized to execute and deliver, on behalf of the University, such other certificates, documents and instruments as are necessary in connection with the transactions authorized in this Resolution, and to do all other things required of them or the University pursuant to the Trust Agreement and this Resolution.

The appropriate officers of the University shall do all things necessary or proper to implement and carry out the orders and agreements set forth in or approved in this Resolution for the proper fulfillment of the purposes of the General Bond Resolution and this Resolution. The Secretary of the Board shall furnish to the Original Purchaser a true and certified transcript of all proceedings taken with reference to the authorization and issuance of the Series 2009 Bonds along with other information as is necessary or proper with respect to the Series 2009 Bonds.

Section 9. Tax Matters. The University hereby covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Tax-Exempt Series 2009 Bonds under Section 103(a) of the Code. Without limiting the generality of the foregoing, the University hereby covenants as follows:

(a) The University will not directly or indirectly use or permit the use of any proceeds of the Tax-Exempt Series 2009 Bonds or any other funds of the University, or take or omit to take any action that would cause the Tax-Exempt Series 2009 Bonds to be “arbitrage bonds” within the meaning of Sections 103(b)(2) and 148 of the Code. To that end, the University will comply with all requirements of Sections 103(b)(2) and 148 of

the Code to the extent applicable to the Tax-Exempt Series 2009 Bonds. In the event that at any time the University is of the opinion that for purposes of this sub-section (a) it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under the Trust Agreement, the Fiscal Officer shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions. The Fiscal Officer, or any other officer having responsibility with respect to the issuance of the Tax-Exempt Series 2009 Bonds, is authorized and directed to give an appropriate certificate on behalf of the University, on the date of delivery of the Tax-Exempt Series 2009 Bonds for inclusion in the transcript of proceedings, setting forth the facts, estimates and circumstances and reasonable expectations pertaining to the use of the proceeds thereof and the provisions of such Sections 103(b)(2) and 148, and to execute and deliver on behalf of the University an IRS Form 8038G in connection with the issuance of the Tax-Exempt Series 2009 Bonds.

Without limiting the generality of the foregoing, the University agrees that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code. This covenant shall survive payment in full or defeasance of the Tax-Exempt Series 2009 Bonds. The University specifically covenants to pay or cause to be paid to the United States at the times and in the amounts determined under Section 10 hereof the Rebate Amounts, as described in the Memorandum of Instructions. The Trustee agrees to perform all tasks required of it in the Memorandum of Instructions.

Notwithstanding any provision of this sub-section (a), if the University shall provide to the Trustee an opinion of nationally recognized bond counsel to the effect that any action required under this Section and Section 10 of this Resolution is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Tax-Exempt Series 2009 Bonds pursuant to Section 103(a) of the Code, the University and the Trustee may rely conclusively on such opinion in complying with the provisions hereof.

(b) So long as any of the Tax-Exempt Series 2009 Bonds, or any obligations issued to refund the Tax-Exempt Series 2009 Bonds, remain unpaid, the University will not operate or use, or permit the operation or use of, the 2009 Project or any part thereof in any trade or business carried on by any person within the meaning of the Code which would (i) cause the Tax-Exempt Series 2009 Bonds to be "private activity bonds" within the meaning of Section 141 of the Code, and (ii) result in the interest payable on the Tax-Exempt Series 2009 Bonds to be not exempt from federal income taxation under the Code.

Section 10. Rebate Fund.

(a) There has previously been created and ordered maintained in the custody of the Trustee (except when invested as herein provided), the Rebate Fund, which shall not constitute a Special Fund or Account securing the Series 2009 Bonds or other Obligations. There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Memorandum of Instructions. Subject to the transfer

provisions provided in paragraph (d) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Amount (as defined in the Memorandum of Instructions), for payment to the United States of America, and neither the University nor the owner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section, by Section 9 of this Resolution and by the Memorandum of Instructions (which is incorporated herein by reference).

(b) The Trustee shall have no obligations to rebate any amounts required to be rebated pursuant to this Section, other than from moneys held in the funds created under the Trust Agreement or from other moneys provided to it by the University upon its request for said moneys from the University as set forth in the Memorandum of Instructions.

(c) The Trustee shall, at the direction of the University, invest amounts held in the Rebate Fund and deposit all earnings on such amounts as provided in the Memorandum of Instructions.

(d) The Trustee shall remit moneys in the Rebate Fund to the United States, as directed in the Memorandum of Instructions. Any funds remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Amount, or provision made therefor satisfactory to the Trustee shall be withdrawn and remitted to the University.

(e) Notwithstanding any other provision of this Resolution or the Trust Agreement, the obligation to remit the Rebate Amounts to the United States and to comply with all other requirements of this Section, Section 9 of this Resolution and the Memorandum of Instructions shall survive the defeasance or payment in full of the Bonds.

Section 11. Official Statement. The Fiscal Officer is hereby authorized to execute and deliver preliminary and final official statements on behalf of the University, in such forms as such officer may approve, and to deem such official statements to be “final” for purposes of Securities and Exchange Commission Rule 15c2-12, such officer’s execution thereof on behalf of the University to be conclusive evidence of such authorization, approval and deeming, and copies thereof are hereby authorized to be prepared and furnished to the Original Purchaser for distribution to prospective purchasers of the Series 2009 Bonds and other interested persons.

The Fiscal Officer on behalf of the University is hereby authorized to execute and deliver continuing disclosure certificates or agreements dated as set forth in the Series 2009 Certificate of Award (the “Continuing Disclosure Certificate”) in connection with the issuance of the Series 2009 Bonds in such form as such officer may approve. The University hereby covenants and agrees that it will execute, comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Failure to comply with any such provisions of the Continuing Disclosure Certificate shall not constitute a default on the Series 2009 Bonds; however, any holder or owner of the Series 2009 Bonds may take

such action as may be necessary and appropriate, including seeking specific performance, to cause the University to comply with its obligations under this paragraph and the Continuing Disclosure Certificate.

The Fiscal Officer on behalf of the University is hereby authorized to furnish such information, to execute such instruments and to take such other actions in cooperation with the Original Purchaser as may be reasonably requested to qualify the Series 2009 Bonds for offer and sale under the Blue Sky or other securities laws and regulations and to determine their eligibility for investment under the laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Original Purchaser; provided however, that the University shall not be required to register as a dealer or broker in any such state or jurisdiction or become subject to the service of process in any jurisdiction in which the University is not now subject to such service.

Section 12. Series 2009 Credit Support Instrument. The Fiscal Officer is hereby authorized, but shall not be required, to apply for one or more Series 2009 Credit Support Instrument. The Fiscal Officer is hereby authorized to select one or more Financial Institution having qualifications and duties as may be set forth in the Series 2009 Certificate of Award and the Series 2009 Supplemental Trust Agreement to serve as a Series 2009 Financial Institution and to provide any Series 2009 Credit Support Instrument, and to accept the commitment of a Series 2009 Financial Institution therefor, and the payment of the fees, premiums and expenses relating to any Series 2009 Credit Support Instrument from sources as may be described in the Series 2009 Certificate of Award and the Series 2009 Supplemental Trust Agreement is hereby authorized. The Chairman of the Board, the President of the University, the Secretary of the Board and the Fiscal Officer, or any one or more of them, are each authorized and directed to execute, acknowledge and deliver, in the name of and on behalf of the University, a reimbursement agreement or other agreement with each Series 2009 Financial Institution providing for the payment of the fees and expenses of such Series 2009 Financial Institution and the reimbursement, and security for the reimbursement, of such Series 2009 Financial Institution for advances made pursuant to any Series 2009 Credit Support Instrument, in such form as may be permitted by the Act and approved by the officer or officers executing the same on behalf of the University. The approval of such form by the Board and such officer or officers shall be conclusively evidenced by the execution of such agreement by such officer or officers.

Section Series 2009 Bonds. Pending the preparation of definitive Series 2009 Bonds the University may execute and the Trustee shall authenticate and deliver temporary Series 2009 Bonds in printed or typewritten form. Temporary Series 2009 Bonds shall be issuable in fully registered form, of any denomination, and substantially in the form of the definitive Series 2009 Bonds but with such omissions, insertions and variations as may be appropriate for temporary Series 2009 Bonds, all as may be determined by the Fiscal Officer. Every temporary Series 2009 Bond shall be executed on behalf of the University, and be authenticated by the Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Series 2009 Bonds. If one or more temporary Series 2009 Bonds are issued, then without unnecessary delay the University shall execute and furnish to the Trustee in exchange

therefor without charge, and the Trustee shall authenticate and deliver in exchange for such temporary Series 2009 Bonds an equal aggregate principal amount of definitive Series 2009 Bonds. Until so exchanged the temporary Series 2009 Bonds shall be entitled to the same benefits under the Trust Agreement as definitive Series 2009 Bonds.

Section 14. Prior Actions Approved. All actions hereto taken by officers and employees of the Board and the University in connection with the approval, authorization, sale, execution, delivery and issuance of the Prior Obligations or the security therefor, or any Interest Rate Hedge or Credit Support Instrument related thereto or to the Series 2009 Bonds, are hereby approved, ratified and confirmed.

Section 15. Additional Special Funds and Accounts. The Fiscal Officer is hereby authorized to create such additional Special Funds and Special Accounts in connection with the Series 2009 Bonds and the security therefor and the remarketing thereof as the Fiscal Officer deems necessary. Any such Special Funds and Accounts and the permitted investment thereof shall be described in the Series 2009 Certificate of Award.

Section 16. Bond Anticipation Notes. Notes in anticipation of Bonds (herein the "Series 2009 Notes") may be issued in lieu of some or all of the Series 2009 Bonds if the Fiscal Officer determines in the Series 2009 Certificate of Award that the issuance of the Series 2009 Notes would be in the best interests of the University. In such event:

a. Except as otherwise described below or where the context otherwise requires, references herein to the Series 2009 Bonds shall be deemed to refer to the Series 2009 Notes.

b. The Board hereby determines that (i) it is necessary and in the best interests of the University to issue General Receipts Bonds of the University in a principal amount not to exceed the amount of the Series 2009 Notes to be set forth in the Series 2009 Certificate of Award, bearing interest at the rate of approximately six per cent (6%) per annum, maturing in substantially equal annual or semiannual installments of principal and interest over a period not exceeding ten (10) years after their issuance, and having an estimated annual principal and interest payments to be set forth in the Series 2009 Certificate of Award, and (ii) it is necessary and in the best interests of the University to issue the Series 2009 Notes in anticipation of the issuance of such Bonds in such principal amount pursuant to the laws of the State of Ohio, and particularly the Act, upon the terms set forth herein.

c. The Series 2009 Notes shall (i) be issued in a principal amount not to exceed the amount specified above for the Series 2009 Bonds in one or more series; (ii) be of the denominations, dated and numbered; (iii) bear interest at a rate or rates not exceeding six percent (6%) per annum, based on a 360-day year comprised of twelve 30-day months, payable at maturity; and (iv) mature on a date not exceeding one year from the date of issuance (such date being the Interest Payment Date for the Series 2009 Notes); all as determined by the Fiscal Officer in the 2009 Certificate of Award. The Series 2009 Notes may be subject to call for

redemption prior to maturity, upon such terms as the Fiscal Officer may determine in the 2009 Certificate of Award. The principal of and interest on the Series 2009 Notes shall be payable upon presentation at maturity in lawful money of the United States of America at the office of the Trustee, as Trustee under the Trust Agreement. The Series 2009 Notes may be issued in bearer or fully registered form, without coupons, as determined by the Fiscal Officer in the 2009 Certificate of Award, in substantially the form to be set forth in the Third Supplemental Trust Agreement.

d. The Series 2009 Notes shall be issued pursuant to and secured by the Third Supplemental Trust Agreement in lieu of the Series 2009 Supplemental Trust Agreement.

e. The Board finds that the conditions stated in numbered subparagraphs (1) and (2) of Section 3(a) of the General Bond Resolution will be satisfied by the time of authentication of the Series 2009 Notes. The Fiscal Officer shall confirm these findings by a certificate in form satisfactory to, and to be filed with, the Trustee prior to the authentication of the Series 2009 Notes, and the Fiscal Officer may provide such other evidence with respect thereto as the Trustee may reasonably request.

f. In consideration of the loan evidenced by the Series 2009 Notes, the University covenants and agrees that (i) it will use its best efforts to do all things necessary to effect the authorization, issuance and delivery, prior to the maturity of the Series 2009 Notes, of bonds or notes to refund or retire the Series 2009 Notes, pursuant to the Act, or other authorizing provisions of law, in such principal amount as shall be necessary together with other lawfully available funds, if any, to pay the Debt Service Charges on the Series 2009 Notes when due, (ii) it will do all things necessary to sell such bonds or notes at the time provided above and will accept such price and such interest rate or rates as shall be necessary in order to effect such sale, and (iii) it shall apply the proceeds of such bonds or notes to the extent necessary to make full payment of the Debt Service Charges on the Series 2009 Notes; such obligations are established as duties specifically enjoined by law upon the University and its officers, and resulting from their respective offices, trusts or stations within the meaning of Section 2731.01 of the Ohio Revised Code. In connection with the aforesaid covenant, it is the present intention of the University that such bonds as may be issued to retire the Series 2009 Notes will be issued as Obligations pursuant to the General Bond Resolution.

Section 17. Relationship of this Resolution to General Bond Resolution. It is understood and acknowledged by the University that the Series 2009 Bonds are being issued pursuant to the terms of the General Bond Resolution, as amended and supplemented by the terms of this Resolution; that the Series 2009 Bonds are subject to all of the terms and conditions of the General Bond Resolution, as amended, except as otherwise provided herein; and that all of the terms, conditions, covenants and warranties contained in the General Bond Resolution, as amended, except as otherwise provided

herein, shall apply with like force and effect to the Series 2009 Bonds as if originally made in connection therewith. The General Bond Resolution and the Trust Agreement, as amended and supplemented to date including by this Resolution, and the Obligations issued to date thereunder, including the Prior Obligations, are hereby approved, ratified and confirmed.

Section 18. General. This Resolution is adopted pursuant to the General Bond Resolution and the Trust Agreement. The appropriate officers of the University shall do all things necessary and proper to implement and carry out the orders and agreements set forth in or approved in the General Bond Resolution and this Resolution for the proper fulfillment of the purposes thereof. Without limiting the generality of the foregoing, the Fiscal Officer and other appropriate officers of the University are hereby authorized to apply to the Ohio Board of Regents for any required approvals with respect to the 2009 Project or the Series 2009 Bonds. Should all the Series 2009 Project or the Series 2009 Bonds not receive such approvals by the time the Series 2009 Bonds are sold, the Fiscal Officer shall set forth in the Series 2009 Certificate of Award the 2009 Project and the amount of Series 2009 Bonds that have received such approvals. Thereupon, the Series 2009 Bonds shall be issued in a principal amount not exceeding the amount approved by the Ohio Board of Regents and the 2009 Project shall include only the projects approved by the Ohio Board of Regents.

Section 19. Inconsistencies. All orders, resolutions and other official actions, or parts thereof, inconsistent herewith or with the documents hereby authorized, approved, ratified or confirmed are hereby repealed, but only to the extent of such inconsistency. This Resolution shall not be construed as otherwise revising any order, resolution or other official action, or part thereof.

Section 20. Open Meeting Determination. It is found and determined that all formal actions of the Board concerning and relating to the adoption of this Resolution were adopted in an open meeting of the Board, and that all deliberations of the Board and of any of its committees that resulted in such formal actions were in meetings open to the public, in compliance with all legal requirements, including Section 121.22 of the Revised Code of Ohio.

Section 21. Effective Date. This Resolution shall take effect and be in force immediately upon its adoption.

Adopted: January 23, 2009

Trustee Schey recommended adoption of the Approval to Increase Project Budget and Utilize Funding Sources Resolution. Trustee Kidder made a motion to approve the resolution. Trustee Dewire seconded the motion. No discussion ensued. All voted in favor.

APPROVAL TO INCREASE PROJECT BUDGET AND UTILIZE FUNDING SOURCES

RESOLUTION 2009 - 3092

WHEREAS, the Ohio University Board of Trustees, at its January 2007 meeting approved the Integrated Learning Research Facility construction project, which has been renamed the Academic Research Center (“ARC”), and a budget of \$30,000,000,

WHEREAS, subsequent to the aforementioned approval bids were taken on the project with several alternates identified including build out of spaces that were identified in the base bid as shell space; these alternates include build out of 14 laboratories, 11 offices, and 5 classrooms on the 2nd and 3rd floors, a connecting bridge to West Green Plaza leading to Stocker Hall, and landscaping,

WHEREAS, adding this additional work increases the project budget from \$30,000,000 to \$34,500,000,

WHEREAS, additional funds have been identified to cover the costs associated with the alternates as well as potential shortfalls associated with gift funding, and

WHEREAS, these additional funds include \$3,500,000 from the College of Engineering, \$1,500,000 from the College of Medicine, and a \$2,400,000 internal loan from the University to the College of Engineering,

NOW, THEREFORE, BE IT RESOLVED that the Ohio University Board of Trustees does hereby authorize Ohio University, the President or his designee, to increase the project budget for construction of the Academic Research Center to \$34,500,000 with the use of additional funds from the College of Engineering and College of Medicine.

Trustee Schey recommended adoption of the Approval of Construction and Renovation Project Approval Guidelines Resolution. Trustee Perry made a motion to approve the resolution. Trustee Anderson seconded the motion. No discussion ensued. All voted in favor.

APPROVAL OF CONSTRUCTION AND RENOVATION PROJECT APPROVAL GUIDELINES

RESOLUTION 2009 - 3093

WHEREAS, construction and renovation project approval guidelines have been developed as follows:

1. Construction or renovation projects of total project budget* of \$500,000 or more will be brought to the Board of Trustees for approval.
2. Consultants may be hired prior to bringing a project to the Board for approval in order to achieve greater levels of programming needs and costs estimates.
3. A project approval request will at minimum provide a description of the proposed project scope, a proposed project budget based on total project cost, and a proposed fund source or sources.
4. The goal is for a project to come to the board for approval one time in the life of the project. When projects are planned to be phased over multiple years, where construction costs and fund source availability are difficult to predict years in advance, each phase will be considered a separate project with a separate board approval request.
5. A Board of Trustees approval must be received prior to construction bids being awarded for any construction or renovation project with a total project budget of \$500,000 or more.
6. When appropriate, projects will be brought to the Board for consideration in groupings, such as groups of projects specific to a particular state appropriation or grant.

7. A project will be managed to the project budget approved by the Board of Trustees. Any increase in project budget will be brought to the Board of Trustees for approval.
8. A project will be funded by the particular fund sources approved by the Board of Trustees. Changes in funding sources will be brought to the Board of Trustees for approval.
9. Urgent repair or parts replacement does not require a Board of Trustees approval.

*Total Project Budget includes the cost of a programming consultant, a design consultant, internal or external project management, hazardous materials abatement, cost of testing, furnishings and equipment, and a projected contingency to cover uncertainties associated with the cost of the project which is appropriate to the status of the development of the project. In some cases, it is acceptable to furnish and equip a project all or in part through a funding mechanism outside the total project cost definition such as through an operational budget.

WHEREAS, the above mention project guidelines have been developed, discussed, and agreed upon by the Board of Trustees,

NOW THEREFORE BE IT RESOLVED that the Ohio University Board of Trustees approves the above identified construction and renovation project approval guidelines.

Trustee Schey recommended adoption of the Approval of Projects and Authorization to Develop Construction Documents, Receive Bids and Award Construction Contracts for FY2009 Residence Hall Roof Replacements, FY 2009 New South Boiler Replacements, and FY 2009 Convocation Center Bathroom Upgrades Resolution. Trustee Harris made a motion to approve the resolution. Trustee Anderson seconded the motion. No discussion ensued. All voted in favor.

**APPROVAL OF PROJECTS AND AUTHORIZATION TO DEVELOP
CONSTRUCTION DOCUMENTS, RECEIVE BIDS AND AWARD
CONSTRUCTION CONTRACTS FOR
FY 2009 RESIDENCE HALL ROOF REPLACEMENTS,
FY 2009 NEW SOUTH BOILER REPLACEMENTS, AND
FY 2009 CONVOCATION CENTER BATHROOM UPGRADES**

RESOLUTION 2009 - 3094

WHEREAS, three capital projects have been planned and developed, as follows

- A. FY2009 Residence Hall Roof Replacements, with a total project budget of \$2,900,000 to be funded from Auxiliary Minor Capital.
- B. FY 2009 New South Boiler Replacements, with a total project budget of \$500,000 to be funded from Auxiliary Minor Capital.
- C. FY 2009 Convocation Center Bathroom Upgrades, with a total project budget of \$900,000 to be funded from Auxiliary Minor Capital.

WHEREAS, the above mention projects have been planned, developed, and funded,

NOW THEREFORE BE IT RESOLVED that the Ohio University Board of Trustees authorizes the receipt of bids and the President or his designee to accept and award construction contracts within the total project budgets identified.

Trustee Schey recommended adoption of the Appointing Authority for Ohio University Resolution. Trustee Perry made a motion to approve the resolution. Trustee Dewire seconded the motion. No discussion ensued. All voted in favor.

APPOINTING AUTHORITY FOR OHIO UNIVERSITY

RESOLUTION 2009 - 3095

WHEREAS, Ohio University has designated the Associate Vice President for Human Resources as the appointing authority under Ohio civil service law with the responsibility of determination and signature for all hiring, promotions, transfers, and disciplinary actions (including removal) involving civil service classified employees, and

WHEREAS, the Associate Vice President for Human Resources will now assume the role of appointing authority for administrative employees throughout the University, and

WHEREAS, there may be occasions that the Associate Vice President for Human Resources is unavailable to serve as the appointing authority, the Associate Vice President for Human Resources may designate another by so signifying in writing to serve in as the appointing authority.

NOW THEREFORE BE IT RESOLVED that the Ohio University Board of Trustees does hereby approve and authorize the Associate Vice President of Human Resources to designate another to serve as the appointing authority for all relevant duties when the Associate Vice President for Human Resources is unavailable by so signifying in writing.

Trustee Schey discussed the report, Review of Fiscal Year ended June 30, 2008, and commended the enhancement of information, communication, and transparency. Trustee Schey thanked Senior Vice President for Finance & Administration and Treasurer, William R. Decatur, and his staff for all their dedicated work and involvement.

Trustee Schey noted the Interim Financial Report and Treasurer's Report. He drew attention to the report of University Advancement that highlighted 75% of a \$20 million goal has been reached and praised the work of Vice President Lipman and his staff for their fine work.

President McDavis drew attention to the fact that Ohio University was ranked 12th in state public institutions on the Senate Bill 6 Ratio and now is ranked sixth. He acknowledged and thanked Mr. Decatur and his staff for this significant achievement.

Full minutes of the Committee meeting held on Thursday afternoon follow. Background materials for the University Resources Committee actions and reports may be found in Appendix D.

RESOURCES COMMITTEE MEETING

January 22, 2009 1:00 p.m..

Board Members Present: Sandy J. Anderson, David A. Wolford, Larry Schey, Tracy Kelly, Daniel Delawder, Chuck R. Stuckey, C. Daniel Delawder, Dennis A. Minichello

President McDavis, VP Decatur, Tom Davis, John Biancamano, VP Lipman, Kathy Gilmore, Rebecca Vazquez-Skillings, Brenda Noftz, Michael Angelini, Chris Clifford, Katy Kostohoryz, Sally Linder, Katie Quaranta, Richard Schultz, Harry Wyatt, Christine Sheets, Luis Lewin, Brice Bible, Kris Sano, Joe McLaughlin, Dave Logan, Sean O'Malley

Meeting was called to order at 1:00 p.m.

- 1) **FY10 Budget Update** – Rebecca Vazquez-Skillings presented that there is not much new information since the November Resources Committee meeting. Since the last meeting of the committee there was another round of state cuts that impacted OU on the restricted budgets – COM, WOUB, Voinovich School. There has been little impact on unrestricted budgets in these cuts except for the

Success Challenge line ~ \$300,000. Continue to plan for budget shortfalls in the FY10 budget.

Enrollments continue strong with good numbers of applications for Fall 2009. Winter quarter retention should be known in another week. We are not certain what will occur with tuition caps for the FY10/11 budget. The state budget will be introduced in the next 2 weeks and we will have our first glimpse of the state plans.

Current shortfall in FY09 budget is a result of investment income shortfall and still panning for potential state cut to impact unrestricted budget in FY09. Planning units are still planning for 'savings' targets to offset anticipated shortfalls. The hiring freeze has been in effect and has resulted in holds on most vacancies unless they relate to the academic mission to students.

Investment income is not being relied on in the FY10 budgeting. State subsidy cuts are being assumed and refinements to expenditure budget increases such as utilities are being completed. Planning groups are working on savings and efficiencies to help close the FY10 gap. Scenarios being worked on for FY10 assuming varying levels of revenue and expenditure growth based on the projected \$7.4 Billion state budget deficit. Recommendations for salary increases are hovering at the 0% level given economic and state news. Current planning given scenarios revolve around 3 reduction target levels - \$20M, \$30M, and \$40M. Reduction targets are not to be simply distributed to units based on the distribution methodologies of the past but rather based on more informed methodologies and planned restructurings. Unit reduction targets will be further refined when the Governor's budget is released. Reductions in the above magnitudes will definitely call for layoffs - decisions and the beginning of implementation must take place in early-March to achieve reductions for next fiscal year.

Tuition caps may well be below 6% given the affordability issues in the state. Early scenarios used 6% tuition increases, but we are now also modeling from 0-3% in light of pressure to keep tuition low. Our peers across the state are also being equally cautious in their planning efforts as we all wait for information on the upcoming state budget.

Our shared services and strategic procurement initiatives are moving forward also. Through a cooperative prescription buying plan among state agencies we hope to realize \$600,000 in annual savings. Office supplies, scientific equipment

and supplies, and IT equipment are other opportunities for state or regional purchasing cooperatives.

Vision Ohio has been impacted due to the state and national economic issues. Initiatives that have been started and are having a positive impact will be looked at critically with an eye to moving those successful efforts. Other initiatives, not underway or less obvious in their success, may be delayed in these economically difficult times. The initiative to increase faculty salaries with an additional \$1.2 million increment annually for five years to increase our national standing for those salaries is still a top priority and at worst would be delayed. The news across the country is that many colleges are foregoing salary increases for staff and faculty so if we did delay we might not lose ground on that initiative. Due diligence is being done on many options so that when we know our reduction and budget situation we will have options to act upon backed up by facts.

The hiring freeze to date hasn't had a significant impact on financial results, but the faucet has slowed greatly on the request for new hires. Other expenditures have been targeted for slowed spending also - there is a travel freeze on unnecessary travel and leadership has been on the bully-pulpit on the need to slow spending – unnecessary equipment and supply purchases, small construction projects, etc.

- 2) **Voluntary Early Retirement and Employment Separation Options** – Luis Lewin, new AVP for Human Resources, formerly with the Chicago Tribune has been with us 2 months and presented on employment options. Voluntary options for employment reductions.

ERIP – Ohio PERS classified and administrative employees participate. With any incentive plan we would be looking to achieve an orderly, voluntary exit from the university. Nearly 400 employees are eligible for a one year buyout with total salary of \$18 million. Additional incentives may need to be offered to employees to encourage participation – \$5000 lump sum or extension of medical benefits. One year buyout offering is the minimum under state law. The potential maximum liability increases significantly with increased years of buyout. We would need to offer in timeframes to allow elections and retirement dates to occur to maximize FY10 salary savings. We must offer an ERIP if layoff numbers are 50 or more – the prior two layoffs were offered in lieu of layoffs. We never had gotten to the point of layoff.

ARP – This is a program for individuals who elected Alternative Retirement Plan instead of PERS upon hire. There are 64 eligible employees – mainly faculty.

Incentive of 75% of current salary paid over 60 months as well as 1 year medical coverage. There are benefits to employees that could include deferring payments, a steady pay over 5 years to supplement other income, etc. Savings to be recognized by the university result from replacements at lower cost. There are no rules on the timeframes for offering the packages.

VESP – for those not eligible for ERIP or ARP but have 15-23 years service. Again, could appeal to those that qualify and would like to change careers or employers.

Recommendation is to actually indicate we AREN'T doing a future VESP so that employees will elect this offer and not 'wait for the next VESP'.

Recommended payouts were based on average annual pays today and were deemed to be 'enough' to generate interest. This type of separation is completely at the discretion of management – could limit numbers, only offer the plan long enough to achieve goal, and not accept an employee's election.

RESOLUTION shared with Board to allow the President to act as we access the Governor's budget. The board does not meet again until April and the university leadership would need to act in March. There was discussion on whether this resolution should be in conjunction with a hiring freeze. The implementing of a hiring freeze could leave the university without required skill sets – the ultimate goal is to reduce headcount while changing the way we do business.

The Committee will move the resolution to allow the President to act on early retirement and separation plans forward to the full Board.

3) **Office of Information Technology Improvement Bond Funding**

The project for the SIS and network infrastructure is projected at \$41.4 million. 2 debt issuances are proposed with maturities not to exceed 10 years. The proposed repayment is 50% from internal reallocation and 50% from a student technology fee. Board discussed whether this is the time to lock into a 10 year debt structure for \$29.9 million – look at issuance costs and interest rate environment at time of issue and make appropriate debt structure decisions – could be more advantageous to borrow the \$29.9 million in smaller, as needed increments. Also take advantage of the expertise on the Foundation Board to explore other financing structures. The message of the BOR Chancellor regarding the need for collaboration still rings with the Board members and Trustee DeLawder recommended we obtain the Chancellor's concurrence on this large scale IT project. President McDavis and Brice Bible will apprise the

Chancellor of where we are with our decision making, the urgency for OU, and our commitment and enthusiasm to collaborate future projects state-wide and regionally.

1st issuance for ~ \$30 million, issue date of May 1, 2009, straight-forward bond issuance, have included the flexibility to issue BANs in case there is unanticipated volatility in the bond market but the intent is to issue fixed rate bonds

2nd issuance for ~ \$5.9 million but are not requesting approval at this time, this issuance will be necessary for network infrastructure improvements.

RESOLUTION to approve 1st bond issuance be moved forward to full Board.

- 4) **Academic Research Center (ARC) \$7.4 Million Funding** – Bill Decatur reviewed the project history and the funding scenario when the project was \$30 million which would be constructed leaving shell space on the upper 2 floors. The Russ gift in late FY08 allowed for the accepting alternates to finish out the building with earnings from that gift. The new project budget including alternates is \$34.5 million. Due to market decline there will not be earnings from the Russ gift as anticipated when the alternates were approved and the board is being asked to approve the revised funding scheme included in the materials.

RESOLUTION to approve revised funding for the ARC project funding gap will be moved forward to the full Board.

- 5) **Capital Project Approval Plan** is designed to provide clear guidance as to what capital projects will move forward for Board approval. This helps us to improve internal controls and will move our UPI office to more detailed planning earlier in the construction project process. Benchmarking with other universities was conducted and this is a best practice proposal.

RESOLUTION to approve capital project approval plan will be moved forward to the full Board.

- 6) **Capital Projects** presented for three projects within the Auxiliary annual operating budget that are over the \$500,000 threshold – Residence Hall Roof Replacements, Boiler Replacements, and

RESOLUTION to approve the 3 capital will be moved forward to the full Board.

- 7) **Appointing Authority Designee** – allows for the appointing of a designee for appointing authority in the absence of the AVP for HR. Also designates the AVP for HR as the appointing authority for both classified and administrative appointments. The addition of administrative appointments is viewed as a huge improvement in internal controls
- 8) **Financial Statement Highlights and Year-over-Year Review** – there was good improvement in our financial ratios for the 2008 fiscal year. It is significant to improve from 12th to 6th and was a great tribute to the work that VP Decatur started us on 2 years ago. Small continuous improvement will help us achieve continued improvements.
- 9) **Interim Financials – November, 2008** – contingency plans discussed during the budget presentation are in place and helping to hold down expenditure growth. The narrative is a great help to the Board to allow them to key in on major issues for their financial statement review.
- 10) **Treasurer's Report – November, 2008** – issues with the market are causing the greatest discussion within the investment committee of the OUF Board. The move to shift to a more diverse asset allocation strategy several years ago, Goldman Sachs came into review the results and progress attributed to the change in asset allocation and found that the performance of the portfolio held up as well as any in the market downturn and actually shielded the foundation from more significant losses.
- 11) **Report from Advancement** – VP Howard Lipman reported good news in fundraising. Russ gift has not been counted to date because that gift was not part of the plan for this year but that \$85 million will be credited to FY09. Have seen a slowdown in our annual giving with the economy being cited as the reason. Many folks are still giving but have pared back the number of organizations they give to – we hope we remain one of the top recipients. Major gift solicitations have trended off but we are now in major cultivation mode. We have been advised by donors that now is not the time to ask for gifts. A Director of Corporations and Foundations, based out of Columbus, was recently hired. The Capital Campaign preparation is moving forward. Howard has been meeting with each academic unit and having them articulate their priorities. Those drafts will be circulated and discussed shortly. Goal is to be ready to do majority of prep-work prior to June 30, 2009, and be ready to hit the campaign when the economy recovers.

12)Unfinished Business - none

Meeting adjourned at 3:15 p.m.

University Academic Committee

Trustee Perry asked that Trustee Kidder offer the report of the Committee. Trustee Kidder reported the Committee agreed on a tuition rate designed to change our RN to BSN program to respond to market demand.

Trustee Kidder recommended adoption of the Special Tuition for On-Line Nursing RN to BSN Completion Degree Offered in Partnership with Higher Education Holdings, LLC Resolution. Trustee Anderson made a motion to approve the resolution. Trustee Dewire seconded the motion. No discussion ensued. All voted in favor.

Fiscal Year 2008-2009

Special Tuition for On-Line Nursing RN to BSN Completion Degree Offered in Partnership with Higher Education Holdings, LLC

RESOLUTION 2009 - 3096

WHEREAS, Ohio University wishes to expand its mission of nursing education to more students in an affordable and convenient on-line format in cooperation with hospitals and medical facilities.

WHEREAS, Ohio University has entered into a mutually beneficial agreement with Higher Education Holdings, LLC, to market and support on-line delivery of the RN to BSN completion degree

WHEREAS, the market analysis performed by Higher Education Holdings, LLC, and reviewed by Ohio University indicates that a tuition of approximately \$5,950 for 12 on-line nursing courses constituting 51 course quarter hours and \$2,100 for 6 on-line non-nursing courses constituting approximately 24 course quarter hours will be a cost well-received to nursing employers and will provide sufficient resources to offer such a program under this unique arrangement.

WHEREAS, the attached schedule of fees for nursing courses (an instructional fee of \$113 and a general fee of \$4 per student credit hour) and non-

nursing courses (an instructional fee of \$84 and a general fee of \$3 per student credit hour) with out-of-state fees waived have been reviewed and recommended for this program.

NOW THEREFORE, BE IT RESOLVED, that the Ohio University Board of Trustees approves and adopts the attached and abovementioned fees to be charged to students who enroll in this program.

Trustee Kidder moved to adopt the University System of Ohio Accountability and Affordability Reports Resolution. Chair DeLawder motioned. Trustee Perry seconded. No discussion. All voted in favor.

**OHIO UNIVERSITY
UNIVERSITY SYSTEM OF OHIO ACCOUNTABILITY AND
AFFORDABILITY REPORTS**

RESOLUTION 2009 - 3097

WHEREAS, the University System of Ohio required all public institutions to provide two reports in November 2008: on tuition and fee projections relating to AY 2009-2010 and AY 2010-2011 and on five year institutional projections on the Accountability Measures included in the University System of Ohio Strategic Plan, and

WHEREAS, the Ohio Board of Regents requires formal endorsement of the reports by Boards of Trustees, and

WHEREAS, the University Resources Committee reviewed the reports and endorsed the reports on November 13, 2008

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees of Ohio University formally endorse the University System of Ohio Accountability and Affordability Reports prepared and submitted by Ohio University to the Ohio Board of Regents.

Trustee Kidder referenced the Executive Vice President and Provost Krendl's reports on Fall Quarter 2008 Regional Campus Visits and Task Force on Centers of Excellence in Graduate and Professional Education. He acknowledged the report on the review of the implementation of Vision Ohio as a means of accountability of where we stand. He briefly discussed student judicial updates as reported by Vice President for Student Affairs, Kent Smith, and noted progress in reducing the severity and frequency of charges. He also noted that appropriate action is being taken by administration on other concerns of high numbers.

Trustee Kidder recommended adoption of the Appointment to Regional Coordinating Councils Resolution. Trustee DeLawder seconded the motion. No discussion ensued. All voted in favor.

Appointment to Regional Coordinating Councils

RESOLUTION 2009 - 3098

BE IT RESOLVED BY the Board of Trustees of Ohio University that the following persons be appointed to membership on the Coordinating Council at the Regional Campus of Ohio University - Southern.

Ohio University - Southern

- | | |
|-------------------------|--|
| David E. Carter | For a three-year term beginning January 1, 2009, and ending at the close of business June 30, 2011, vice Patricia Schultz, whose term expired. |
| Dianne Clement | For a three-year term beginning January 1, 2009, and ending at the close of business June 30, 2011, vice John Davis, whose term expired. |
| Douglas J. Freeman, Jr. | For a three-year term beginning January 1, 2009, and ending at the close of business June 30, 2011, vice Robert Pleasant, who resigned. |

Trustee Kidder recommended adoption of the Resolution of the Trustees of Ohio University Regarding the Leadership, Responsibility, and Security of Ohio's Information Technology Infrastructure. Trustee Kidder moved approval of the resolution. Trustee Perry seconded the motion. No discussion ensued. All voted in favor.

THE OHIO UNIVERSITY BOARD OF TRUSTEES RESOLUTION
January 23, 2009

RESOLUTION 2009 - 3099

**Regarding the Leadership, Responsibility, and Security
of OHIO's Information Technology Infrastructure**

WHEREAS the current fiscal challenges require that the University seek every opportunity to maximize the efficiency and effectiveness of its information resources; and

WHEREAS the University desires to fortify and align its information technology infrastructure with its academic mission to increase quality and accountability for the use of these highly valued resources while taking into account the unique needs of each college and planning unit; and

WHEREAS, Information Technology is increasingly complex, but the appropriate and timely access of information across the University is critical for modern business practices; and

WHEREAS, the changing technology landscape has resulted in significant advances in capability for the use, dissemination and potential misuse of sensitive information; and

WHEREAS, the advent of the Internet has significantly transformed the manner in which information is stored and accessed on interconnected systems throughout the world;

WHEREAS, the increasing portability of information has significantly increased the opportunities for sensitive information to be misplaced or otherwise inappropriately accessed or disseminated; and

WHEREAS, it is critical that the University protect its institutional information and information technology resources so as to reduce the possibility of unauthorized access to sensitive information or servers running mission-critical applications.

NOW THEREFORE BE IT RESOLVED that the Trustees direct the President to direct the University Chief Information Officer to assume leadership, responsibility and control for the University's information technology resources and data, including potentially sensitive information. This responsibility shall extend to each University campus, college and planning unit. The Chief Information Officer shall utilize the experience, expertise and resources of other University offices as appropriate.

IT IS FURTHER RESOLVED that the Trustees direct the President to direct the University Chief Information Officer to be responsible for conducting all investigations and responses related to the unauthorized access and/or disclosure of sensitive information as well as all computer security incidents to minimize risk to the university and its constituents.

IT IS FURTHER RESOLVED that the Trustees direct the President to direct the University Chief Information Officer to develop and implement all appropriate policies and procedures necessary to protect the University's information technology resources and data.

Full minutes of the Committee meeting held on Thursday afternoon follow. Background materials for the University Academics Committee actions and reports may be found in Appendix E.

Governance Committee

Trustee Dewire discussed the process for revising the Draft Statement of Expectations for Members of the Board. General Counsel John Biancamano will assemble the comments and suggestions addressed during the committee meeting to create another draft to be reviewed at the April board meeting. Chair DeLawder clarified that feedback was received from university constituents for the Expectations for Members of the Board as well.

Trustee Dewire recommended adoption of the resolution on The Ohio University Board of Trustees' By-Laws Audit Committee Amendment. Trustee Perry seconded the motion. No discussion ensued. All voted in favor.

AUDIT COMMITTEE CHARTER

RESOLUTION 2009 - 3100

WHEREAS, the University Trustees recognize the benefit of an Audit Committee and having a charter that addresses the Audit Committee's role, authority, responsibility, scope, and accountability, and

WHEREAS, an Audit Committee Charter is considered an industry best practice.

WHEREAS, The Audit Committee is appointed by the Trustees to consider and make recommendations for action by the board related to the Audit Committee's oversight responsibilities.

WHEREAS, the Audit Committee's responsibilities include the oversight of the internal audit functions, annual or other periodic audits of financial operations, the recommendation of the appointment of an external audit firm to the Trustees, the receipts of reports of the internal auditor and the external audit firm, and the university whistleblower policy, which is a university accountability and compliance procedure.

NOW THEREFORE, BE IT RESOLVED, that the Ohio University Board of Trustees approves the Audit Committee Charter presented to them formally this day.

Trustee Dewire reported on the evaluation surveys from the Annual Board Retreat. Results from the surveys recommended the Retreat be repeated annually and a resolution will be presented in the next Board meeting. Trustee Dewire outlined the Roles and Responsibilities of the Chair and Vice Chair unique to Ohio University which also will be presented in a resolution at the next Board.

Trustee Dewire reported on a presentation by faculty member David Thomas entitled "Enhancing Effective and Sustained Communication between the Faculty and the Board of Trustees of Ohio University." In his report, Dr. Thomas presented the summary of six existing models of trustee-faculty formal relationships. A part of this report included the current formal and informal communication strategies between the Faculty and the Board of Trustees. Trustee Dewire recommended continual annual assessment as a means to improve and maintain effective communication.

Trustee Dewire recommended approval of the Faculty Representatives to the Board of Trustees Resolution. Trustee Perry seconded the motion. Trustee Dewire opened the floor to discussion. Chair DeLawder indicated that the Chair of the Board may invite these or other faculty members to sit on additional committees as deemed appropriate and necessary. Trustee Dewire indicated that the participation would be as non-voting participation on both the University Academics Committee and the University Resource Committee. In addition, he confirmed that participation would begin at the next Board meeting. Student Trustee Kelly expressed strong support for the resolution. Chair DeLawder stressed the importance of the assessment piece. All voted in favor.

Faculty Representatives to the Board of Trustees

Resolution 2009 - 3101

Whereas, the Board of Trustees recognizes the important role that the principle of shared governance plays in institutions of higher education; and

Whereas, the Board desires to seek input and involvement from faculty regarding matters that come before it;

Now therefore, be it resolved that the Board of Trustees hereby formally invites the chair of the Faculty Senate Finance and Facilities Committee to serve as an ex officio nonvoting faculty representative to the University Resource Committee; and

Be it further resolved that the Board of Trustees hereby formally invites the chair of the Faculty Senate Curriculum Council to serve as an ex officio nonvoting faculty representative to the University Academics Committee; and

Be it further resolved that the Chair of the Board of Trustees may invite these faculty representatives to serve on additional committees or in such other capacities as he or she deems appropriate.

Full minutes of the Committee meeting held on Thursday afternoon follow. Background materials for the Governance Committee actions and reports may be found in Appendix F.

GOVERNANCE COMMITTEE MINUTES

January 22, 2009

Ohio University Eastern Campus

In attendance were Committee Chair Norman “Ned” E. Dewire, Trustee Sandra J. Anderson, National Trustee Charles R. Stuckey, Student Trustee Tracy Kelly, Student Trustee Chauncey J. Jackson, and Alumni Representative Dennis Minichello. Also attending were Board Chair C. Daniel DeLawder, Secretary to the Board Tom Davis, and General Counsel John J. Biancamano.

Trustee Dewire began the meeting at 3:30 p.m. by announcing the topics listed in the agenda.

Trustee Dewire reviewed the **Resolution**, *The Ohio University Board of Trustees’ By-Laws Audit Committee Amendment*. No questions or comments were raised. The Committee reached consensus to send the Resolution to the full Board for its consideration.

Trustee Dewire reported on the evaluation surveys from the Annual Board Retreat. Trustees sent back suggestions and recommendations. Results from the surveys recommended the retreat be repeated annually which includes the annual ethics training. Trustee Kelly suggested the retreat take place at the Ohio University Inn, and the Committee will take this into consideration.

Trustee Dewire reviewed each section of the Draft Statement of Expectations for Members of the Board for suggestions and inputs. Mr. Biancamano incorporated ideas from his review of best practices, Board Chair DeLawder’s initial suggestions as Chair, and The Ohio State University’s Board Expectations document. The Statement of Expectations was previously distributed to all Board Members and input was received from additional trustees, not only those serving on the Governance Committee, as well as considerable input from the Student Senate. Mr. Biancamano will use the comments and suggestions voiced to create another draft to send back to the Committee and Trustees before the April 2009 meeting.

Vice President for Student Affairs Kent J. Smith asked the intent of this document and the value behind it. Trustee Dewire responded that the Board, “is made up of strong individuals who make a decision together as one entity.” The Board expects debate before decisions are made, but once made, the Board Chair is the one to speak about the actions taken by the Board. Trustee Dewire reported an additional intent is for new trustees and to outline relationships among trustees within the board and university constituents. Student Trustee Kelly asked for this to preface the

document in an opening paragraph, and Mr. Biancamano reported he had created a similar statement.

Under the Succession Planning section, Trustee Dewire outlined the Roles and Responsibilities of the Chair and Vice Chair unique to Ohio University. No time commitment was added to the statement for these two positions. Trustee Dewire noted that a Vice Chair does not automatically become Chair. Student Trustee Kelly suggested changing the wording under the Chair's responsibility to speak on, 'Board actions and deliberations.'

Trustee Dewire reviewed past and current nominations of University Trustees who serve on the Foundation Board. A small workgroup recently met to discuss how to develop a process for Board Members to be appointed to the Foundation Board. A stated expectation is that any one of the nine Governor-appointed Trustees will be granted a two-year term. Of the two members of the Trustees, one member will be in their first four years of office and the second member in their next five years. Approval is needed by the full Board of Trustees. Trustee Dewire opened discussion regarding these principals. Trustee Anderson questioned the timing of the nominations. Howard Lipman responded there is a need to sit down and discuss this. Trustee Dewire suggested naming one Trustee every June to keep continuity. Mr. Biancamano will create a resolution for the upcoming April meeting as addition to the Board bylaws.

David O. Thomas, Vice-Chair, Ohio University Faculty Senate, presented a handout, "Enhancing Effective and Sustained Communication between the Faculty and the Board of Trustees of Ohio University." Participating in interviews conducted for this presentation were Dr. Thomas, Secretary Davis, Chief of Staff Becky Watts, and Provost Kathy Krendl. Mr. Thomas thanked the contributing members along with the President and members of the Board.

Dr. Thomas discussed the purpose and rationale for the Faculty-Board communication study. He reviewed the current formal and informal communication strategies between the Faculty and the Ohio University Board of Trustees. Secretary Davis responded to a question in regard to current communication with the Board by explaining how e-mails from the @ohio.edu account are forwarded to the Board Chair.

Dr. Thomas reviewed the summary of six existing models of Trustee-Faculty Formal Relationships found in their research: Faculty Trustees with vote, Faculty Trustees without vote, non-voting Faculty Trustees, non-voting Faculty Representative with Committee responsibilities only, no faculty trustee or representative, and no faculty

representative and no presentation by Faculty Senate Chair. Trustee Dewire and Mr. Thomas suggested the Committee look at non-voting Faculty Trustees and non-voting Faculty Representative with Committee responsibilities.

Dr. Thomas provided a Summary of the research by reading pros and cons of both communication models. He also discussed additional communication strategies before reviewing the “Decision Tree” of Faculty Representation to the Board.

Dr. Thomas identified how the university currently operates in their communication model before reviewing his flow chart. Dr. Thomas suggested continual annual assessment as a means to implementing successful and unsuccessful strategies. Trustee Dewire asked questions to clarify Dr. Thomas’ presentation.

Dr. Thomas showed three different models. Trustee Dewire opened the floor to questions. Trustee Anderson asked other contributing members to share recommendations as well. Provost Krendl reported that Provosts experiences were positive with Faculty Representatives and were best served on Committees. Secretary Davis reported other Secretaries did not see a need for a formalized Faculty Trustee and supported other non-representative practices as well. Becky Watts reported that execution is key, no matter what is in place, the responsibility is on the Board Members and Faculty Members. Student Trustee Kelly wants faculty voices to be heard in Ad Hoc Committees. Trustee Dewire encouraged that communication as well.

A question was raised about how Faculty Representatives are selected other than by Faculty Senate. (President McDavis was welcomed to the meeting) Trustee Dewire described background of the research of this presentation. Trustee Anderson clarified the difference between the models and agreed with a formalized Faculty Representative as an official non-voting Board Member focusing on the assessment piece. Trustee Dewire suggested a formal invitation for Faculty to sit on Committees. Becky Watts and Secretary Davis clarified term limits and selection processes. Trustee Dewire clarified that we will have two Ex-officio, non-voting Faculty Representatives on the Board as a member of the Committee to sit at the table. Mr. Biancamano will bring a resolution to the full Board tomorrow.

Unfinished Business: Trustee Dewire noted a by-law change at the April meeting of the nomination of vice-chair and chair to be removed from Executive Committee to now be the responsibility of the Governance Committee.

Meeting Adjourned at 5:57 p.m.

Audit Committee

Trustee Kidder recommended approval of and made a motion to approve the Internal Audit Office Amended Charter Resolution. Trustee Kidder changed a minor detail in the logistics. Chair DeLawder seconded the motion. All voted in favor.

INTERNAL AUDIT OFFICE AMENDED CHARTER

RESOLUTION 2009 - 3102

WHEREAS, the Trustees of Ohio University have established an independent, objective assurance and appraisal activity to evaluate and improve effectiveness of risk management and internal management controls, and

WHEREAS, the University Trustees recognize the benefit of an Internal Audit Office and having a charter that addresses the Internal Audit Office's role, authority, responsibility, scope, and accountability, and

WHEREAS, the Ohio University Internal Audit Office has proposed its current Charter be amended to reflect the change in the name of the Audit, Finance, Facilities and Investment Committee to the Audit Committee, and

WHEREAS, the Ohio University Internal Audit Office has proposed its current Charter be amended to reflect the change of administrative report from the Secretary to the Board of Trustees to the President, and

WHEREAS, the Ohio University Internal Audit Office has proposed its current Charter be amended to recognize that independence is an essential element of objectivity, and

WHEREAS, the Ohio University Internal Audit Office has proposed its current Charter be amended to reflect the change of the title of Director to Chief Audit Executive, and

WHEREAS, the Ohio University Internal Audit Office has proposed its current Charter be amended to reflect the change in report distribution to include the Senior Vice President for Finance and Administration and to reflect appropriate title changes for those on the distribution list, and

WHEREAS, the Ohio University Internal Audit Office has proposed its current Charter be amended to eliminate the requirement to present annually to the full Board of Trustees. The communication to the Board regarding internal audit issues will occur through the Chair of the Audit Committee.

NOW THEREFORE, BE IT RESOLVED, that the Ohio University Board of Trustees approves the amendments made to the Ohio University Internal Audit Office Charter presented to them formally this day.

Trustee Kidder discussed Plant Moran's report on Internal Audit's FY2008, the FY2009 Internal Audit Objectives. In addition he reviewed a system of following up on formal internal audits via a system developed by Cathy Gilmore. The system will take the form of an Internal Audit Scorecard which will allow the Audit Committee to track recommendations made as a result of internal audits.

Full minutes of the Committee meeting held on Thursday afternoon follow. Background materials for the Audit Committee actions and reports may be found in Appendix G.

**AUDIT COMMITTEE MEETING
EASTERN CAMPUS – OHIO UNIVERSITY
Room 204 Shannon Hall
January 21, 2009 – 3:30 PM**

C. Robert Kidder, Chair of the Audit Committee, called the meeting to order at 3:30 pm. Other Committee Members present were Trustee David Brightbill and Trustee David Wolfort.

All members of the committee were present.

- **Resolution, Audit Committee Charter**

Kathy Gilmore, Chief Audit Executive of Internal Audit (IA), discussed the proposed Audit Committee Charter: Resolution 2009. The charter reviewed by members of the Audit Committee for submission to the full board for approval. The committee recommended to move the resolution to the full Board for approval.

- **Resolution, Internal Audit Charter Revisions**

Ms. Gilmore presented on the Internal Audit Office Amended Charter: Resolution 2009. Several proposed revisions were presented for the committee's approval. A

discussion ensued. The committee recommended to move the resolution to the full Board for approval.

- **FY08 Audited Financial Statements**

Plante and Moran, the external auditor, made a presentation to the Board on the FY08 Audited Financial Statements. Robert Shenton and Keith Martinez of Plante and Moran discussed material presented. The state Auditor has accepted Plante and Moran's audit of OHIO. Questions for clarity were posed, answers were responded in detail, and a lengthy discussion was held. Vice President for Finance and Administration, William Decatur, and Associate Vice President for Finance and Administration, Chris Clifford gave detailed descriptions and updates on these issues and concerns as well.

- **FY09 Internal Audit Objectives**

Ms. Gilmore presented on FY09 Internal Audit Objectives. She discussed completed audits, audits in process, methods for improving internal controls, and key priorities for improving internal controls. President McDavis talked about relationship between Internal Audit and the President's office. Trustee Kidder spoke about the need for management to follow through with plans to remedy problems identified.

- **Internal Audit Scorecard**

Ms. Gilmore presented on the Internal Audit Scorecard. Scorecard outlined audit progress from FY06 through FY08 and also included investigations, special projects and Internal Audit departmental projects. Primary causes and potential solutions were also presented and discussed.

At 4:57p.m. Trustee Kidder motioned to enter executive session. Trustee Brightbill seconded the motion. Vote was unanimous. The focus of the Executive Session was for the sole purpose of an audit conference conducted by an independent certified public accountants with officials of the public office that is the subject of the audit, pursuant to the provisions of R.C. 121.22(D)(2).

At 5:20 p.m. Trustee Kidder motioned to adjourn executive session. Trustee Wolford seconded. Vote was Unanimous. The focus of the Executive Session was for the sole purpose of the consideration of the appointment, employment, dismissal, discipline, promotion, demotion, or compensation of a public employee or official, or the investigation of charges or complaints against a public employee, pursuant to the provisions of R.C. 121.22 (G)(1).

There was no unfinished business.

Meeting adjourned at 4:57p.m.

Executive Committee

Chair DeLawder opened the Executive Committee meeting at 7:35 a.m. on January 23, 2009. He began the meeting by welcoming Dr. Terry MacTaggart, representative from the Association of Governing Boards and external assessor for the recently-conducted Comprehensive Presidential Evaluation. Chair DeLawder made the motion to move into Executive Session, seconded by Trustee Schey. Secretary Davis called the roll; yes, Trustees DeLawder, Perry, Anderson, Dewire, Kidder, Schey, Wolford, Harris, and Brightbill. Passed by 9-0 vote.

The board moved into Executive Session to consider employment matters related to the President's performance. (R.C. 121.22(G)(1).and method of assessing such performance.

The focus of the Executive Session was a review of the evaluation document prepared by Dr. MacTaggart. Issues associated to President McDavis' work performance and recommendations for follow-up on the report were discussed.

The Chair DeLawder moved, seconded by Trustee Schey, and passed unanimously to come out of Executive Session and back into Open Session at 9:50 a.m. The meeting was adjourned at 10:15 a.m.

Unfinished and New Business

President McDavis publicly acknowledged and thanked the leadership of Gina Calcamuggio for serving as Interim Executive Director for the Office of Communication and Marketing. Chair DeLawder voiced appreciation for Interim Director Calcamuggio's dedication to the university as well. He thanked Interim Dean Greenlee and the students, faculty, and staff of the Ohio University Eastern campus for their hospitality

ANNOUNCEMENT OF NEXT STATED MEETING

The next meetings of the Board of Trustees will be on April 22 and 23, 2009 on the Ohio University Athens Campus.

ADJOURNMENT

Chair DeLawder adjourned the meeting at 1:12 p.m.

CERTIFICATION OF SECRETARY

Notice of this meeting and its conduct was in accordance with Resolution 1975 – 240 of the Board, which resolution was adopted on November 5, 1975, in accordance with Section 121.22(F) of the Ohio Revised Code and of the State Administration Procedures Act.

C. Daniel DeLawder
Chairman

Thomas E. Davis
Secretary

Comprehensive Presidential Review

A Report presented to

A Committee of the Board of Trustees of

Ohio University

January 23, 2009

Conducted by

Terry MacTaggart

Senior Fellow

Association of Governing Boards

Gouverner, c'est choisir.
Duc de Levis (1812)

Introduction

This report to the Board of Trustees of Ohio University presents my assessment of the leadership exercised by President Rod McDavis since coming to the University in 2004. This kind of evaluation requires comment on the University environment in which the President operates as well as the expectations of the Board of Trustees itself, since both are critical to presidential performance.

Following a summary, this report describes the purpose and the process of the evaluation. It then lists nine recurring themes that surfaced during the course of my interviews. After commenting on the relationships between presidential effectiveness and popularity, it recommends that the President, the Board and the academic community work together to address the serious financial challenges facing the state and this important university.

Summary

The essence of the current Ohio University drama is that President McDavis was hired by the institution's governing body to bring about change to an academic community that proved itself highly resistant to change. The intersection between this energetic new President and the plan for that change called Vision Ohio with an academic community that had been largely self-governing was nearly guaranteed to result in tensions. This drama has played out mainly at the Athens campus. The regional campuses have been less involved, with one regional campus faculty member confessing to being "mystified" by the conflict. It is true at Ohio University, as at other institutions where faculty express lack of confidence in their president, that personalities, special interests and agendas, and words misinterpreted contributed to the negative vote.

However, the underlying cause, I believe, was the introduction of a change oriented strategic planning process to an environment famously resistant to change.

In spite of these tensions, President McDavis is effectively pursuing a positive strategic agenda that promises to make this very fine University stronger still.

The discontent among a significant number of faculty members in Athens prompts two questions:

- Can a president who is unpopular in some quarters still be an effective leader?
- What should the President, the Board of Trustees and the academic community do now to work together to sustain this excellent university in the face of the most serious economic setbacks in recent memory?

These questions will be addressed later in this report.

Purposes of the Review

The Ohio University Board of Trustees's Policy for Annual and Comprehensive Presidential Performance Reviews outlines these purposes for the review:

- To solicit the informed perceptions of leaders of major internal and external stakeholder groups, as well as those of the president and the board;
- To involve one or more external advisors in the review process;
- To enable the president and the board to decide whether they have a basis for an extended commitment to one another; and
- To promote the success, progress and best interests of Ohio University and its mission.

The Board's policy also requires that a board review committee be established prior to the expiration of the president's contract, that the president submit a comprehensive self-assessment covering the years under review, and that the review committee present a substantive report to the Board and the president in executive session at the conclusion of the review. This comprehensive review follows these guidelines.

It should be noted that the policy states that while the review committee be established prior to the expiration of the president's contract, in my reading it does not require that the review itself be completed before a renewal of the contract. In fact, the Board renewed President McDavis' contract before this review began. As a consequence, in conversations with the many participants in this review, I said that this review was not a *summative* one that would bear on his contract renewal, but a *formative* one intended to help shape his presidency in the future. The recommendations for joint action at the end of this report grow out of this forward-looking approach.

Interview Process

From November 5 through the 12, 2008 I discussed the President's performance, the University environment, and the impact of trustee actions with approximately 85 persons individually, in small groups, face to face and over the phone. An interview schedule is available from the President's Office. With this large number of conversants and relatively short time, inevitably some interviews ended sooner than the interviewees and I might have liked. Still, I believe a consistent set of themes emerged around the President's leadership style and reactions to it.

Typical interviews followed these steps: I thanked my visitors for their time, promised that I would not link their comments and their names, noted the formative character of the conversation, and then sought their views. Often I would ask interviewees to help me understand how a President widely viewed as likeable, honest, experienced and a good communicator could at the same time acquire no confidence votes twice from sizeable numbers of faculty and students. During the course of the conversations, I asked some participants to identify the President's strengths as well as areas where he might improve. I also sought recommendations for action by the President and the Board to address campus concerns.

In my experience, this open-ended approach elicits the broadest range of candid responses, and avoids the problem of restricting answers to highly specific questions. Having said that, I periodically checked to ensure that, in aggregate, I received responses on key dimensions of presidential leadership: championing the academic enterprise; operational and strategic planning; sound fiscal management; positive relationships with faculty, staff and students; positive relationships with graduates, donors and supporters; political skill in working with the governor, legislators, and opinion leaders; and collaboration with fellow academic leaders in the state, country and internationally.

Recurring Themes

Several themes emerged in my many conversations. The most repeated are worth noting as they help explain the organizational dynamics of bringing change to an institution where change is stoutly resisted.

- *Personal appreciation.* There is immense personal liking for President McDavis both on the part of those who view him as the long overdue leader at Ohio University as well as many of his critics. Nearly all I spoke with noted his genuine appreciation of the University, his candor, a self-effacing dedication to hard work, interpersonal communication skills, and, well, pure likeability. Many were perplexed that such a fundamentally good person should have stirred up the opposition registered in the no confidence votes.
- *External praise.* Nearly all of the *external* stakeholders were very positive regarding his leadership abilities and accomplishments. They cited his credibility with his fellow university presidents who elected him as chair of their council, with the Chancellor who himself is leading a change agenda, with the Governor who is described as especially appreciative. Many of those from outside the University see the conflicts as a consequence of an academic community largely left to govern itself prior to this President's arrival.
- *Mixed internal views.* Reviews are more mixed from *internal* stakeholders—faculty, staff and students. Something like the law of thirds applies here—about a third of those I spoke with offered unqualified support for the President's leadership, a third provided a dispassionate, balanced appraisal, and the remainder were critical, a few extremely so.
- *Flashpoints.* Several faculty and staff—whatever their attitude toward the President's performance—mentioned certain flashpoints that served to convert latent discontent into no confidence votes and negative statements. The recent pay raise ignites the brightest spark. Why couldn't the Board have raised his pay by the same percentages as they have pledged to improve faculty compensation, several asked. Other commonly mentioned flashpoints included the addition of highly paid senior administrators, chronic

deficits in the athletics budget, and the perception that the athletics budget and Vision Ohio were “off the table” when it comes to budget cuts that other units endured.

- *“I work for the Board.”* Although the President does not recall making this statement in public or private at any time during his presidency, it has become part of the lore for many faculty members. In fact, university presidents report directly to boards of trustees or in university systems to an executive who in turn “works for the board.” Although the statement is apocryphal, several faculty members repeated it as evidence that the President did not appreciate his responsibility to also champion the academic enterprise or to play his role in educating laid trustees on academic priorities and values.
- *Ambiguous interpretations of shared governance.* There is little shared understanding of shared governance at Ohio University. Many of the faculty seem to feel that, consistent with the medieval idea of the university, they represent the core decision-making group at the institution. While few enshrine the faculty senate as their authoritative voice, at the same time they are not willing to yield great decision making power to the president, much less to the Board. Most Board members, by contrast, subscribe to a more hierarchical, (many faculty would say “corporate,”) orientation in which they are the ultimate authority responsible for the fiscal and strategic directions of the University.
- *Campus leadership.* Whenever a campus president reduces his or her presence on campus in order to make the case for the university with external audiences such as donors and political leaders, the danger arises of thinning lines of communication with the academic community. The plan to have the executive vice president and provost represent the president to the campus community has not worked effectively. Many faculty and staff members, and students, emphasized that as important as external relationships are, it is essential that the president maintain a strong presence with faculty, staff and students.
- *Life in the bubble.* A surprising number of people used the image of a “bubble” to characterize the Athens campus and the small town it dominates. They suggested that Ohio University was more insulated from external trends and changing realities compared with other campuses, especially those in large cities. One articulate, long time resident described the complex culture of the campus as part 1960s liberal, part rural Appalachian, part classic academic and part party school. He went on to say that this mix contributed to a University that highly prized faculty independence in the face of administrative efforts to set direction.
- *Vision Ohio: An Academic Plan for Ohio University.* Rod McDavis began his presidency with an unequivocal mandate from the Board to develop a clearer sense of direction for the University to be embodied in a strategic plan—a plan eventually labeled Vision Ohio. This mandate, standard practice for new presidents at many universities across the country, seems to have been a new experience for this academic community. The process of strategic planning included contributions from university constituencies, especially the faculty. The resulting plan, while not a radical departure from the values noted in earlier mission and goal statements, appears never to have enjoyed broad support. Several faculty members indicated that the plan attempted to convert the University into a research institution. They found this at odds with their perception of the University as the locus of excellence in undergraduate education, with a few selected and credible graduate programs. In spite of what was intended to be an inclusive process, many felt that the plan did not represent their academic priorities and values.

Recognizing these perceptions is important to any leadership agenda because they represent the cultural and political reality of the campus. Acknowledging their power to support or constrain presidential initiatives will be critical to communicating the positive agenda called for in the recommendations section of this report.

Leadership and Popularity

To be sure, President McDavis enjoys strong support from most external stakeholders, and from many internal to the academic community. It is also true that a number of faculty and some student are unhappy with the president's performance. Unconfirmed estimates are that about 25% of the faculty and 12% of the students voted a lack of confidence. But a look at his record of accomplishments suggests that criticism has not kept the President from exercising leadership.

What follows are important examples of accomplishments achieved by the President directly, or staff under his direction:

- Ohio University now has a complete, comprehensive and credible strategic plan that guides University policy and strategy.
- The University has identified a list of 10 aspirational peer institutions and is using appropriate indicators to measure progress in joining those peers. This evidence-based approach is a best practice for institutions that truly expect to achieve higher levels of excellence.
- Work is underway to strengthen the quality of undergraduate education, a special strength of Ohio University.
- Thanks to the work of the executive vice president and provost, the deans and many faculty, the already impressive retention rate from first to second year has risen from 78.5% to 80%.
- Over half of the Athens students are engaged in "learning communities"—another proven best practice for enhancing the quality of education, increasing student engagement and improving retention.
- Responses to crises—a well-publicized plagiarism case in one College and an information system security breach—were dealt with quickly and effectively.
- A reputation-building campaign measurably increased awareness of the University, improved its reputation for academic excellence, and diminished the image of the University as a party school.
- Since 2004, the number of students receiving nationally competitive awards has risen from 37 to 75.
- A comprehensive strategy to reduce student high risk drinking has cut the number of reported offenses by more than half, and garnered national recognition for effectiveness.
- The President has sustained and strengthened relationships with donors. The University received the two largest gifts in its history in 2006. Academic programs have been the beneficiaries of the President's very active fund raising efforts.
- A senior executive team of well-qualified and able administrators is now in place.
- The Urban Scholars Program and the Appalachian Scholars Program—both initiated and supported financially by the President and his wife--are helping to make the campus more diverse.
- The President has championed a five-year commitment to raise faculty salaries to the next higher quartile. One point two million dollars of supplemental increases have been allocated to faculty salaries each year in 2007-2008 and 2008-2009 for this purpose.

- The University has engaged in numerous initiatives designed to improve the quality of life in the region it serves.

One of the challenges facing a leader at an excellent institution like Ohio University is achieving improvements when the base is already high. In some ways, turning around a highly distressed school is easier than strengthening one that is fundamentally very sound. Yet this list of accomplishments, along with the comparative metrics, shows real progress in moving an already fine university toward a higher level of excellence. They support my view that President McDavis is an extremely able and effective leader who is pursuing the right objectives for Ohio University.

The Economic Crisis and the Future of Ohio University

The world wide economic crisis threatens to be especially devastating to business activity, employment, state revenues and allocations to colleges and universities in a manufacturing state like Ohio. By one estimate, over 1,000 Ohio firms supply components to the American automobile industry. Ohio's Governor has made strenuous efforts to shield higher education from the worst effects of the recession, but the continuing decline in economic activity no longer makes this level of support possible.

The universities most likely to emerge from the recession in the strongest position are those which pursue three related initiatives:

- Identify the core institutional strengths—a combination of academic programs, services to students, commitments to alumni and the larger community, and attention to the reputation for quality—that need to be preserved and what programs, services and processes can be reduced or eliminated. This strategic approach will serve the university much better in the long run than opportunistic cuts that damage long-term prospects.
- Reconsider the current business model, especially the resources devoted to largely managerial functions, with the goal of dramatically changing the ratio of educational to administrative costs and reducing the numbers of non-teaching positions. Be especially alert to expensive IT and other capital investments that bring major costs without essential benefits.
- The President will need to develop in concert with the campus community and other stakeholders a positive agenda for action to see the University through this perilous time. He will want to engage as the chief spokesperson in a broad, university-wide, on-going communications effort. The President has enjoyed great success in bringing new resources to the University from the donor community. As important as this fund and friend raising activity is, during this crisis the President needs to play a more active and visible role on campus in working with his faculty colleagues to sustain those programs and services that make Ohio University so worth preserving in the first place. Under the President's leadership, this work will require the active support of the Board and serious commitment from faculty and other academic leaders.

Conclusion

President McDavis is achieving some remarkable and measurable changes at the University. These range from a stronger reputation for quality, improvements in already solid student retention figures, increases in diversity, successes with external relations and fund raising, and

attracting a very well qualified senior administrative team. This array of accomplishments is impressive.

Many at the University and in the state of Ohio appreciate these accomplishments, as well as the President's engaging personality, his communications skills, his obvious and profound dedication to leading his alma mater, his commitment to diversity in all forms, and his success at bringing greater external funding to the University. Alumni, donors, system officials, and political leaders offer especially high praise for the changes he has brought about in an environment averse to change.

Yet it must also be said that many at the University and especially among the faculty are critical of his leadership style. This discontent was registered in repeated no confidence votes supported by about a quarter of the faculty and above ten percent of the students. The President enjoys champions among the faculty to be sure. But there are a substantial number of critics as well. This report has identified some of the seeds of this discontent.

Whether supportive of the President's leadership style and change agenda or not, the most important task facing all members of the Ohio University community now is to move beyond these disagreements and focus on working together to sustain excellence in the face of daunting economic challenges.



PRESIDENT'S REPORT

Ohio University Board of Trustees

January 23, 2009

State of Ohio's Budget

- Governor Strickland spared core education funding during the third round of state budget reductions in December 2008
- University programs supported by line items proposed for some cuts include programs in the College of Osteopathic Medicine and the Voinovich School, as well as the Success Challenge and the Access Challenge programs
- Governor Strickland and four other Democratic Governors urging Congress and President-elect Obama to pass a \$1 trillion economic stimulus package
 - Package would rebuild infrastructure and bail out states facing dire financial situations
 - Proposed plan seeks \$250 billion for pre-kindergarten-to-college education

FY2009 Budget Planning Efforts

- Set a one-time savings target of \$13.9 million for FY2009
 - Target aims to close the investment shortfall and prepare for potential five percent state budget reduction
- Short-term measures to achieve savings target include:
 - Implementation of a university-wide hiring freeze in September 2008
 - Halting nonessential travel and nonessential equipment purchases
 - Slowing operating budget expenditures
 - Conserving resources by practicing energy efficiency measures

Long-term Budget Planning Efforts

- University undertaking long-term planning efforts focused on three approaches:
 1. Examine cost savings and revenue projections
 2. Create innovative approaches to university operations
 3. Ask Planning Units to submit plans for potential state budget reductions
- Groups charged with these efforts:
 - Budget Planning Council (BPC)
 - Executive Staff and Academic Deans Working Groups
 - Planning Units
- Expect groups' recommendations by end of January 2009, coinciding with Governor's release of state budget

Impact on Five Year Vision Ohio Investments

- Temporarily suspending Five Year Vision Ohio Implementation Plan (FYVOIP) submission process for proposals requesting funding for FY2010
 - Funding requests received during Fall Quarter totaled nearly \$2 million
 - Current base budget commitments for the Athens campus from Year One stand at more than \$3.7 million
- Vision Ohio Steering Committee to continue review of submissions not involving requests for new resources
- Vision Ohio will be our guide when we make decisions

Recruit and Retain Talented and Diverse People

Objective	Strategy	Outcome*
Create and implement a strategic Human Resources Plan	Increase faculty salaries to the next quartile	Faculty salaries increased to middle of Quartile 3 as University continues commitment of investing \$1.2M for faculty salaries
	Align classified and administrative staff salaries with the market	Compensation office established; Consultant engaged
Create and implement strategic enrollment management plan	Improve quality of first-time enrollees	ACT scores increased from 23.7 to 23.8; Acceptance rate decreased from 81.5% to 81%
	Improve access, affordability, and efficiency	Diversity of in-state, international, transfer, and out-of-state students increased by 2% each year

* Outcomes to be reviewed every two years to determine if adjustment/revision is needed

Strengthen Undergraduate Education

Objective	Strategy	Outcome*
Improve retention and engagement of first-year students	Expand Learning Communities	Participation increased by 6%
	Set retention/graduation rates	Retention rate increased from 78% to 79%; Top three graduation rate standing in the state maintained
Invest in targeted undergraduate programs	Identify undergraduate programs for future investment	Undergraduate Centers of Excellence Review completed

* Outcomes to be reviewed every two years to determine if adjustment/revision is needed

Enhance Graduate Education and Research

Objective	Strategy	Outcome*
Increase strategic investments in targeted graduate and professional programs	Identify graduate programs for future investment	Graduate Centers of Excellence Review completed
Strengthen research and creative activity in targeted areas	Improve research competitiveness	Federally financed research spending increased from 48% to 49%

* Outcomes to be reviewed every two years to determine if adjustment/revision is needed

Fortify and Align Infrastructure with Academic Mission

Objective	Strategy	Outcome*
Provide dependable and secure network and systems infrastructure	Improve IT infrastructure	75% of network hardware is six years old or less within 10 years; Storage environment reduced from 4+ to 4; Server environment reduced from 14 to 9
	Provide appropriate backup and disaster recovery on critical services	20% of critical systems on scheduled disaster recovery program
Increase annual philanthropic support and develop major campaign	Working with academic leaders, establish fundraising goals	Annual gifts and commitments increased from \$18M to \$20M

* Outcomes to be reviewed every two years to determine if adjustment/revision is needed

Fortify and Align Infrastructure (continued)

Objective	Strategy	Outcome*
Increase efficiency, quality, and accountability of academic support units and academic units	Academic support units adopt continuous improvement and customer-focused style	Review of three academic support units completed
	Participate in the Voluntary System of Accountability	Voluntary System of Accountability data reported through "College Portrait" on USO web site
Establish a stronger financial, legal, and compliance infrastructure	Improve the balance sheet and overall financial strength	SB6 Composite Score increased from 3.2 to 3.7; Primary Reserve ratio increased from .239 to .250
	Improve financial controls and risk management environments	Internal Audit findings formally addressed within one year of report; Strategic implementation plan developed for improving control climate

* Outcomes to be reviewed every two years to determine if adjustment/revision is needed

Enhance Prominence Within Ohio, Nation, and World

Objective	Strategy	Outcome*
Clearly communicate distinctive identity to stakeholders and use strategic communications to position the university	Undertake academic marketing campaign	Campaign implemented and post-campaign assessment completed
	Develop strategic community relations and government affairs	Contact with public officials enhanced; University community educated on how Ohio University can contribute to first year of the USO outcomes

* Outcomes to be reviewed every two years to determine if adjustment/revision is needed

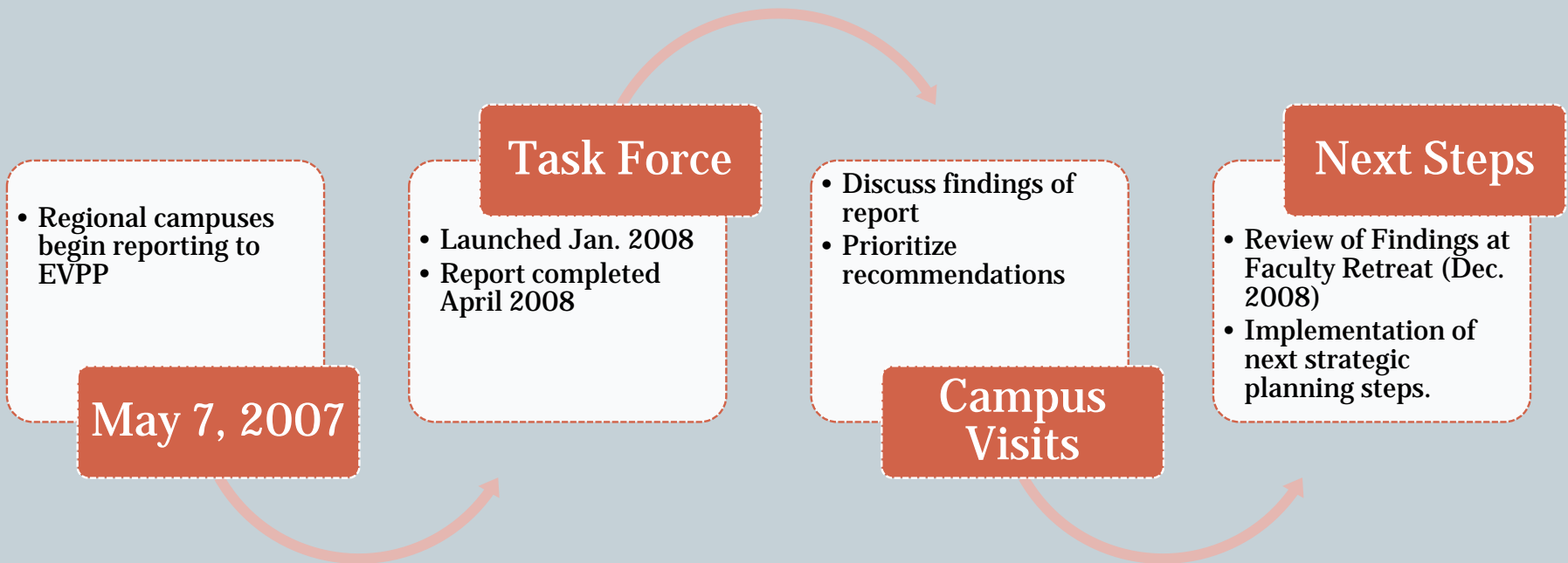
Executive Vice President and Provost



ESTABLISHING A FRAMEWORK FOR THE FUTURE OF REGIONAL CAMPUSES

**BOARD OF TRUSTEES
JANUARY 23, 2009**

STRATEGIC PLANNING FOR REGIONAL CAMPUSES



Criteria for Categorization of Results of Task Force and Campus Visits



Short-term

- Can be dealt with in a timeframe of 1-6 months.
- Can be implemented independently of future strategic planning approaches.

Mid-term

- Can be dealt with in a timeframe of 6 months to 1 year.
- May need to be tied to future strategic planning approaches.

Long-term

- Will need 1 or more years to accomplish.
- Must be tied to future strategic planning approaches.



Case for More Strategic Planning Work

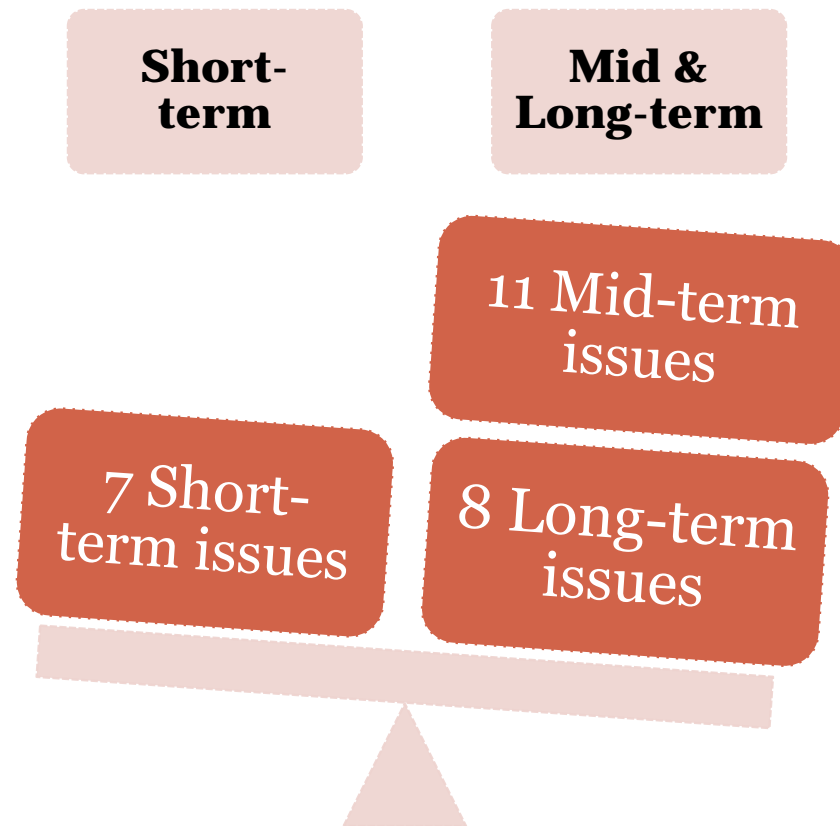


Nature of Issues

Complexity of Variables

External Factors

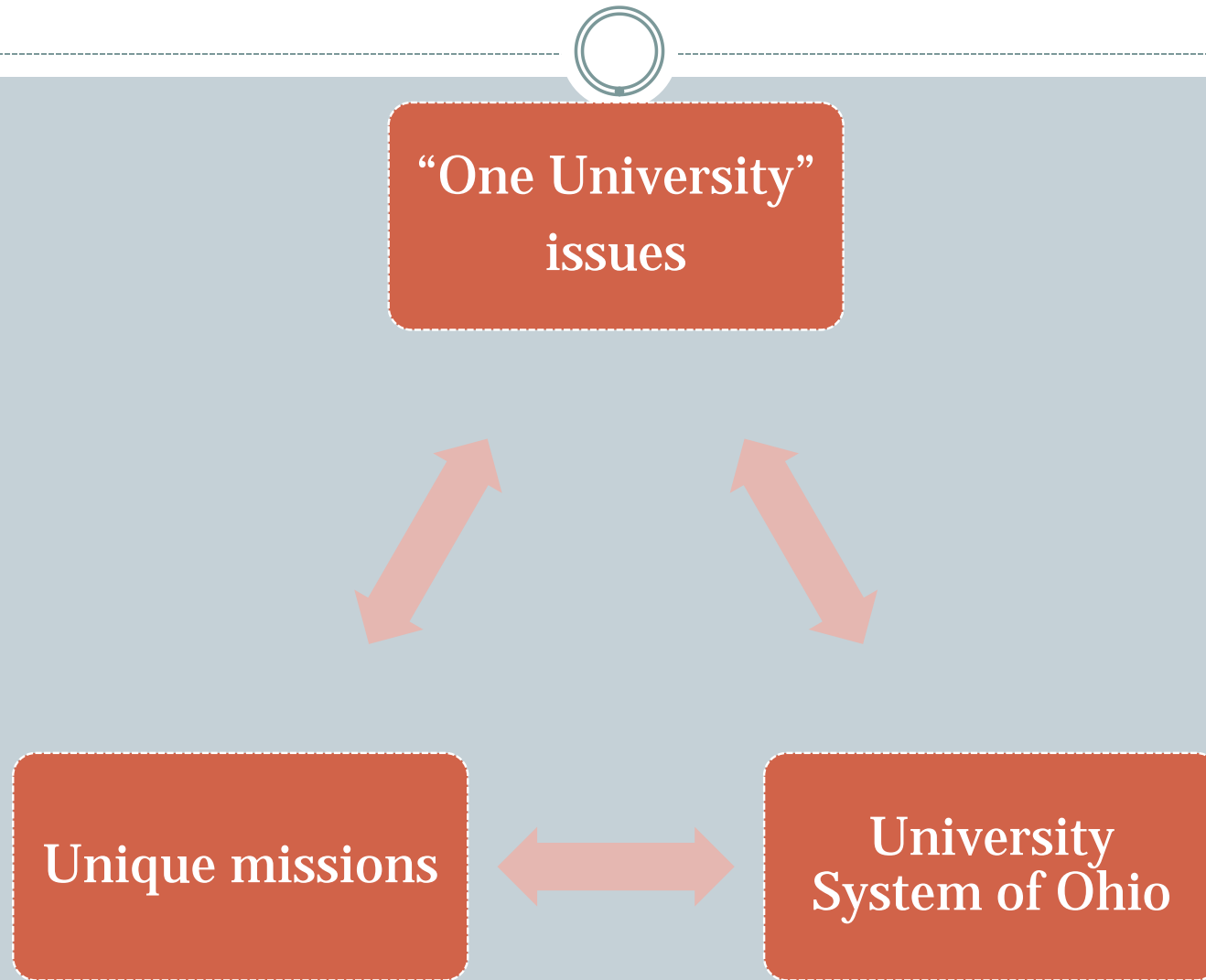




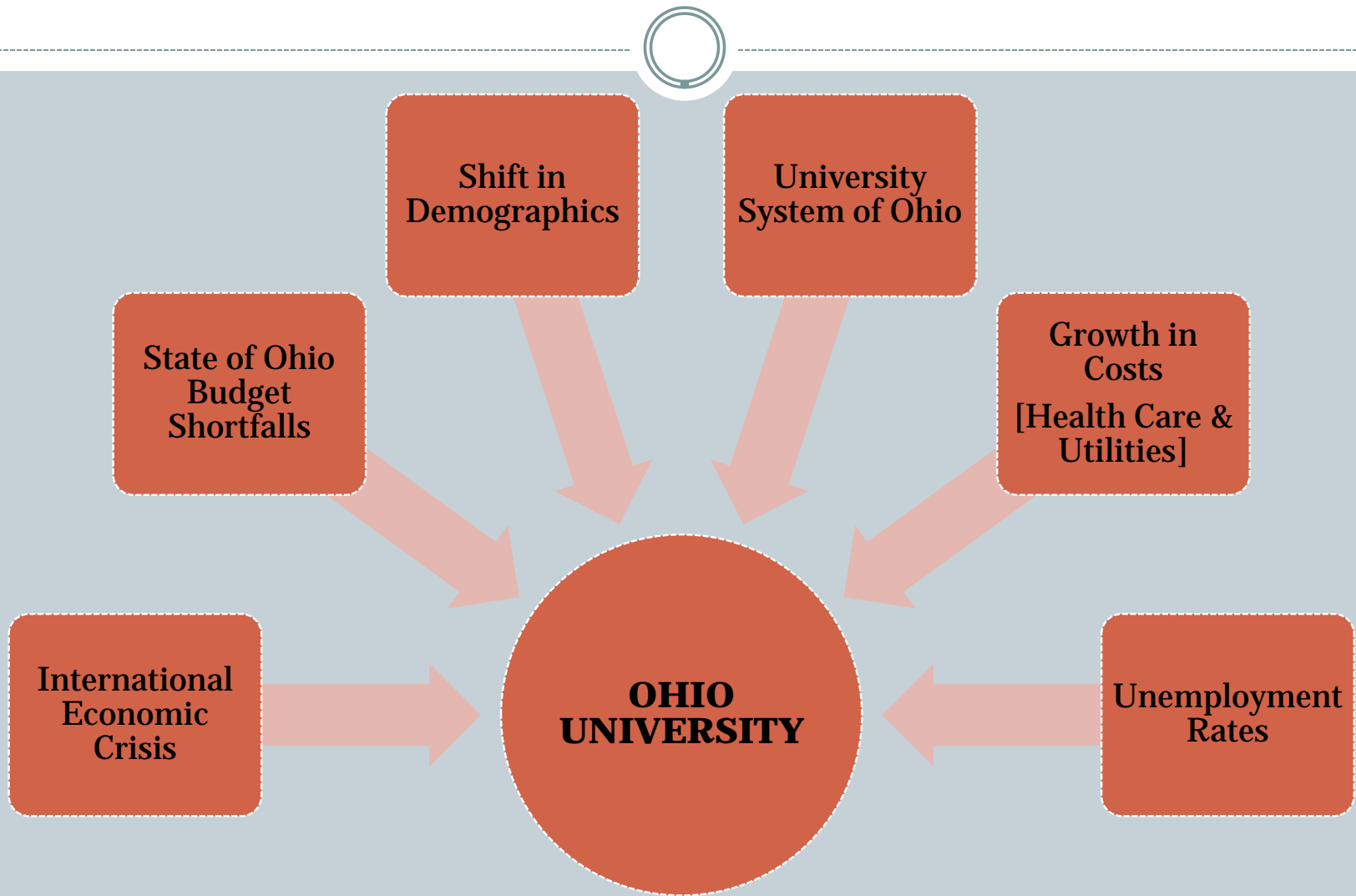
Conversations during the visits pointed out the existence of some issues that can be dealt with in the short-term, but the bulk of the issues aren't suited for quick resolution.

More strategic planning must take place.

In addition to specific issues, there were also a number of comments and observations about the three areas listed below and the need to pay attention to the relationship between them. **The presence of these complex variables suggests a need to continue strategic planning work.**



External factors also point to a need to continue strategic planning work. Ohio University and the majority of other institutions of higher education face a variety of challenges and will do so for the foreseeable future.



Difficult Challenges & Concerted Actions



In order to maintain its fundamental commitment to academic excellence Ohio University will need to find new ways—be it structural, administrative, programmatic, or financial—to realign itself.

**REGIONAL CAMPUSES WILL PLAY A KEY ROLE
IN THIS REALIGNMENT**

BUT

**COLLECTIVELY AND INDIVIDUALLY THEY
NEED TO BE PREPARED TO FULFILL THAT ROLE**

Variables At Work



Nature of Issues
Identified by
Task Force



Current
Economic
Climate



Changes to be
made at OU in
response to the
climate



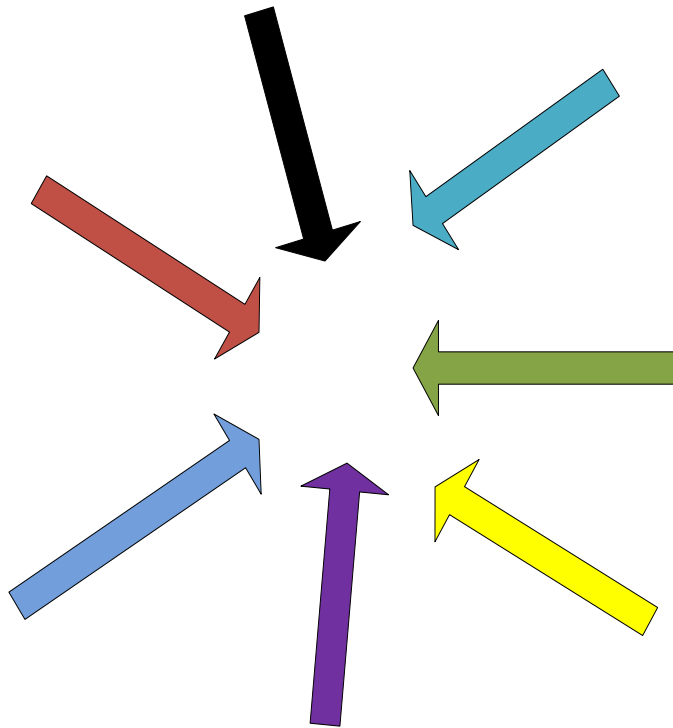
**FUTURE OF
REGIONAL
CAMPUSES**



University
System of Ohio



Five Year Vision
Ohio
Implementation
Plan



Need to find a
convergence of
variables through
a series of
interrelated
planning steps



STEPS TO BE TAKEN

**Committee to
Follow up on
Short-Term
Recommendations**

Winter Quarter 2009

**Regional College
Study Team**

Winter Quarter 2009

**Strategic Vision
Team**

Winter/Spring
Quarters
2009

**Strategic Plan and
Implementation
Strategy**

AY 2009-2010



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**Short-Term
Recommendation
Implementation
Committee**


Work to begin in
January 2009

Work to be
completed by June
2009

CHARGE

Formulate action plans for each Task Force recommendation deemed to be implementable within 6 months. Work with the deans to oversee implementation.





Regional College Study Team

Work to begin in
January 2009

Work to be
completed by
April 2009

CHARGE

Determine the advantages and disadvantages of a regional college administrative and academic structure.





Strategic Vision Team

Work to begin in
March 2009

Work to be
completed by June
2009

CHARGE

Research and write a “white paper” on optimizing the future of regional campuses at Ohio University.





Strategic Plan and Implementation Strategy

To be completed
during AY 2009-
2010

CHARGE

Use the reports produced by the
Regional College Study Team
and the Strategic Vision Team to
create a strategic plan and
implementation strategy for the
regional campuses.



Characteristics of the Strategic Plan and Implementation Model



- Not to be a one-size-fits-all approach, but an **Evolutionary Model** that allows campuses to:
 - Focus on their unique strengths and needs
 - Differentiate themselves in distinctive service to their surrounding communities
 - Promote efficiency through technology, innovation, and the sharing of resources (human and financial) between and among all campuses
 - Reaffirm and expand the regional campus USO mission for Ohio University
 - Pursue a holistic approach to serving the region by giving students more choice and more access at a competitive cost



The work that has been completed to date under the auspices of the Task Force on the Future of Regional Campuses has underscored

- **The creativity and talent of the regional faculty**
- **The resourcefulness and dedication of the staff of the regional campuses**
- **The tremendous potential of the students on each of the campuses**

Ohio University's regional campuses are vital and inspiring centers of education. We must work together to ensure that we preserve what makes them unique while equipping them for the increasingly significant role they will play in the future.



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Date: January 7, 2009

To: The President and Board of Trustees

From: William R. Decatur, Senior Vice President for Finance and Administration and Treasurer

Re: FY 2010 Budget Update

A report will be given at the January, 2009 meeting to provide updates regarding the FY 2010 budget process. The report will include information regarding the budget development process and the budget development scenarios currently under discussion by the Budget Planning Council (BPC).

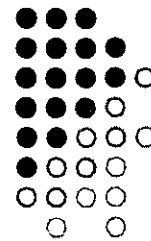
Attached to this memorandum is a PowerPoint presentation which describes the current budgeting environment which is not much different than the presentation shared at the special Resources Committee meeting on November 13, 2008.

The target scenarios for FY10 budget planning include reductions at \$20 million, \$30 million, and \$40 million. Revenue and expenditure assumptions were based on best, likely, and worst case scenarios assumed in late Fall quarter. Since then the economic environment in the state has continued to decline, but the Governor has also spared the State Share of Instruction again in his third round of cuts to state agencies in late December.

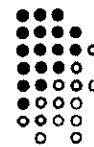
The information is complex and evolving. I look forward to providing further explanation and detail at our upcoming meeting regarding the assumptions and planning for the FY 2010 operating budget.

FY2010 Budget Update

Tab 4



Economic Environment



- International financial crisis
 - The University budget includes investment as a revenue source
- State budget cuts this year totaling nearly \$1.5 billion
 - Governor reported an additional \$640 million shortfall for FY 2009
 - Higher Education held mostly harmless
- State revenues continue to be bleak
 - Project a \$7 Billion revenue shortfall for next biennium (FY 2010-2011)



Threats to Revenue



- **Student Demographics**
 - The number of Ohio high school graduates will decline 10% in the next 10 years
 - We will have to attract a higher percentage of this declining population to just stay even
- **Affordability**
 - Endowment-funded scholarships depend on investment performance
 - Student loans more difficult to obtain
 - State economy threatens jobs and family income
- **Tuition Caps and State Subsidy**
 - Tuition caps are popular with the legislature and public
 - State's ability to maintain subsidy will be difficult given the budget crisis



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Shortfall in the Current FY09 Budget



- **Investment Income Shortfall**
 - Athens budget assumes \$5.1M investment income
 - Advancement operations assume \$2.9M from foundation
- **State Funding Reductions – Third Round**
 - \$600,000 impact on the Athens budget in Success Challenge
 - More significant cuts to line items in the Voinovich School and College of Osteopathic Medicine
 - State Share of Instruction (SSI) held harmless
 - Opportunity to Recapture Portion of Cuts if Efficiencies are Met
- **Potential for Additional Mid-Year Subsidy Reduction**
- **Position Freeze Designed to Generate Savings**
- **Planning Units Given Preliminary Savings Targets to Start Accumulating Contingency Funds**



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Threats for FY2010



- Investment Income Cannot be Assumed
- Potential for State Cut to Subsidy (SSI) or Significant Reductions to Other Line Items
- Likely Caps on Tuition Increases
- Poor Economy Could Affect Enrollments
- Continued Cost Inflation in Health Care and Utilities



Need for Planning



- Shortfalls in current FY09 budget must be addressed (probably continue into FY10)
- We will need to produce a balanced FY10 budget during a period of uncertainty
 - Economic outlook is uncertain
 - Governor submits executive budget in January
 - House and Senate versions follow
 - Final answers will not be available until June/July
- Prudent to create and analyze potential scenarios now rather than wait despite this uncertainty



Planning Groups



- Budget Planning and Analysis (BPA) – support group providing analysis and scenarios
- Vision Ohio Steering Committee (VOSC) – makes recommendations for future investments
- Budget Planning Council (BPC) – representative group providing recommendations for scenario construction and approaches for balancing the budget
- Executive Staff/Deans – Planning unit heads that must reconcile need for investment with impact of reductions needed to balance the budget



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Scenario Building



- Revenue depends on enrollment – can we assume flat enrollment?
 - Declining number of high school graduates
 - Can students afford to attend?
 - Competition from lower cost community colleges
 - Access to financial aid
 - Rising room and board costs
 - Economy affecting family income



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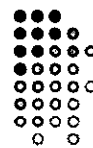
Scenario Building



- What revenue assumptions should be used?
 - \$8M reduction in investment-related income
 - Flat subsidy with an inflationary tuition increase (6% increase with 2.4% going to need-based scholarship)
 - 5% decrease in subsidy with 6% tuition increase
 - 10% decrease in subsidy with a 6% tuition increase



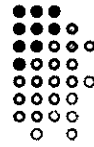
Scenario Building



- What Assumptions should be used for Expenses?
 - Salary increases (3% - 1.5% - 0%)
 - Health care inflation
 - Utility cost increases (Coal, Natural Gas, AEP)
 - Vision Ohio Investments
 - \$1.2M Faculty Compensation Investment
 - Additional Base Investments for Year 2
 - Debt Service on SIS/Network Upgrade
 - FY10 @ \$1.6M, FY11 @ \$3.8M, \$4.6M thereafter
 - 50% from student fee, 50% from budget reallocation



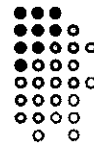
Planning For FY2010 Budget



- BPC established three (3) planning scenarios – these are for planning purposes to be fiscally responsible.
 - \$20 million Reduction
 - \$30 million Reduction
 - \$40 million Reduction
- Deficits of this magnitude could not be handled by simply distributing reduction targets to all planning units as in the past.



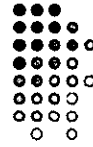
Planning For FY2010 Budget



- These scenarios are models of potential events based on educated guesses and possibilities.
- FY10 budget uncertain until late in the year.
- Given the size of potential deficits, we could face tough decisions.
- We must begin planning now to maximize our ability to handle potential deficits should they occur.
- Planning is not meant to create fear or anxiety but rather to plan for contingencies we hopefully will not face.



Planning Group Activities



- Budget Planning Council (BPC) – Will attempt to finalize an initial set of scenarios in the next several weeks.
- Executive Staff/Deans – Starting a series of regular planning meetings to consider possible responses to large budget deficits.
- Planning Units – Will be using scenarios to look at revenue enhancement and expense reduction options.
- Constituent Group Senates – Encouraged to provide input through BPC representatives and planning unit heads.



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Interoffice Communication

Date: January 7, 2009

To: The President and Board of Trustees

From: William R. Decatur, Senior Vice President for Finance and Administration and Treasurer


Re: **Voluntary Early Retirement Incentive and Employment Separation Options**

At the January 2007 Board of Trustees meeting we will share alternatives for offering retirement and employment separation incentive options to our employees as mechanisms for dealing with the FY 2010 budget issues.

The University has conducted two Early Retirement Incentive Programs (ERIP) for employees covered by the OPERS retirement system since 2003. Those programs proved to payback in less than two years and employees were voluntarily trimmed from the workforce mitigating the need for deeper mandatory layoffs.

University Human Resources has investigated three options to consider for voluntary early retirement or separation:

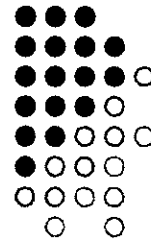
1. OPERS ERIP – plan to be discussed would offer the purchase of one year of service and involve additional incentives to achieve early realization of retirements
2. Alternative Retirement Plan (ARP) Early Retirement Incentive – plan to be discussed would offer a percentage of current salary to be paid out over 5 years and 1 year of continuing medical and life insurance coverage for those employees who opted out of OPERS or STRS upon employment
3. Voluntary Employment Separation Plan (VESP) – plan to be discussed would offer incentive payouts over 8 years plus 1 year of continuing medical and life insurance coverage for employees with 15-23 years of service

The timing of such offerings would involve announcements and election periods with incentives to facilitate employees exiting prior to the beginning of the FY 2010 fiscal year – July 1, 2009.

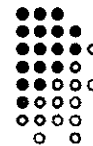
If I can be of further assistance or provide additional information, please contact me. I look forward to the discussion of these options as we plan for the difficult FY 2010 budget.

Executive Session Reduction-In-Force (Voluntary)

- Employee Retirement Incentive Plan – ERIP
- Alternative Retirement Plans – ARP
- Voluntary Employment Separation Plan – VESP



Reduction-In-Force (Voluntary)



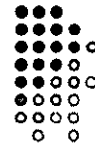
**Ohio Public Employees Retirement
System
(OPERS)**

**Employee Retirement Incentive Plan
(ERIP)**

(Voluntary Plan)



OPERS E RIP



Objective:

- Voluntary Reduction-In-Force
- Minimize mandatory lay-offs
- Reduce Compensation Expenses

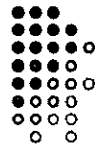
Eligibility:

<u>Age</u>	<u>Years of Service</u>
55	25
60	5
Any	30



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OPERS E RIP



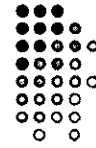
Current Expenses

	Eligible Employees	Total Salary
Administrators	116	\$ 7,499,630
Classified	280	\$10,984,853
Total	396	\$18,484,483



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OPERS ERIIP



Recommendation

Purchasable years:

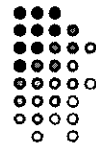
- one year

Additional Incentive:

- A \$5,000 lump sum or extension of current medical coverage for 6-month period
- Life Insurance coverage for 6 months



OPERS ERIIP



Estimated Maximum Liability:

OPERS Cost:	\$ 7,167,610
Sick Payout:	\$ 2,084,927
Vacation Payout:	<u>\$ 2,124,954</u>
	\$11,377,491

Incentive Costs:

Life Insurance:	\$ 285,120
Lump Sum or Medical Coverage:	\$ 1,980,000

Total Estimated Liability: \$13,642,611



OPERS E RIP



OPERS Buyout Scenarios

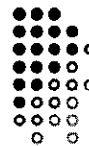
ERIP	Eligible Employee Count	Total Annual Salary	Sick and Vacation Payout	OPERS Cost	Total Potential Liability	Avg. Liability per Person	Avg. Liability for 100 Employees Taking ERIP	Avg. Liability for 150 Employees Taking ERIP	Avg. Liability for 200 Employees Taking ERIP
1 Year Buyout	396	\$18,484,463	\$4,209,881	\$7,167,610	\$11,377,491	\$28,731	\$2,873,104	\$4,309,656	\$5,746,208

2 Year Buyout	432	\$20,216,332	\$4,617,279	\$16,333,957	\$20,951,236	\$48,498	\$4,849,832	\$7,274,735	\$9,699,646
3 Year Buyout	466	\$22,088,636	\$5,077,756	\$27,594,911	\$32,672,666	\$70,113	\$7,011,302	\$10,516,953	\$14,022,603
4 Year Buyout	495	\$23,463,598	\$5,386,063	\$39,296,565	\$44,682,649	\$90,268	\$9,026,798	\$13,540,197	\$18,053,596
5 Year Buyout	530	\$25,601,049	\$5,879,396	\$53,501,426	\$59,380,823	\$112,039	\$11,203,929	\$16,805,893	\$22,407,858



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OPERS E RIP



	2003-2004 Two Years	2006-2007 One Year	2009-2010 One Year
• Purchasable Years	Two Years	One Year	One Year
• Eligible Employees	400	300	396
• Participating Employees	192 (48%)	132 (44%)	100 (25% est)
• Incentive Amount	\$10,000	\$10,000	\$5,000
• Abolished Positions	79.5 (41%)	42 (32%)	30 (38% est)
• ERIP Cost	\$7,975,000	\$3,650,000	\$1,448,000 (est)
• Total Cost	\$9,879,000	\$5,000,000	\$2,298,400 (est)
• Savings Abolished Positions	\$5,100,000	\$2,450,000	\$1,400,000 (est)
• ROI/Total Cost	1.93 years	2.05 years	2.0 years (est)

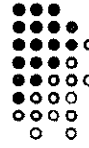
Assuming 100 participate and 40 receive incentive



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Note: Average salary \$47,000 + Benefits = \$63,500 OPERS eligible

OPERS ERIIP



Offer Effective:

1 year (March 23, 2009 – March 23, 2010)

Announcement Date:

February 2, 2009

Election Period:

90 calendar days (with incentive May 2, 2009)

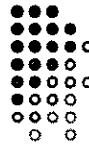
Exit Date:

July 1, 2009



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Alternative Retirement Plan



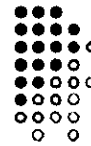
Alternative Retirement Plan (ARP)

(Voluntary Plan)



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ARP

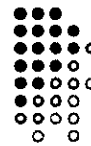


	Eligible Employees	Total Salary
Faculty	39	\$2,998,171
Administrators	24	\$2,238,422
Classified	1	\$ 30,056
Total	64	\$5,266,649

Average Salary \$82,292 + benefits = \$104,858



ARP



Recommendation

Incentive:

- 75% of current salary *
- 1 year medical coverage continuation
- 1 year life insurance continuation

* Payable over 60 months



ARP



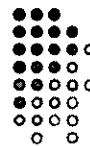
Alternative Retirement Plan Estimated Cost – All Eligible Employees

Severance (75% of Salary) =	\$3,949,986	(\$5,266,649 total salary)
Sick Payout =	\$ 336,896	(\$5,264 average)
Vacation Payout =	\$ 343,424	(\$5,366 average)
Medical Coverage =	\$ 640,000	(\$10,000/year)
Life Insurance Coverage =	\$ 46,080	(\$720/year)
Total Cost =	\$5,316,386	



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ARP



25% Participation Assumption

Participation: 16 Employees (64)

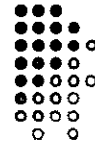
Severance (75% Salary)	\$ 987,496
Total Sick Payout	\$ 84,224
Total Vacation Payout	\$ 85,856
Total Medical	\$ 160,000
Total Life Coverage Payout	\$ 11,520

Total \$1,329,096



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ARP



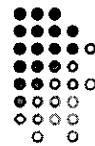
Estimated Salary Savings

First Year	Second Year	
\$329,176	\$1,316,704	No replacements
\$164,588	\$ 790,040	50% replacement
\$ 82,294	\$1,053,372	25% replacement

Replacements at 80% of salary



ARP



Election Period: 90 calendar days

Announcement Date: Simultaneously with ERIP

Offer Effective: February 2, 2009 – May 4, 2009

Exit Date: June 1, 2009 (Faculty, June 30, 2009)



Voluntary Employment Separation Plan

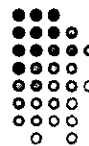


Voluntary Employment Separation Plan (VESP)

(Employees with 15-23 Years of Service)



VESP



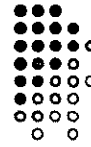
Current Expenses

	Eligible Employees	Total Salary
Faculty	182	\$11,904,817
Administrators	334	\$17,837,453
Classified	238	\$13,001,320
Total	754	\$42,743,590

Average Salary \$56,690 + benefits = \$65,856



VESP



Recommendation

Offer:

- One-time offer

*Incentive:

- \$60,000 – Faculty
- \$50,000 – Administrators
- \$25,000 (capped) – Classified
 - 1 year Medical Coverage continuation
 - 1 year Life Insurance continuation

*Payable over 8 years



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VESP



Estimated Cost – All Eligible Employees

Faculty	\$10,920,000
Administrators	\$16,700,000
Classified	\$ 5,950,000
Medical Coverage	\$ 7,540,000
Life Insurance	\$ 542,880
Sick Payout	\$ 3,969,056
Vacation Payout	\$ 3,337,652
Total Cost:	\$52,789,588



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VESP



100 Employees Participation Assumption

Severance	\$4,452,255
Total Sick Payout	\$ 526,400
Total Vacation Payout	\$ 536,600
Total Medical	\$1,000,000
Total Life Coverage Payout	\$ 72,000
Total	\$6,587,255



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VESP



Estimated Salary Savings

First Year	Second Year	
-\$1,426,312	\$5,668,900	(no replacements)
-\$4,260,762	\$2,834,450	(50% replacement)
-\$2,843,537	\$4,257,675	(25% replacement)



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VESP



Election Period:

60 calendar days

Announcement Date:

Simultaneously with ERIP/ARP

Election Period:

February 2 – April 2, 2009

Exit Date:

May 1, 2009



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Interoffice Communication

Date: January 7, 2009

To: The President and Board of Trustees

From: William R. Decatur, Senior Vice President for Finance and Administration and Treasurer

Re: Approval to Issue Long-Term Financing

Pursuant to the Board of Trustees' direction at its November 13, 2008 Resources Committee meeting, members of my staff have investigated methods for financing a proposed purchase and implementation of various technology initiatives including a student information system and all of the appurtenant requirements and various network equipment and network infrastructure upgrades. A proposed financing plan has been attached as Exhibit A and Exhibit B.

The proposed financing plan, based on project cash flow estimates provided by the Office of Information Technology, includes two debt issuances each for fixed rate general receipts bonds. The intent is to issue bonds with maturities of ten years and less. However, in the event of adverse market conditions preceding the first issuance, consideration would be given to the use of bond anticipation notes. The first issuance, amounting to approximately \$30.0 million but not to exceed \$32 million, would occur on or about May 1, 2009. The second issuance, amounting to approximately \$5.9 million, is forecasted to occur in fiscal year 2012.

As proposed in November, one-half of the annual debt service would be supported by general fund budget reallocated from other sources while the remainder would be supported by a student technology fee assessed each quarter or semester. The actual amount of this debt service will be subject to a number of factors, including the interest rate on the instruments and the number of quarters in which collection of the student fee takes place prior to a debt service payment. The student fee initially will be assessed for Fall 2009 and the first debt service payment will occur on December 1, 2009. Annual debt service is expected to be approximately \$1.6 million in the first year and \$3.8 million in the second year. Thereafter, with the addition of the second issuance, annual debt service is expected to be approximately \$4.6 million.

It is my recommendation that the Ohio University Board of Trustees support the proposed financing plan. To that end, I have enclosed a resolution for consideration by the Board of Trustees at their regular January meeting.

Thank you for consideration of this matter. I will be prepared to answer any questions that you may have prior to or at the board meeting.

OIT Improvements – Long Term Financing Attachments

1. Series 2009 Bond Resolution
2. Exhibit A – Summary Issuance Highlights
3. Exhibit B – Project Detail and SB6 Proforma
4. Debt Service Schedule
5. Powerpoint slides

EXHIBIT A

Financing Plan - Student Information System and Network Equipment Infrastructure Improvement Projects

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Project Uses	\$7.2 million	\$14.05 million	\$7.4 million	\$2.7 million	\$2.5 million	\$2.0 million	n/a
Debt Issuances¹	\$29.9 million	n/a	n/a	\$5.9 million	n/a	n/a	n/a
Debt Service^{2,3,4}	n/a	\$1.6 million	\$3.8 million	\$4.6 million	\$4.6 million	\$4.6 million	\$4.6 million
Budget Reallocation	n/a	\$0.8 million	\$1.9 million	\$2.3 million	\$2.3 million	\$2.3 million	\$2.3 million
Student Fee Per Quarter⁵	n/a	\$23.54/student	\$23.54/student	\$32.98/student	\$32.98/student	\$32.98/student	\$32.98/student
Total Debt Outstanding⁶	\$195.2 million	\$180.8 million	\$168.5 million	\$161.6 million	\$150.5 million	\$138.9 million	\$126.8 million

NOTES:

- (1) Debt issuances occur on May 1, 2009 (FY2009) and at some point in FY2012
- (2) First debt service payment occurs on December 1, 2009 (FY2010)
- (3) Average life estimated at 7 years
- (4) All-in-cost (AIC) estimated at 5.0%
- (5) Estimate based on FTE for all campuses of 26,013 (Fall 2007), 25,373 (Winter 2008), 23,548 (Spring 2008), and 5,819 (Summer 2008)
- (6) Amount does not include bonds issued by Housing for Ohio, Inc. (for the University Courtyard project)

EXHIBIT B

Financing Plan - Student Information System and Network Equipment Infrastructure Improvement Projects

TOTAL USES	FY2009				FY2010				FY2011				FY2012				FY2013				FY2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
USES OF FUNDS																								
(A) Student Information System																								
Software	1.9	-	-	1.1	0.1	0.1	0.1	0.1	0.1	0.1														
Hardware	2.2	-	0.0	1.0	0.2	0.2	0.2	0.2	0.1	0.1														
OU Staffing	2.7	-	-	0.3	0.4	0.4	0.4	0.4	0.4	0.4														
Consulting	9.0	-	0.1	1.0	1.3	1.3	1.3	1.3	1.3	1.3														
Operating Expenses	0.2	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0														
Other Related Projects	2.1	-	-	0.9	0.2	0.2	0.2	0.2	0.1	0.1														
Total - Student Information System	18.1	-	0.1	4.5	2.3	2.3	2.3	2.3	2.1	2.1														
(B) Network Infrastructure																								
Equipment	7.1			1.1	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	-	
Management & Analysis Tools	0.9			0.5	0.1	0.1	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0	-	
Cabling	3.6			0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	
Facilities Upgrades																								
Data Center Upgrades	0.6			0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	
Network Hub Upgrades	3.1			0.1	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	-	-	-	
Staff	1.7			0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Total - Network Infrastructure	17.0	-	-	2.0	1.2	1.2	1.2	1.2	0.8	0.8	0.8	0.8	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.2
(C) Costs of Issuance																								
	0.7			0.6											0.1									
TOTAL USES OF FUNDS	35.8	-	-	0.1	7.0	3.5	3.5	3.5	3.5	2.9	2.9	0.8	0.8	0.6	0.6	0.8	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.2
SOURCES OF FUNDS																								
Bond Series 2009 (Proposed)				29.9																				
Bond Series 2012 (Proposed)															5.9									
Principal Paydown (Proposed Debt)											2.4				2.5				2.6			2.8		
Principal Paydown (Existing Debt)											9.9				10.2				8.5			8.9		
TOTAL OUTSTANDING DEBT	177.5	165.3	165.3	195.2	195.2	180.8	180.8	180.8	180.8	168.5	168.5	168.5	168.5	155.7	161.6	161.6	161.6	150.5	150.5	150.5	150.5	138.9	138.9	138.9

Senate Bill 6 Analysis

		FY2008	FY2009	FY2010
Expendable Net Assets:				
Restricted-Expendable		46,436,126	46,436,126	46,436,126
Unrestricted		89,597,552	89,597,552	89,597,552
TOTAL	(A)	136,033,678	136,033,678	136,033,678
Plant Debt	(B)	167,403,027	195,201,835	180,756,835
Expenses:				
Operating Expenses		524,009,206	524,009,206	524,009,206
Interest on Debt		7,447,971	7,811,691	8,924,950
TOTAL	(C)	531,457,177	531,820,897	532,934,156
Revenues:				
Operating Revenues		346,043,392	346,043,392	347,807,465
Nonoperating Revenues		180,193,864	180,193,864	180,193,864
Other		21,445,068	21,445,068	21,445,068
Extraordinary Item		0	0	0
TOTAL	(D)	547,682,324	547,682,324	549,446,397
Nonoperating Expenses		174,000	174,000	174,000
Change in Total Net Assets	(E)	16,051,147	16,051,147	16,051,147
Ratio Scores:				
Viability Ratio		0.813	0.697	0.753
Primary Reserve Ratio	(A/C)	0.256	0.256	0.255
Net Income Ratio	(E/D)	0.029	0.029	0.029
Composite Score:				
Viability Ratio	(30%)	0.9	0.9	0.9
Primary Reserve Ratio	(50%)	2.0	2.0	2.0
Net Income Ratio	(20%)	0.6	0.6	0.6
TOTAL COMPOSITE SCORE		3.5	3.5	3.5

\$29,925,000**THE OHIO UNIVERSITY***General Receipts Bonds, Series 2009**Fixed Rate, A1 Rated, Level Fiscal Year Debt Service***Debt Service Schedule****Part 1 of 2**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
5/1/2009	-	-	-	-	-
12/1/2009	-	-	872,812.50	872,812.50	-
6/1/2010	-	-	748,125.00	748,125.00	-
6/30/2010	-	-	-	-	1,620,937.50
12/1/2010	2,365,000.00	5.000%	748,125.00	3,113,125.00	-
6/1/2011	-	-	689,000.00	689,000.00	-
6/30/2011	-	-	-	-	3,802,125.00
12/1/2011	2,485,000.00	5.000%	689,000.00	3,174,000.00	-
6/1/2012	-	-	626,875.00	626,875.00	-
6/30/2012	-	-	-	-	3,800,875.00
12/1/2012	2,615,000.00	5.000%	626,875.00	3,241,875.00	-
6/1/2013	-	-	561,500.00	561,500.00	-
6/30/2013	-	-	-	-	3,803,375.00
12/1/2013	2,750,000.00	5.000%	561,500.00	3,311,500.00	-
6/1/2014	-	-	492,750.00	492,750.00	-
6/30/2014	-	-	-	-	3,804,250.00
12/1/2014	2,890,000.00	5.000%	492,750.00	3,382,750.00	-
6/1/2015	-	-	420,500.00	420,500.00	-
6/30/2015	-	-	-	-	3,803,250.00
12/1/2015	3,035,000.00	5.000%	420,500.00	3,455,500.00	-
6/1/2016	-	-	344,625.00	344,625.00	-
6/30/2016	-	-	-	-	3,800,125.00
12/1/2016	3,190,000.00	5.000%	344,625.00	3,534,625.00	-
6/1/2017	-	-	264,875.00	264,875.00	-
6/30/2017	-	-	-	-	3,799,500.00
12/1/2017	3,355,000.00	5.000%	264,875.00	3,619,875.00	-
6/1/2018	-	-	181,000.00	181,000.00	-
6/30/2018	-	-	-	-	3,800,875.00
12/1/2018	3,530,000.00	5.000%	181,000.00	3,711,000.00	-
6/1/2019	-	-	92,750.00	92,750.00	-
6/30/2019	-	-	-	-	3,803,750.00
12/1/2019	3,710,000.00	5.000%	92,750.00	3,802,750.00	-
6/30/2020	-	-	-	-	3,802,750.00
Total	\$29,925,000.00	-	\$9,716,812.50	\$39,641,812.50	-

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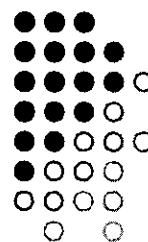
\$29,925,000**THE OHIO UNIVERSITY***General Receipts Bonds, Series 2009**Fixed Rate, A1 Rated, Level Fiscal Year Debt Service***Debt Service Schedule**

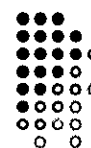
Part 2 of 2

Yield Statistics

Bond Year Dollars.....	\$194,336.25
Average Life.....	6.494 Years
Average Coupon.....	5.0000000%
Net Interest Cost (NIC).....	5.0000000%
True Interest Cost (TIC).....	4.9989026%
Bond Yield for Arbitrage Purposes.....	4.9989026%
All Inclusive Cost (AIC).....	4.9989026%
IRS Form 8038	
Net Interest Cost.....	5.0000000%
Weighted Average Maturity.....	6.494 Years

Tab 6





- Estimated project budget - \$41.4 million
- Various technology initiatives including a new student information system and enhanced network infrastructure
- Project will be financed with 2 debt issuances with maturities up to 10 years
- Annual debt service:
 - ½ to be funded through budget reallocation
 - ½ to be funded through student technology fee



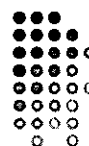
OIT Improvement Bond Funding Issuance 1



- Issuance 1: \$29.9 million
- Issue Date: May 1, 2009
- 1st Debt Service Payment: December 1, 2009
- Final Maturity: December 1, 2019
- Average Life: Approximately 7 years
- All-in-Cost: 5.0% estimated



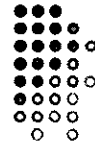
OIT Improvement Bond Funding Issuance 2



- Issuance 2: \$5.9 million
- Issuance Date: mid-FY 2012
- Pricing terms TBD



OIT Improvement Bond Funding Debt Service



- Annual debt service
 - FY10 - \$1.6 million
 - FY11 - \$3.8 million
 - FY12 and thereafter - \$4.6 million
- ½ to be funded through budget reallocation already considered in the FY10 budget planning
- ½ to be funded through student technology fee
 - FY10 & FY11 at ~\$23-\$24 / quarter / FTE
 - FY12 & thereafter at ~\$33 / quarter / FTE
 - Student technology fee to commence Fall 2009



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Interoffice Communication

Date: January 7, 2009

To: The President and Board of Trustees

From: William R. Decatur, Senior Vice President for Finance and Administration and Treasurer

Re: Approval of Project Budget Increase and Additional Funding Sources

At the January 2007 Board of Trustees meeting, the Academic Research Center ("ARC") construction project was approved with a budget of \$30.0 million. (NOTE: At that time the building was called ILRF--the Integrated Learning Research Facility.) Later bids were taken on the project with several alternates identified including build out of spaces that were identified in the base bid as shell space. Those alternates were not part of the accepted bid due to a lack of funding at the time. After the project was under construction, additional funds were identified to cover the cost of these alternates. As a result, work originally bid as alternates could be added to the project. These alternates include build out of 14 laboratories, 11 offices, and 5 classrooms on the 2nd and 3rd floors, a connecting bridge to West Green Plaza leading to Stocker Hall, and landscaping. Adding this additional work increases the project budget from \$30.0 million to \$34.5 million.

A Memorandum of Understanding was signed in early June, 2008, by the President, EVP and Provost, SVP Finance and Administration, VP Advancement, and the affected Deans, which identified the first two and one-half year's earning on the Russ gift as a source for the project funding gap if needed. Due to the poor investment performance realized since the Russ gift was received this source is no longer viable.

In lieu of the Russ gift earnings, the following funding sources will now cover the cost of the alternates as well as a portion of the potential shortfalls associated with gift funding:

- \$3.2 million from the College of Engineering through the use of funds from the Russ Estate,
- \$1.5 million from the College of Medicine's fund balance,
- \$0.3 million from the College of Engineering through the use of funds from the operations of the Russ Research Center, and
- \$2.4 million provided from the College of Engineering through the use of an internal loan from the University to be repaid from earnings derived from the Russ Estate and funds from operations of the Russ Research Center

It is my recommendation that the Ohio University Board of Trustees support the revised project budget and the additional funding sources. To that end, I have enclosed a resolution for consideration by the Board of Trustees at their regular January meeting.

Thank you for consideration of this matter. I will be prepared to answer any questions that you may have prior to or at the board meeting.



Interoffice Communication

Date: January 7, 2009

To: The President and Board of Trustees

From: William R. Decatur, Senior Vice President for Finance and Administration and Treasurer

Re: CONSTRUCTION AND RENOVATION PROJECT APPROVAL GUIDELINES

At this time there are no clear guidelines for what level of construction or renovation project should be considered by the Board of Trustees for a specific approval. The goals of this proposal are to:

- identify the dollar threshold of projects to be approved by the Board,
- bring projects to the Board following an initial project development process in which greater levels of programming needs and cost estimates are attained, and
- accomplish the project approval in one stage.

The specific proposal is as follows:

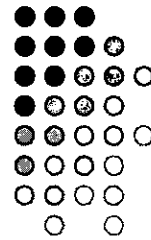
1. Construction or renovation projects of total project budget* of \$500,000 or more will be brought to the Board of Trustees for specific project approval.
2. Consultants may be hired prior to bringing a project to the Board for approval in order to achieve greater levels of programming needs and costs estimates.
3. A project approval request will at minimum provide a description of the proposed project scope, a proposed project budget based on total project cost, and a proposed fund source or sources.
4. The goal is for a project to come to the board for approval one time in the life of the project. When projects are planned to be phased over multiple years, where construction costs and fund source availability are difficult to predict years in advance, each phase will be considered a separate project with a separate Board approval request.
5. A Board of Trustees approval must be received prior to construction bids being awarded for any construction or renovation project with a total project budget of \$500,000 or more.
6. When appropriate, projects will be brought to the Board for consideration in groupings, such as groups of projects specific to a particular state appropriation or grant.
7. A project will be managed to the project budget approved by the Board of Trustees. Any increase in total project budget will be brought to the Board of Trustees for approval.

8. A project will be funded by the particular fund sources approved by the Board of Trustees. Changes in funding sources will be brought to the Board of Trustees for approval.
9. Urgent repair or parts replacement does not require a Board of Trustees approval.

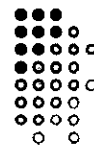
*Total Project Budget includes the cost of a programming consultant, a design consultant, internal or external project management, hazardous materials abatement, testing, furnishings and equipment, and a projected contingency to cover uncertainties associated with the cost of the project which is appropriate to the status of development of the project. In some cases, it is acceptable to furnish and equip a project all or in part through a funding mechanism outside the total project cost definition such as through an operational budget.

I would be happy to answer any questions you might have about the construction and renovation project approval proposal.

Capital Projects



Capital Project Approval Process



- Proposed Board approval threshold of \$500,000 total project budget
- Goal of one approval request per project
- Consultants to provide programmatic scope and costing prior to requested board approval
- Presented in groups when appropriate





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Interoffice Communication

Date: January 7, 2009

To: The President and Board of Trustees

From: William R. Decatur, Senior Vice President for Finance and Administration and Treasurer

Re: CONSTRUCTION PROJECT APPROVAL REQUESTS

All construction project approval requests for the January 2009 Board of Trustees meeting relate to auxiliary minor capital facility planning. Minor capital projects are planned and implemented each year in order to upgrade facilities incrementally. The Housing and Dining Auxiliary last provided a budget plan update to the Board of Trustees in June of 2008. In FY 2009, the Housing and Dining Auxiliary plans to fund \$7,000,000 for minor capital projects. Three of the projects are planned to meet or exceed \$500,000 in total project budget and are presented to the Board for construction project approval. A resolution is provided that addresses all three of these projects.

FY 2009 Residence Hall Roof Replacements:

This project will replace the tile roofs on Shively and Bush Halls and fiberglass shingled roofs on Fenzel, Weld, Ewing and O'Bleness Halls. The total project budget is \$2,900,000.

FY 2009 New South Boiler Replacements:

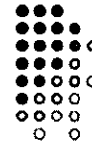
This project will replace the boilers at Weld and Atkinson Halls on the new South Green. There are 15 residence halls on the New South Green. Previously, the boilers in 13 of the 15 residences halls were replaced over a six year period. This last phase will complete the overall boiler replacement plan on new South Green. The total project budget is \$500,000.

FY 2009 Convocation Bathroom Upgrades:

The total project budget for this project is \$900,000. The Convocation Center was constructed in 1968 and includes athletic facilities and a residence hall. The residence hall portion houses approximately 236 students in 59 quad occupancy rooms. Since 2000, bathroom plumbing and heating, ventilation, and air conditioning upgrades have been completed in 29 rooms. This project will do the same upgrades in the remaining 30 rooms.

If I can be of further assistance or provide additional information regarding this matter, please contact me.

FY 2009 Residence Halls Roof Replacements



- Tile roofs for Shively and Bush Halls on East Green
- Fiberglass shingles for Fenzel, Weld, Ewing and O'Bleness Halls on South Green
- Fund Source: Auxiliary Minor Capital
- Budget: \$2,900,000



FY 2009 Residence Halls Boiler Replacements



- Weld and Atkinson Halls
- Last two of fifteen replacements
- Fund Source: Auxiliary Minor Capital
- Budget: \$500,000



FY 2009 Convocation Center Bathroom Upgrades



- Bathroom plumbing and HVAC Infrastructure
- Convo houses 236 students in 59 quads
- 29 rooms completed since 2000
- 30 rooms in this final phase
- Fund Source: Auxiliary Minor Capital
- Budget: \$900,000



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Interoffice Communication

Date: January 7, 2009

To: The President and Board of Trustees

From: William R. Decatur, Senior Vice President Finance and Administration and Treasurer


Re: **Appointing Authority Designation**

Ohio civil service laws have required an appointing authority for Ohio University to determine and sign all hiring, promotions, transfers, and disciplinary actions including removal, involving civil service classified employees. The Associate Vice President for Human Resources has been designated the appointing authority by the Ohio University Board of Trustees most recently since 2005 and prior to that since 1976 (resolution 1976-304).

There are occasions when the Associate Vice President for Human Resources is unavailable to serve as the appointing authority. The requirement for those appointing authority functions remains so there is a need to have a designee to perform those functions when the Associate Vice President is unavailable.

The attached resolution identifies the Associate Vice President for Human Resources as the appointing authority for the University for both civil service classified employees and administrative employees and provides for the designation of another to fulfill those duties when the AVP is unavailable.

Please feel free to contact me with any questions you have prior to the January meeting.



Interoffice Communication

Date: January 7, 2009

To: The President and Board of Trustees

From: William R. Decatur, Vice President for Finance and Administration and Treasurer

Re:  Financial Statement Highlights and Year-over-Year Review

At the January Resources Committee meeting we will share with the board some of the highlights of the FY 2008 financial statements as well as how those results compare to FY 2007. The FY 2008 results show that strides have been made in strengthening the University's balance sheet and financial position.

The University has calculated its required Senate Bill 6 ratios for the year ended June 30, 2008. The FY 2008 ratio results as well as the preliminary SB6 ratios for our state peers are part of the presentation and, based on these preliminary scores, Ohio has improved its ranking significantly - from 12th to 6th out of 14 institutions.

I will be happy to answer any questions you have prior to or during the January Board meeting.

Ohio University

Review of Fiscal Year ended June 30, 2008

The following is a review of the financial results of Ohio University for the fiscal year ended June 30, 2008.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Operating and Nonoperating Revenues

Operating Revenues and Nonoperating Revenues are presented in the Statements of Revenues, Expenses, and Changes in Net Assets on pages 21 and 22, respectively, of the audited financial statements.

This presentation has combined Operating Revenues and Nonoperating Revenues into one table and rearranged Revenues from highest to lowest in dollar volume for FY 2008 showing % change over prior year and \$ change over prior year:

	2008 Primary Institution	2007 Primary Institution	% Change over prior Year	\$ Change over prior Year
Student tuition and fees - net of scholarship allowances	\$ 215,984,213	\$ 217,740,577	-0.81%	\$ (1,756,364)
State appropriations	144,999,895	137,197,682	5.69%	7,802,213
Auxiliary enterprises - net of scholarship allowances	69,154,022	65,090,980	6.24%	4,063,042
Federal grants and contracts	49,697,333	48,098,338	3.32%	1,598,995
State capital appropriations	17,603,472	14,024,105	25.52%	3,579,367
State grants and contracts	12,248,411	13,887,307	-11.80%	(1,638,896)
Private grants and contracts	11,995,084	12,737,228	-5.83%	(742,144)
Other sources	11,504,445	10,208,019	12.70%	1,296,426
Sales and services	9,619,377	10,113,479	-4.89%	(494,102)
Capital grants and gifts	3,829,024	3,444,433	11.17%	384,591
Investment income - net of investment expense	589,930	19,442,211	-96.97%	(18,852,281)
Local grants and contracts	444,546	385,076	15.44%	59,470
Additions to permanent endowments	12,572	7,301	72.20%	5,271
Total revenues	<u>\$ 547,682,324</u>	<u>\$ 552,376,736</u>	<u>-0.85%</u>	<u>\$ (4,694,412)</u>

Student Tuition and fees – net of scholarship allowances is the University's largest source of revenue. The university did not increase tuition for either graduate or undergraduate education in FY 2008, with the exception of medical education which increased by 4.6%.

State Appropriations to the University increased by 5.69% in FY 2008. This increase of \$7.8 million reflects an increase in the State Share of Instruction to offset the 0% cap on tuition and general fees in the 2008-09 biennial budget.

Auxiliary Enterprises increased by 6.24% primarily due to two revenue streams within the Residence and Dining Hall auxiliary. Room rates in FY 2008 increased by 9% over FY 2007 and sales of food and merchandise in the new Baker University Center increased by slightly over \$1million over the prior year due to it being open for all of FY 2008 compared to only two quarters in FY 2007.

Investment income decreased \$18.9 million due to the market volatility which preceded the 2008 fiscal year-end and continued through the end of the calendar year.

Operating and Nonoperating Expenses

Operating Expenses and Nonoperating Expenses are presented in the Statements of Revenues, Expenses, and Changes in Net Assets on pages 21 and 22, respectively, of the audited financial statements.

Expenses – Functional View

This presentation has combined Operating Expenses and Nonoperating Expenses into one table and rearranged Expenses from highest to lowest in dollar volume for FY 2008 showing % change over prior year and \$ change over prior year:

	2008 Primary Institution	2007 Primary Institution	% Change over prior Year	\$ Change over prior Year
Instruction and departmental research	\$ 201,036,806	\$ 201,643,484	-0.30%	\$ (606,678)
Auxiliary enterprises	68,845,947	70,306,093	-2.08%	(1,460,146)
Academic support	58,703,123	58,184,520	0.89%	518,603
Operation and maintenance of plant	41,562,900	42,401,934	-1.98%	(839,034)
Separately budgeted research	32,995,537	32,457,968	1.66%	537,569
Depreciation	32,308,560	30,652,755	5.40%	1,655,805
Student services	28,771,592	26,798,723	7.36%	1,972,869
Institutional support	28,522,321	27,313,424	4.43%	1,208,897
Public service	21,917,621	20,961,207	4.56%	956,414
Student aid	9,344,798	10,250,507	-8.84%	(905,709)
Interest on capital asset - related debt	7,447,971	7,431,076	0.23%	16,895
Disposal and write-offs of plant facilities	174,000	707,561	-75.41%	(533,561)
Total expenses	\$ 531,631,176	\$ 529,109,252	0.48%	\$ 2,521,924

Instruction and departmental research experienced a slight decrease over the previous year. One factor impacting the decrease is a reduction in the amount of summer sessions expenses over the previous fiscal year due to a decrease in the number of days, by 4, of Summer 2008 in FY 2008 compared to Summer 2007 in FY2007. There were also reductions in spending for professional fees (33% or -\$881K), travel (-8% or -\$578K), and supplies (-10% or -\$434K) showing the impact of budget reductions on discretionary spending.

The line items **Instruction and departmental research, Separately budgeted research, Public service, and Academic support** comprise the University's core mission and account for 59.2% of the University's total expenditures in both FY 2007 and 2008.

All functional line items maintained their relative ranking from FY 2007 except for **Student services** which passed **Institutional support** for the 7th spot in FY 2008, primarily related to FY 2008 non-capitalizable costs associated with the early stages of implementing a new student information system.

Expenses – Category View

	2008 Primary Institution	2007 Primary Institution	% Change over prior Year	\$ Change over prior Year
Faculty salaries	\$ 109,608,828	\$ 106,767,108	2.66%	\$ 2,841,720
Benefits - all employees	79,086,180	78,460,359	0.80%	625,821
Administrative salaries	76,829,656	74,436,539	3.21%	2,393,117
Classified wages	46,339,350	45,612,930	1.59%	726,420
Depreciation	32,308,560	30,652,755	5.40%	1,655,805
Maintenance operations	31,295,377	31,561,356	-0.84%	(265,979)
Graduate fee waivers	26,834,134	26,382,804	1.71%	451,330
Supplies	22,784,947	26,883,687	-15.25%	(4,098,740)
Information & communication	17,597,699	16,964,255	3.73%	633,444
Graduate stipends	17,058,578	16,578,966	2.89%	479,612
Travel & entertainment	16,016,271	16,270,813	-1.56%	(254,542)
Professional fees	14,881,585	14,747,581	0.91%	134,004
Student wages	13,597,627	12,823,614	6.04%	774,013
Scholarships	9,344,671	10,250,507	-8.84%	(905,836)
All other categories	18,047,713	20,715,978	-12.88%	(2,668,265)
Total expenses	\$ 531,631,176	\$ 529,109,252	0.48%	\$ 2,521,924

Faculty salaries show an increase of 2.66%. The university raise pool was 3% and through a Vision Ohio initiative to improve the faculty ranking among peer institutions, an additional \$1.2 million was targeted to faculty salaries. The percentage growth resulting from those increases has been offset by an increase in the number of vacancies for Group 1 faculty.

Administrative salaries would have increased by a rate of only 2.14 percent except for additional costs of administrative positions associated with restricted funds, i.e., the grants call for those hires, and approximately \$400,000 in additional administrative salaries in IT where increases to staffing are planned and expected in response to consultant and auditor recommendations.

Expenses increased in total by only 0.48% for the year. The category with the largest change was the **Supplies** category which decreased by \$4.1 million. This is mainly due to the large amount of non-capitalizable furniture purchased in FY 2007 for the new Baker University Center that opened that year.

STATEMENTS OF NET ASSETS

Assets

Assets are presented in the Statements of Net Assets on page 19 of the audited financial statements.

ASSETS

	2008 Primary Institution	2007 Primary Institution	% Change over prior Year	\$ Change over prior Year
CURRENT ASSETS				
Cash and cash equivalents	\$ 48,850,210	\$ 37,117,319	31.61%	\$ 11,732,891
Investments	112,219,274	111,750,833	0.42%	468,441
Accounts and pledges receivable - net	43,309,109	44,486,015	-2.65%	(1,176,906)
Interest and dividends receivable	384,594	352,870	8.99%	31,724
Notes receivable - net	2,001,368	3,365,266	-40.53%	(1,363,898)
Prepaid expenses and deferred charges	13,300,265	16,172,819	-17.76%	(2,872,554)
Inventories	2,263,482	1,977,771	14.45%	285,711
Total current assets	222,328,302	215,222,893	3.30%	7,105,409
NONCURRENT ASSETS				
Restricted cash and cash equivalents	2,086,503	14,663,754	-85.77%	(12,577,251)
Endowment investments	16,237,286	16,818,390	-3.46%	(581,104)
Notes receivable - net	12,737,648	11,650,443	9.33%	1,087,205
Capital assets - net	565,835,713	554,662,276	2.01%	11,173,437
Total noncurrent assets	596,897,150	597,794,863	-0.15%	(897,713)
TOTAL ASSETS	\$ 819,225,452	\$ 813,017,756	0.76%	\$ 6,207,696

The Statement of Net Assets shows the University's financial position as of the end of each of the fiscal years presented.

Total Assets increased by only 0.76%.

The increase to **Cash and cash equivalents** is attributed to increased state appropriations for 2008 and restrained spending.

The 0.42% increase in **Investments** in FY 2008 includes market depreciation offset by increases to quasi endowments and the diversified pool from additional investments. Composite returns of negative 3.8% were achieved on the endowment and diversified pool during FY 2008. The cash and liquidity pools within working capital earned 5.85% for the fiscal year.

As an offset to the increases there is a significant reduction in **Restricted cash and cash equivalents** from the spending of the series 2006B bond proceeds that were being held in escrow.

The increase to **Capital assets-net** is due to the addition of over \$5 million to each of the construction projects for the new Academic & Research Center, the Porter Hall addition and the Lincoln Hall renovation.

Footnote 2 beginning on page 31 of the audited financial statements contains more detailed information of the University's cash and investments including its investment portfolio and risk disclosures.

Liabilities

Liabilities are presented in the Statements of Net Assets on page 20 of the audited financial statements.

LIABILITIES	2008 Primary Institution	2007 Primary Institution	% Change over prior Year	\$ Change over prior Year
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ 43,822,048	\$ 42,579,902	2.92%	\$ 1,242,146
Deferred revenue	30,607,236	24,523,487	24.81%	6,083,749
Refunds and other liabilities	3,453,259	4,810,021	-28.21%	(1,356,762)
Capital lease obligations	89,615	86,942	3.07%	2,673
Bonds and notes payable	16,620,000	20,770,000	-19.98%	(4,150,000)
Deposits held in custody for others	1,235,280	1,562,329	-20.93%	(327,049)
Total current liabilities	95,827,438	94,332,681	1.58%	1,494,757
NONCURRENT LIABILITIES				
Compensated absences	13,460,923	12,787,146	5.27%	673,777
Capital lease obligations	348,412	242,664	43.58%	105,748
Bonds and notes payable	150,345,000	161,815,000	-7.09%	(11,470,000)
Bonds premium - net	5,178,561	5,661,054	-8.52%	(482,493)
Refundable advances for federal student loans	8,456,624	8,621,865	-1.92%	(165,241)
Total noncurrent liabilities	177,789,520	189,127,729	-6.00%	(11,338,209)
TOTAL LIABILITIES	\$ 273,616,958	\$ 283,460,410	-3.47%	\$ (9,843,452)

The University's **Total Liabilities** for the year decreased by 3.47%. The primary contributor to the decrease of **Total Liabilities** was the pay-down of debt with no offsetting new issuances in FY 2008. (New debt for HDL purchase issued in July 2009 (FY 2009)).

The increase in **Deferred Revenue** of 24.8% over FY 2007 is due to an increase in deferred summer sessions tuition because of timing of the session in relation to year end (there were 4 less days of 2008 summer sessions revenue booked to FY 2008 and thus more deferred, than of 2007 summer sessions revenue booked to FY 2007), an increase in deferred revenue for grants and contracts as well as an increase in deferred revenue on the funds received for the construction of the Academic and Research Center.

Net Assets

Net Assets are presented in the Statements of Net Assets on page 20 of the audited financial statements.

NET ASSETS	2008 Primary Institution	2007 Primary Institution	% Change over prior Year	\$ Change over prior Year
Invested in capital assets - net of related debt	\$ 393,337,530	\$ 386,411,424	1.79%	\$ 6,926,106
Restricted:				
Nonexpendable	16,237,286	16,818,390	-3.46%	(581,104)
Expendable	46,436,126	40,874,666	13.61%	5,561,460
Unrestricted	89,597,552	85,452,866	4.85%	4,144,686
TOTAL NET ASSETS	\$ 545,608,494	\$ 529,557,346	3.03%	\$ 16,051,148

Net Assets represent our net worth from the beginning of time (1804) through present day. Our net worth increased by \$16.1 million in FY 2008, mostly attributable to an increase in **Restricted expendable** net assets of \$5.6 million and an increase in **Invested in capital assets – net of related debt** of \$7.0 million. **Unrestricted net assets** also increased by \$4.1 million due to restrained spending and strategies to grow net assets through the establishment of reserves. Each net asset category is further analyzed on subsequent slides.

	2008 Primary Institution	2007 Primary Institution	% Change over prior Year	\$ Change over prior Year
Invested in capital assets - net of related debt				
Capital assets - net of depreciation	\$ 565,835,713	\$ 554,662,276	2.01%	\$ 11,173,437
Restricted cash (unspent bond proceeds portion)	83,405	14,663,754	-99.43%	(14,580,349)
Less - Bonds and notes payable	(172,143,561)	(182,585,000)	-5.72%	10,441,439
Less - Capital lease obligations	(438,027)	(329,606)	32.89%	(108,421)
Total Invested in capital assets- net of related debt	\$ 393,337,530	\$ 386,411,424	1.79%	\$ 6,926,106

Invested in capital assets – net of related debt is made up of capital assets net of their related depreciation, plus restricted cash, less outstanding bonds and notes payable, and further reduced by the outstanding liability for capital leases. This Net Asset category increased by \$7.0 million in FY08 due to construction activity on campus (Academic Research Center) and reduction in outstanding bonds.

	2008 Primary Institution	2007 Primary Institution	% Change over prior Year	\$ Change over prior Year
Restricted Nonexpendable Net Assets				
Endowment Investments	\$ 16,237,286	\$ 16,818,390	-3.46%	\$ (581,104)
Total Restricted Nonexpendable Net Assets	\$ 16,237,286	\$ 16,818,390	-3.46%	\$ (581,104)

Restricted Nonexpendable Net Assets - Endowment Investments are the only asset held in this net asset class and represent the contributed value of University endowments plus net market appreciation on non-total return endowments. This Net Asset category decreased by \$0.6 million in FY 2008 primarily due to unrealized losses from endowment investment performance of non-total return endowments.

The University generally does not take on new endowments, unless a donor's bequest specifically states that the gift is to be administered by the Board of Trustees of Ohio University.

	2008 Primary Institution	2007 Primary Institution	% Change over prior Year	\$ Change over prior Year
Restricted Expendable Net Assets				
Grants and Contracts fund balance	\$ 8,265,218	\$ 9,736,771	-15.11%	\$ (1,471,553)
Plant Funds fund balance	16,967,493	8,329,120	103.71%	8,638,373
Loan fund balance	8,516,084	8,126,559	4.79%	389,525
Capital appreciation of total return endowments	12,687,331	14,682,216	-13.59%	(1,994,885)
Total Restricted Expendable Net Assets	\$ 46,436,126	\$ 40,874,666	13.61%	\$ 5,561,460

Restricted expendable net assets are funds whose use has externally imposed restrictions. This includes fund balances from grants whose purposes have not been completely fulfilled, plant funds not yet spent for their intended purpose, and revenues received to provide loans to students.

Fluctuations in the specific line items for **Grants and contracts** and **Plant** fund balances are expected due to the rotating in and out of various grants and projects.

Capital appreciation decreased in FY 2008 over FY 2007 because of negative investment returns.

	2008 Primary Institution	2007 Primary Institution	% Change over prior Year	\$ Change over prior Year
Unrestricted Net Assets				
Unrestricted educational and general fund balance	\$ 60,792,181	\$ 51,933,738	17.06%	\$ 8,858,443
Unrestricted auxiliary fund balance	6,040,368	11,760,049	-48.64%	(5,719,681)
Quasi endowments	19,679,493	18,560,133	6.03%	1,119,360
Reserves in plant funds	3,085,510	3,198,946	-3.55%	(113,436)
Total Unrestricted Net Assets	\$ 89,597,552	\$ 85,452,866	4.85%	\$ 4,144,685

Unrestricted (expendable) net assets are made up of the cumulative net results of unrestricted educational and general operations and unrestricted auxiliary activities. It is further increased by any quasi endowments whose original source of funds was unrestricted, and reserves held in plant funds.

The \$19.7 million **Quasi endowment** balance is made up of six active accounts, including:

- Unrestricted (Oracle ERP) = \$6.4 million
- Edison Research = \$6.1 million
- College of Arts & Sciences = \$800K
- Strategic Research Enhancement = \$900K
- COM Minority Scholarship = \$3.8 million
- COM Pfizer/Somavert Royalty = \$1.6 million

Unrestricted Net Assets increased by 5% in 2008 primarily due to positive results in the **Unrestricted educational and general fund balance** and financial management strategies implemented that are designed to increase net assets, including \$1M specifically budgeted in FY 2008 to increase unrestricted expendable net assets.

The **Unrestricted Educational and General Fund Balance** is \$60.8 million. In recent years carryforward spending authority has exceeded the unrestricted educational and general fund balance. The magnitude of the issue as of June 30, 2008 is approximately \$14.7 million - the difference between the fund balance of \$60.8 million and the carryforward authority of \$75.5 million. Strategies to address this issue are being discussed and actions are expected to be implemented Winter quarter 2009 to close this gap.

	2008 Primary Institution	2007 Primary Institution	% Change over prior Year	\$ Change over prior Year
Unrestricted Auxiliary Fund Balance				
Residence and Dining Hall	\$ 7,186,503	\$ 11,985,418	-40.04%	\$ (4,798,915)
Baker Center	390,290	(61,060)	-739.19%	451,350
Intercollegiate Athletics	(4,731,465)	(3,364,853)	40.61%	(1,366,612)
Airport	(834,739)	(843,369)	-1.02%	8,630
Telephone/Technology Store Operations	2,664,021	2,224,147	19.78%	439,874
Campus Recreation	1,240,097	1,381,412	-10.23%	(141,315)
Parking Services	125,662	438,354	-71.33%	(312,692)
Total Unrestricted Auxiliary Fund Balance	\$ 6,040,368	\$ 11,760,049	-48.64%	\$ (5,719,681)

This table shows the University's auxiliaries and the contribution each made to the overall **Total Unrestricted Auxiliary Fund Balance**. The **Residence and Dining Hall** auxiliary still has the largest overall fund balance even though it decreased by \$4.8 million in FY 2008 due mainly to transfers of repair and replacement reserve funds to Plant Funds for renovation projects.

SENATE BILL 6 RATIOS

Universities	Composite Score FY 2008	Relative Position FY 2008	Composite Score FY 2007	Relative Position FY 2007	Composite Score Change over prior year
NEOUCOM	5.00	1	5.00	1	-
Wright State	4.10	Tie 2	4.30	4	(0.20)
Youngstown State	4.10	Tie 2	3.70	Tie 8	0.40
Kent State	3.90	4	4.70	Tie 2	(0.80)
University of Akron	3.60	5	3.60	10	-
Ohio University	3.50	6	3.20	12	0.30
Bowling Green	3.40	Tie 7	4.20	Tie 5	(0.80)
Ohio State	3.40	Tie 7	4.20	Tie 5	(0.80)
Shawnee State	3.40	Tie 7	3.80	7	(0.40)
University of Toledo/MUO	3.30	10	3.70	Tie 8	(0.40)
Miami University	3.10	11	4.70	Tie 2	(1.60)
Cleveland State	2.80	12	3.40	11	(0.60)
Central State	2.70	13	2.40	14	0.30
University of Cincinnati	2.50	14	2.80	13	(0.30)

Senate Bill 6 of the 122nd General Assembly was enacted into law in 1997. It is designed to increase financial accountability of state colleges and universities by using a standard set of measures with which to monitor the fiscal health of campuses. Using the year-end audited financial statements submitted by each public institution, the Board of Regents annually applies these standards to monitor individual campus finances.

Ohio University was ranked 12th out of 14 for FY 2007. We have improved our ratios and our ranking significantly in 2008, improving to 6th out of 14 state institutions.

Note – The Composite Scores for FY 2008 from all of the universities except Ohio University are preliminary based on a survey conducted on the IUC Controllers List Serv.

OHIO UNIVERSITY
(A Component Unit of the State of Ohio)

STATEMENTS OF NET ASSETS

	2008	% of	2007	% of
ASSETS	Primary	Total	Primary	Total
	Institution		Institution	
CURRENT ASSETS:				
Cash and cash equivalents	\$ 48,850,210	5.96%	\$ 37,117,319	4.57%
Investments	112,219,274	13.70%	111,750,833	13.75%
Accounts and pledges receivable - net	43,309,109	5.29%	44,486,015	5.47%
Accrued interest and dividends receivable	384,594	0.05%	352,870	0.04%
Notes receivable - net	2,001,368	0.24%	3,365,266	0.41%
Prepaid expenses and deferred charges	13,300,265	1.62%	16,172,819	1.99%
Inventories	2,263,482	0.28%	1,977,771	0.24%
Total current assets	222,328,302	27.14%	215,222,893	26.47%
NONCURRENT ASSETS:				
Restricted cash and cash equivalents	2,086,503	0.25%	14,663,754	1.80%
Endowment investments	16,237,286	1.98%	16,818,390	2.07%
Notes receivable - net	12,737,648	1.55%	11,650,443	1.43%
Capital assets - net	565,835,713	69.07%	554,662,276	68.23%
Total noncurrent assets	596,897,150	72.86%	597,794,863	73.53%
TOTAL ASSETS	\$ 819,225,452	100.00%	\$ 813,017,756	100.00%
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	\$ 43,822,048	16.02%	\$ 42,579,902	15.02%
Deferred revenue	30,607,236	11.19%	24,523,487	8.65%
Refunds and other liabilities	3,453,259	1.26%	4,810,021	1.70%
Capital lease obligations	89,615	0.03%	86,942	0.03%
Bonds and notes payable	16,620,000	6.07%	20,770,000	7.33%
Deposits held in custody for others	1,235,280	0.45%	1,562,329	0.55%
Total current liabilities	95,827,438	35.02%	94,332,681	33.28%
NONCURRENT LIABILITIES:				
Compensated absences	13,460,923	4.92%	12,787,146	4.51%
Capital lease obligations	348,412	0.13%	242,664	0.09%
Bonds and notes payable	150,345,000	54.94%	161,815,000	57.08%
Bonds premium - net	5,178,561	1.89%	5,661,054	2.00%
Refundable advances for federal student loans	8,456,624	3.09%	8,621,865	3.04%
Total noncurrent liabilities	177,789,520	64.98%	189,127,729	66.72%
Total liabilities	273,616,958	100.00%	283,460,410	100.00%
NET ASSETS				
Invested in capital assets - net of related debt	393,337,530	72.08%	386,411,424	72.96%
Restricted:				
Nonexpendable	16,237,286	2.98%	16,818,390	3.18%
Expendable	46,436,126	8.51%	40,874,666	7.72%
Unrestricted	89,597,552	16.42%	85,452,866	16.14%
Total net assets	545,608,494	100.00%	529,557,346	100.00%
TOTAL LIABILITIES AND NET ASSETS	\$ 819,225,452		\$ 813,017,756	

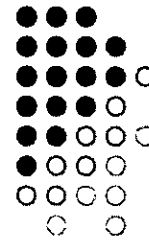
OHIO UNIVERSITY
(A Component Unit of the State of Ohio)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	2008 Primary Institution	2007 Primary Institution
OPERATING REVENUES:		
Student tuition and fees - net of scholarship allowances	\$ 215,984,213	\$ 217,740,577
Federal grants and contracts	26,209,405	27,404,263
State grants and contracts	5,105,983	7,294,112
Local grants and contracts	437,340	383,291
Private grants and contracts	8,028,607	8,180,953
Sales and services	9,619,377	10,113,479
Auxiliary enterprises - net of scholarship allowances	69,154,022	65,090,980
Other sources	11,504,445	10,208,019
	<hr/>	<hr/>
Total operating revenues	346,043,392	346,415,674
OPERATING EXPENSES:		
Educational and general:		
Instruction and departmental research	201,036,806	201,643,484
Separately budgeted research	32,995,537	32,457,968
Public service	21,917,621	20,961,207
Academic support	58,703,123	58,184,520
Student services	28,771,592	26,798,723
Institutional support	28,522,321	27,313,424
Operation and maintenance of plant	41,562,900	42,401,934
Student aid	9,344,798	10,250,507
Depreciation	32,308,560	30,652,755
Auxiliary enterprises	68,845,947	70,306,093
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Total operating expenses	524,009,205	520,970,615
	<hr/>	<hr/>
OPERATING INCOME (LOSS)	(177,965,813)	(174,554,941)
NONOPERATING REVENUES AND EXPENSES:		
State appropriations	144,999,895	137,197,682
Federal grants	23,487,928	20,694,075
State grants	7,142,428	6,593,195
Local grants	7,206	1,785
Private gifts	3,966,477	4,556,275
Investment income - net of investment expense	589,930	19,442,211
Interest on capital asset - related debt	(7,447,971)	(7,431,076)
Disposal and write-offs of plant facilities	(174,000)	(707,561)
	<hr/>	<hr/>
Net nonoperating revenues	172,571,893	180,346,586
	<hr/>	<hr/>
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	(5,393,920)	5,791,645
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES		
State capital appropriations	17,603,472	14,024,105
Capital grants and gifts	3,829,024	3,444,433
Additions to permanent endowments	12,572	7,301
	<hr/>	<hr/>
Total other revenues	21,445,068	17,475,839
	<hr/>	<hr/>
INCREASE IN NET ASSETS	16,051,148	23,267,484
NET ASSETS		
Beginning of year	529,557,346	506,289,862
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End of year	\$ 545,608,494	\$ 529,557,346
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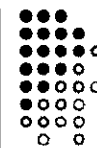
Financial Statement Highlights and Year-over-Year Results

Tab 11



Statements of Revenues, Expenses, and Changes in Net Assets

Operating and Nonoperating Revenues



	2008 Primary Institution	2007 Primary Institution	% Change over prior Year	\$ Change over prior Year
Student tuition and fees-net of scholarship allowances	\$ 215,984,213	\$ 217,740,577	-0.81%	\$ (1,756,364)
State appropriations	144,999,895	137,197,682	5.69%	7,802,213
Auxiliary enterprises - net of scholarship allowances	69,154,022	65,090,980	6.24%	4,063,042
Federal grants and contracts	49,697,333	48,098,338	3.32%	1,598,995
State capital appropriations	17,603,472	14,024,105	25.52%	3,579,367
State grants and contracts	12,248,411	13,887,307	-11.80%	(1,638,896)
Private grants and contracts	11,995,084	12,737,228	-5.83%	(742,144)
Other sources	11,504,445	10,208,019	12.70%	1,296,426
Sales and services	9,619,377	10,113,479	-4.89%	(494,102)
Capital grants and gifts	3,829,024	3,444,433	11.17%	384,591
Investment income-net of investment expense	589,930	19,442,211	-96.97%	(18,852,281)
Local grants and contracts	444,546	385,076	15.44%	59,470
Additions to permanent endowments	12,572	7,301	72.20%	5,271
Total revenues	\$ 547,682,324	\$ 552,376,736	-0.85%	\$ (4,694,412)



Statements of Revenues, Expenses, and Changes in Net Assets

Operating and Nonoperating Expenses – Functional View

	2008 Primary Institution	2007 Primary Institution	% Change over prior Year	\$ Change over prior Year
Instruction and departmental research	\$ 201,036,806	\$ 201,643,484	-0.30%	\$ (606,678)
Auxiliary enterprises	68,845,947	70,306,093	-2.08%	(1,460,146)
Academic support	58,703,123	58,184,520	0.89%	518,603
Operation and maintenance of plant	41,562,900	42,401,934	-1.98%	(839,034)
Separately budgeted research	32,995,537	32,457,968	1.66%	537,569
Depreciation	32,308,560	30,652,755	5.40%	1,655,805
Student services	28,771,592	26,798,723	7.36%	1,972,869
Institutional support	28,522,321	27,313,424	4.43%	1,208,897
Public service	21,917,621	20,961,207	4.56%	956,414
Student aid	9,344,798	10,250,507	-8.84%	(905,709)
Interest on capital asset - related debt	7,447,971	7,431,076	0.23%	16,895
Disposal and write-offs of plant facilities	174,000	707,561	-75.41%	(533,561)
Total expenses	\$ 531,631,176	\$ 529,109,252	0.48%	\$ 2,521,924



OHIO
UNIVERSITY

Statements of Revenues, Expenses, and Changes in Net Assets

Operating and Nonoperating Expenses – Category View

	2008 Primary Institution	2007 Primary Institution	% Change over prior Year	\$ Change over prior Year
Faculty salaries	\$ 109,608,828	\$ 106,767,108	2.66%	\$ 2,841,720
Benefits - all employees	79,086,180	78,460,359	0.80%	625,821
Administrative salaries	76,829,656	74,436,539	3.21%	2,393,117
Classified wages	48,339,350	45,612,930	1.59%	726,420
Depreciation	32,308,560	30,652,755	5.40%	1,655,805
Maintenance operations	31,295,377	31,561,356	-0.84%	(265,979)
Graduate fee waivers	26,834,134	26,382,804	1.71%	451,330
Supplies	22,784,947	26,883,687	-15.25%	(4,098,740)
Information & communication	17,597,699	16,964,255	3.73%	633,444
Graduate stipends	17,058,578	16,578,966	2.89%	479,612
Travel & entertainment	16,016,271	16,270,813	-1.56%	(254,542)
Professional fees	14,881,585	14,747,581	0.91%	134,004
Student wages	13,597,627	12,823,614	6.04%	774,013
Scholarships	9,344,671	10,250,507	-8.84%	(905,836)
All other categories	18,047,713	20,715,978	-12.88%	(2,668,265)
Total expenses	\$ 531,631,176	\$ 529,109,252	0.48%	\$ 2,521,924



OHIO
UNIVERSITY

Statements of Net Assets

Assets

	2008 Primary Institution	2007 Primary Institution	% Change over prior Year	\$ Change over prior Year
CURRENT ASSETS				
Cash and cash equivalents	\$ 48,850,210	\$ 37,117,319	31.61%	\$ 11,732,891
Investments	112,219,274	111,750,833	0.42%	468,441
Accounts and pledges receivable - net	43,309,109	44,486,015	-2.65%	(1,176,906)
Interest and dividends receivable	384,594	352,870	8.99%	31,724
Notes receivable - net	2,001,368	3,365,266	-40.53%	(1,363,898)
Prepaid expenses and deferred charges	13,300,265	16,172,819	-17.76%	(2,872,554)
Inventories	2,263,482	1,977,771	14.45%	285,711
Total current assets	222,328,302	215,222,893	3.30%	7,105,409
NONCURRENT ASSETS				
Restricted cash and cash equivalents	2,086,503	14,663,754	-85.77%	(12,577,251)
Endowment investments	16,237,286	16,818,390	-3.46%	(581,104)
Notes receivable - net	12,737,648	11,650,443	9.33%	1,087,205
Capital assets - net	565,835,713	554,662,276	2.01%	11,173,437
Total noncurrent assets	596,897,150	597,794,863	-0.15%	(897,713)
TOTAL ASSETS	\$ 819,225,452	\$ 813,017,756	0.76%	\$ 6,207,696



Statements of Net Assets

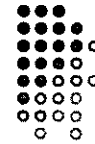
Liabilities

	2008 Primary Institution	2007 Primary Institution	% Change over prior Year	\$ Change over prior Year
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ 43,822,048	\$ 42,579,902	2.92%	\$ 1,242,146
Deferred revenue	30,607,236	24,523,487	24.81%	6,083,749
Refunds and other liabilities	3,453,259	4,810,021	-28.21%	(1,356,762)
Capital lease obligations	89,615	86,942	3.07%	2,673
Bonds and notes payable	16,620,000	20,770,000	-19.98%	(4,150,000)
Deposits held in custody for others	1,235,280	1,562,329	-20.93%	(327,049)
Total current liabilities	95,827,438	94,332,681	1.58%	1,494,757
NONCURRENT LIABILITIES				
Compensated absences	13,460,923	12,787,146	5.27%	673,777
Capital lease obligations	348,412	242,664	43.58%	105,748
Bonds and notes payable	150,345,000	161,815,000	-7.09%	(11,470,000)
Bonds premium - net	5,178,561	5,661,054	-8.52%	(482,493)
Refundable advances for federal student loans	8,456,624	8,621,865	-1.92%	(165,241)
Total noncurrent liabilities	177,789,520	189,127,729	-6.00%	(11,338,209)
TOTAL LIABILITIES	\$ 273,616,958	\$ 283,460,410	-3.47%	\$ (9,843,452)



Statements of Net Assets

Net Assets



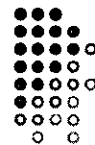
NET ASSETS	2008 Primary Institution	2007 Primary Institution	% Change over prior Year	\$ Change over prior Year
Invested in capital assets - net of related debt	\$ 393,337,530	\$ 386,411,424	1.79%	\$ 6,926,106
Restricted:				
Nonexpendable	16,237,286	16,818,390	-3.46%	(581,104)
Expendable	46,436,126	40,874,666	13.61%	5,561,460
Unrestricted	89,597,552	85,452,866	4.85%	4,144,686
TOTAL NET ASSETS	\$ 545,608,494	\$ 529,557,346	3.03%	\$ 16,051,148



Statements of Net Assets

Net Assets

Invested in capital assets – net of related debt



	2008 Primary Institution	2007 Primary Institution	% Change over prior Year	\$ Change over prior Year
Invested in capital assets - net of related debt				
Capital assets - net of depreciation	\$ 565,835,713	\$ 554,662,276	2.01%	\$ 11,173,437
Restricted cash (unspent bond proceeds portion)	83,405	14,663,754	-99.43%	(14,580,349)
Less - Bonds and notes payable	(172,143,561)	(182,585,000)	-5.72%	10,441,439
Less - Capital lease obligations	(438,027)	(329,606)	32.89%	(108,421)
Total Invested in capital assets- net of related debt	\$ 393,337,530	\$ 386,411,424	1.79%	\$ 6,926,106



Statements of Net Assets

Net Assets

Restricted Nonexpendable Net Assets



	2008 Primary Institution	2007 Primary Institution	% Change over prior Year	\$ Change over prior Year
Restricted Nonexpendable Net Assets				
Endowment Investments	\$ 16,237,286	\$ 16,818,390	-3.46%	\$ (581,104)
Total Restricted Nonexpendable Net Assets	\$ 16,237,286	\$ 16,818,390	-3.46%	\$ (581,104)



OHIO
UNIVERSITY

Statements of Net Assets

Net Assets

Restricted Expendable Net Assets



	2008 Primary Institution	2007 Primary Institution	% Change over prior Year	\$ Change over prior Year
Restricted Expendable Net Assets				
Grants and Contracts fund balance	\$ 8,265,218	\$ 9,736,771	-15.11%	\$ (1,471,553)
Plant Funds fund balance	16,967,493	8,329,120	103.71%	8,638,373
Loan fund balance	8,516,084	8,126,559	4.79%	389,525
Capital appreciation of total return endowments	12,687,331	14,682,216	-13.59%	(1,994,885)
Total Restricted Expendable Net Assets	\$ 46,436,126	\$ 40,874,666	13.61%	\$ 5,561,460



OHIO
UNIVERSITY

Statements of Net Assets

Net Assets

Unrestricted Net Assets

	2008 Primary Institution	2007 Primary Institution	% Change over prior Year	\$ Change over prior Year
Unrestricted Net Assets				
Unrestricted educational and general fund balance	\$ 60,792,181	\$ 51,933,738	17.06%	\$ 8,858,443
Unrestricted auxiliary fund balance	6,040,368	11,760,049	-48.64%	(5,719,681)
Quasi endowments	19,679,493	18,560,133	6.03%	1,119,360
Reserves in plant funds	3,085,510	3,198,946	-3.55%	(113,436)
Total Unrestricted Net Assets	\$ 89,597,552	\$ 85,452,866	4.85%	\$ 4,144,685



OHIO
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Statements of Net Assets

Net Assets

Unrestricted Educational and General Fund Balance

	2008 Primary Institution	2007 Primary Institution	% Change over prior Year	\$ Change over prior Year
Unrestricted Educational and General Fund Balance				
Carryforward	\$ 75,489,936	\$ 66,969,416	12.72%	\$ 8,520,520
Reserve to improve bottom line	1,000,000	-	-	1,000,000
Enrollment reserves	681,000	-	-	681,000
Working capital loans	(3,799,721)	(4,538,120)	-16.27%	738,399
Sick and vacation liability	(13,454,805)	(12,774,053)	5.33%	(680,752)
Summer session - GASB 34/35	1,984,843	2,276,495	-12.81%	(291,652)
Other	(1,109,072)	-	-	(1,109,072)
Total Unrestricted Educational and General Fund Balance	\$ 60,792,181	\$ 51,933,738	17.06%	\$ 8,858,443



OHIO
UNIVERSITY

Statements of Net Assets

Net Assets

Unrestricted Auxiliary Fund Balance

	2008 Primary Institution	2007 Primary Institution	% Change over prior Year	\$ Change over prior Year
Unrestricted Auxiliary Fund Balance				
Residence and Dining Hall	\$ 7,186,503	\$ 11,985,418	-40.04%	\$ (4,798,915)
Baker Center	390,290	(61,060)	-739.19%	451,350
Intercollegiate Athletics	(4,731,465)	(3,364,853)	40.61%	(1,366,612)
Airport	(834,739)	(843,369)	-1.02%	8,630
Telephone/Technology Store Operations	2,664,021	2,224,147	19.78%	439,874
Campus Recreation	1,240,097	1,381,412	-10.23%	(141,315)
Parking Services	125,662	438,354	-71.33%	(312,692)
Total Unrestricted Auxiliary Fund Balance	\$ 6,040,368	\$ 11,760,049	-48.64%	\$ (5,719,681)



Senate Bill 6 Ratios

Universities	Composite Score FY 2008	Relative Position FY 2008	Composite Score FY 2007	Relative Position FY 2007	Composite Score Change over prior year
NEOUCOM	5.00	1	5.00	1	-
Wright State	4.10	Tie 2	4.30	4	(0.20)
Youngstown State	4.10	Tie 2	3.70	Tie 8	0.40
Kent State	3.90	4	4.70	Tie 2	(0.80)
University of Akron	3.60	5	3.60	10	-
Ohio University	3.50	6	3.20	12	0.30
Bowling Green	3.40	Tie 7	4.20	Tie 5	(0.80)
Ohio State	3.40	Tie 7	4.20	Tie 5	(0.80)
Shawnee State	3.40	Tie 7	3.80	7	(0.40)
University of Toledo/MUO	3.30	10	3.70	Tie 8	(0.40)
Miami University	3.10	11	4.70	Tie 2	(1.60)
Cleveland State	2.80	12	3.40	11	(0.60)
Central State	2.70	13	2.40	14	0.30
University of Cincinnati	2.50	14	2.80	13	(0.30)





OHIO
UNIVERSITY

Interoffice Communication

Date: January 7, 2009

To: The President and Board of Trustees

From: William R. Decatur, Vice President for Finance and Administration and Treasurer

Re:  Interim Financial Reports – November 2008

Included with this mailing are the following interim financial statement materials:

- Interim Financial Report narrative – Period Ending November 2008
- Statement of Net Assets – all funds
 - November 30, 2008
 - November 30, 2007
 - Increases/(Decreases) between the two years
- Statement of Revenues, Expenditures and Other Changes
 - Unrestricted Educational and General (E&G)
 - Expenditures shown by function and natural account
 - Expenditures by planning unit - NEW
 - Auxiliary Operations – summary

The Expenditures by planning unit report has been added to provide the Board with a view of the university budget and spending by responsible planning unit. Issues that impact a planning unit may be discussed in the Interim Financial Report narrative as deemed necessary.

I will be happy to answer any questions you may have about the reports prior to or during the January meeting.

INTERIM FINANCIAL REPORT

Period Ending November 2008

FY 2009 BUDGET OUTLOOK

Like most sectors of the world economy, the University has been impacted by the current economic crisis, specifically the poor investment market and suffering state tax revenues resulting from falling consumer spending. In addition to economic trends and forecasts, the University continues to monitor enrollment-driven tuition and fee revenues. Fortunately, to-date we have not yet seen a significant impact of the current economy on enrollments, however, monitoring is ongoing.

State Budget Update: In a recent press conference, Governor Strickland announced an additional FY 2009 revenue shortfall of \$640 million and, along with members of the National Governors' Association, has begun to make a case for a federal relief package to offset these losses. On December 19, 2008, the State released its third executive order reductions, totaling \$185.5 million state-wide to partially offset the projected \$640 million revenue shortfall. (The State will make use of \$91.6 million in non-GRF sources and has assumed a \$362.9 million increase in federal assistance in addition to agency reductions to help address the total shortfall.) The Governor continues to prioritize higher education through the continued exemption of the State Share of Instruction, financial aid and debt service-related appropriations from reductions. To-date, unrestricted state subsidies have been reduced by \$1.3 million (this includes an unanticipated \$500,000 reduction in the formula allocation for the Success Challenge). Restricted state subsidies have been reduced by \$1.2 million, primarily impacting College of Osteopathic Medicine, the Voinovich School and WOUB.

(See attached spreadsheet titled, "Impact of Executive Order Reductions" for a summary of FY 2009 reductions in both unrestricted and restricted state subsidies.)

Investment Income Update: The University's budget included \$6.6 million investment income to support Athens campus operations (\$1.5 million was earmarked for Advancement). However, as of October 2008¹, actual investment income is negative \$5.9 million. These losses leave both budgetary and financial impacts to be addressed this fiscal year. As a result of the current and anticipated performance, the University is preparing to reduce the FY 2009 Athens campus general operating budget. The current budget strategy addresses the loss of \$6.6 million – the amount budgeted; additional losses beyond \$6.6 million will flow to the fund balance at year-end.

(See section titled, "Response to the Current Financial Environment" for additional details.)

IMPACTS OF CURRENT FINANCIAL ENVIRONMENT

Below is a brief summary of the impacts (both potential and realized) of the current financial environment on the Athens campus, the College of Osteopathic Medicine and University Outreach & Regional Campuses, followed by a brief summary of the University's response.

Athens Campus

As previously reported, the Athens Campus began preparing plans to address a projected unrestricted revenue shortfall of up to \$13.4 million in FY 2009, which included a potential shortfall of \$5 million in unrestricted state appropriations. While the Governor's recent and earlier announcement of reductions to higher education translate to a \$1.3 million² unrestricted E & G cut (or \$3.7 million less than the contingency plan), the University continues to remain cautious and monitor the remaining six months of State revenue experience.

Additionally, current shortfalls in fee revenue were not anticipated when contingency efforts began. However, we now project a potential shortfall of up to \$1 million resulting from fewer fee-paying students than estimated and higher than anticipated participation in academic programs for which fees are deposited into the designated fund. This preliminary estimate will be revised as Winter enrollment data are finalized. (See discussion of instructional fees.) The University is currently reviewing revenue forecasts (all sources) to determine the potential impact. However, the \$13.4 million FY 2009 target will not be revised at this time.

¹Investment income included in the November 2008 report is as of October 31, 2008.

² Includes an unanticipated \$500,000 adjustment to Ohio University's formulaic distribution for the Success Challenge. See discussion of the Success Challenge below for additional details.

Voinovich School

During FY 2009, the Voinovich School will sustain reductions in state subsidies totaling \$254,000 or 10% of the school's total base budget. The School continues to assess the impact of these reductions on its programs, which include regional business development, as well as technical and planning assistance for local governments and non-profit organizations.

College of Osteopathic Medicine

The College of Osteopathic Medicine (COM) budget includes six state subsidies which total \$5.7 million in FY 2009 to support clinical teaching, community health programs and specializations in high-need areas of medical practice (family, geriatric and primary care). The latest round of State reductions results in a loss of between \$223,595 and \$311,141 for COM, contingent upon the attainment of collaborative operating efficiencies. Combined with previously implemented State reductions of \$269,848, the COM budget is reduced by up to \$580,989.

The College of Osteopathic Medicine is also impacted by the current investment market and experienced losses of \$316,000 through October 2008. COM utilizes investment income principally to support scholarships and to maintain an operating reserve as directed by the College Advisory Board. The College is currently assessing the impact of these losses on their operations.

University Outreach & Regional Campuses

In addition to the State Share of Instruction, UORC receives two state subsidies: the Access Challenge -- designed to promote lower tuitions at access institutions, including regional campuses -- and the Jobs Challenge to support non-credit job training. During the latest round of cuts, the Access Challenge was reduced by 5.75% (or \$ 117,479) with the potential to recapture 2.25% (or \$45,970) of the cut if certain efficiencies are achieved. The Jobs Challenge was reduced by 14.57% or \$32,474. These recent reductions totaling \$149,953 to regional campuses are combined with prior cuts of \$113,003, for a total FY 2009 loss of \$262,956.

Favorable enrollment experience for the Regional Campuses will buffer the loss in State revenues. The Regional Campuses will benefit from the combined impact of strong instructional fee revenues and the maintenance of expenses near prior year levels.

RESPONSE TO THE CURRENT FINANCIAL ENVIRONMENT

The University is pursuing three primary approaches to address projected FY 2009 revenue shortfalls: the implementation of spending controls; the establishment of savings or reduction targets for each planning unit; and actions to strengthen the University's financial position.

Expenditure Controls

Because personnel-related expenses represent the largest single operating expense for the University, much attention has been given to reducing personnel expenses. The FY 2009 expenditure control plan includes the implementation of a university-wide hiring freeze, which began in September 2008. Additionally, planning units have implemented freezes on non-essential travel, equipment and technology-related purchases in an effort to reduce expenses.

Savings/Reduction Targets:

The University has calculated savings or reduction targets to be met by each planning unit totaling \$13.4 million (or 4% of the Athens general fund budget). The reduction targets prioritize the University's core academic mission and, thus, academic units are expected to absorb a lesser share of the reductions. Conversely, administrative units will absorb reductions between 5.2% and 8.6% of their current operating budgets. Much of the work to address the FY 2009 budget issues is in tandem with work to address the larger, more significant FY 2010 budget issues, which will promote a thoughtful approach to the final implementation of cuts to each planning unit.

Strengthen Financial Position & Control

The University is taking steps to strengthen its financial position and control, including the resolution of a current structural deficit and review of university financial and budget policies (for example, cash management planning and carry-forward budgeting). We will share further information with the Board of Trustees when plans are finalized.

STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES – Current Funds – Unrestricted – Educational & General (E&G)

TOTAL UNIVERSITY:

- ☐ **Summary of Revenues (line 10):** Total FY 2009 year-to-date revenue receipts are on par with FY 2008 as of November (\$243.28 million in FY 2008 compared to \$243.32 million in FY 2009) however, FY 2009 revenues are under the budgeted estimate for the period, primarily the result of the under-attainment of investment income and reductions in state appropriations (see below for further discussion of investment income and state subsidies).

This report reflects both revenues received for designated purposes by planning units as well as receipts to support the University's centrally budgeted operations. While total revenues are on par, revenues centrally budgeted to support university operations are \$2.5 to \$3 million below the budget for this period.

ATHENS CAMPUS

Revenues:

- ☐ **Instructional Fee (line 1):** This report reflects receipts for Fall Quarter and early receipts for Winter Quarter (final payments for the quarter will be posted in mid-January). These figures reflect both instructional fee revenues that post to the benefit of the general program operations as well as those not yet transferred to the designated funds of colleges for the provision of certain academic programs. These programs include education abroad and the OPIE program for intensive English language instruction. The projected variance to budget is negative \$1 million.
- ☐ **General Fee (line 2):** A noticeable shift in revenue from the General Fee to the Instructional Fee is evident in this report. This fiscal year, the Athens Campus rebalanced the instructional and general fees, reducing the general fee and increasing tuition, to accurately reflect the usage of fee revenues to support instruction. While the report of General Fee revenue reflects some designated activity yet to be transferred, the amount is not significant. General fee revenues are projected to be within budget.
- ☐ **Enrollments:** Total Athens campus Fall 2008 enrollments exceeded the estimates used in the formulation of the FY 2009 budget and the Fall 2007 actual enrollments. There were lower than anticipated enrollments in non-resident undergraduates and resident graduates. Overall, Fall quarter enrollments were slightly higher than expected due to an increase in international students, more returning resident students and increases in transfers.

Athens Fall Quarter Enrollments		Annualized Estimate	Fall 2008 Actual	Variance	Fall 2007	Change (Fall 2008-Fall 2007)
Undergraduate	Resident	14,952	14,989	37	15,095	(106)
	Non-Resident	1,749	1,728	(21)	1,549	179
	Subtotal	16,701	16,717	16	16,644	73
Graduate	Resident	1,336	1,277	(59)	1,336	(59)
	Non-Resident	1,336	1,449	113	1,336	113
	Subtotal	2,672	2,726	54	2,672	54
TOTAL		19,373	19,443	70	19,316	127

State Subsidy (line 5)

- ☐ **State Share of Instruction:** Representing the largest component (88% or \$139.5) of the FY 2009 budgeted state subsidy category, the Ohio General Assembly authorized a 10% increase in the State Share of Instruction in FY 2009 to support Athens campus, UORC, and COM operations. Additionally, the University receives an allocation of \$5.4 million, known as "Tuition Replacement," provided to offset the impact of the freeze on tuition for resident undergraduates. (Tuition replacement does not offset revenue foregone as a result of freezing graduate tuition.) This allocation is distributed on the basis of each campus' proportional share of the total in-state undergraduate instruction and general fees and equates approximately to a 3% tuition increase. As noted above, these appropriations have been held harmless from state reductions.
- ☐ **Voinovich School:** During FY 2009, the Voinovich School will sustain reductions in state subsidies totaling \$254,000 or 10% of the school's total base budget. The School continues to assess the impact of these reductions on its programs, which include regional business development, as well as technical and planning assistance for local governments and non-profit organizations. The Voinovich School is developing plans for the reduction of expenditures this fiscal year.
- ☐ **Success Challenge:** As noted above, the University's formula allocation of this subsidy was \$500,000 less than estimated during the FY 2009 budget development process. This appropriation (flat funded from FY 2008 to FY 2009) supports efforts to promote successful degree completion by "at risk" students (defined as those eligible for Ohio need-based financial aid) and timely degree completion by all students. These funds are distributed based on each university's proportional share of graduating students. Relative to other institutions, Ohio University graduated a lower share of students yielding a subsidy reduction.

In addition to the lower formulaic allocation, Ohio University's share of the appropriation was cut by c. \$600,000 as a result of executive order reductions. The total variance to budget for the year will be negative \$1.1 million.

(See attached spreadsheet titled, "Impact of Executive Order Reductions" for a summary of FY 2009 reductions in both unrestricted and restricted state subsidies.)

- ☐ **Investment Income (line 8):** As noted above, investment income is negative \$5.9 million as of October 2008, compared to the positive \$6.6 million budgeted from this source to support Athens operations and Advancement. Unrealized losses in the diversified pool are the primary contributor of this shortfall. Fiscal year-to-date performance for all asset classes has been negative, including domestic and international equities which have observed declines of 23.7% and 40.0%, respectively. Unrealized losses have been partially offset by interest and dividends earned on various fixed income and equity instruments.

The markets have continued to experience tremendous volatility through December. We are not expecting performance to improve dramatically by July 1, 2009. Updated valuations for many of the alternative asset managers will be provided for December 31, 2008 in late January 2009. Further impairment to the current valuations of these assets should be anticipated.

Other Items of Note

- ☐ **Carry-forward Update:** While this financial statement does not reflect amounts carried forward from the prior year, carry-forward balances are an important factor in the overall financial picture for the university. Using current terminology, carry-forward balances include support for multi-year research initiatives, fund balances for COM and UORC, central reserve accounts and planning unit operating balances.

Carry-forward balances into FY 2009 totaled \$75.5 million, which includes \$10 million for research accounts, \$125,000 to the central university reserve (General Fee), \$10.4 million in insurance reserves, \$12.0 million for the College of Medicine, \$9.9 million to UORC, \$2.5 million for scholarships, and \$5.5 million for open purchase orders. Planning Units are finalizing their report of planned uses of current carry-forward amounts for FY 2009, FY 2010 and beyond. A summary report of these plans will be prepared in the coming month. Additionally, the policy governing and definition of carry-forward balances is under review to ensure transparency, accuracy and maintenance of a balanced budget.

- ☐ **Graduate Fee Waivers:** The award of graduate fee waivers (includes waivers for instructional, general and non-resident fees) for the current academic year are projected to be over budget by c. \$1.5 million. This projected shortfall will be addressed in the current year through the implementation of planning unit reductions. Recommendations to resolve this issue while continuing to meet the goals of fee waivers will be implemented during the 2009-2010 academic year.
- ☐ **Health & Human Services:** Health and Human Services is currently trending to exceed its current budget authority by approximately \$200,000 for FY 2009. The majority of the budget overage is from the health clinic operations which are supported principally through fees for service. The college is working on a plan to make reductions in expenses this year to reduce the projected deficit this year. The college will make base reductions for the FY 2010 budget to ensure future deficits will not occur.
- ☐ **College of Business:** The College of Business ended FY 2008 with a \$1 million deficit as a result of the India MBA program. The prior year deficit is due to changes in Indian tax law interpretation related to the India MBA program. The college has reduced expenditures and is currently projected to be within budget for FY 2009. The deficit will be reduced as back taxes are paid and remaining funds are released from India. The structure and delivery of this program is being changed to eliminate future tax exposure.

Expenditures:

Expenditures by Natural Account

- ☐ **Benefits (line 24):** Through November 2008, total health benefit-related expenditures, including medical, drug, and dental claims, are within 1% of projected costs for this time of year (c. \$300,000 above estimate). This variance reflects the net impact of catastrophic medical claims (costs above \$250,000) and lower-than-budgeted dental and drug claims. During the first quarter of FY 2009, the university experienced as many claims exceeding \$250,000 as during all of FY 2008. Additionally, the number of insured employees has increased by 90 since Spring 2008, however, we expect the current hiring freeze to have an impact on the average number insured throughout this fiscal year. While benefits expenditures are subject to volatility, we currently anticipate year-end expenditures to remain within budget.

Medical costs are .08% lower (or \$25,564,000 in FY 2009 compared to \$25,610,000 in FY 2008) compared to the 12 months ending November 2007, as expected. A few large claims that could impact medical costs by 1%-2% are being monitored. Drug costs are 2.2% higher (\$7,706,000 compared \$7,539,000) when compared to both the 12 months ending November 2006 and original estimates. The University has determined that the positive variance realized in FY 2008 results from the July 1, 2007 switch to the standard Envision RxOptions formulary, increased use of generic drugs and the \$4 prescription programs offered by local pharmacies as an alternative to use of the

university's drug benefit which would require a copayment greater than \$4. Overall, we have seen a leveling-off of prescription drug utilization, which correlates to a leveling-off of new medications in the pharmaceutical market. The university will achieve even greater drug savings beginning in FY 2010 through a prescription drug consortium (RxOC) among the Public Employees Retirement System, the State Teachers Retirement System, Ohio State University and other institutions of higher education.

- ☐ **Utilities (line 31):** As result of reduced usage of electric and water coupled with the favorable impact of lower diesel prices on the cost of coal we are trending positively toward a surplus of \$450,000 in the university's total utilities budget. So far, the colder days of winter have occurred while students are not on campus, thus reducing the required need for natural gas. However, our overall reduced use of natural gas results in a higher unit cost (currently \$123,000 above estimate); therefore, we remain cautious of the potential need to increase natural gas usage during the later winter months.

UNIVERSITY OUTREACH & REGIONAL CAMPUSES (UORC)

Revenues:

- ☐ **Instructional Fee (line 1):** Fall fee revenues for UORC were above estimate and are projected to be nearly 22% greater than budgeted for the period. UORC is projecting a 7% increase in total income for FY 2009, representing a \$5 million favorable variance. All of the regional campuses have experienced positive variance for revenue; Chillicothe, Southern and Lancaster (Pickerington) have seen increases of over 18%.
- ☐ **Enrollments:** The regional campuses have employed various enrollment strategies for the current academic year. Enrollments on the regional campuses have increased about 500 from last year. Overall, regional campus enrollment increased by about 6.5 percent to a total of 8,323 students. While nearly half of the increase, about 250 students, can be attributed to special promotions designed to help some students get started through tuition-free and deeply discounted classes, the five campuses credit a variety of factors for the other half. Many cited a greater focus on relationships with high school students in their communities and service areas. Dual enrollment for example, introduces high school students to college coursework and they can earn credit for both high school and college courses. This is also shows a reflection of students going to more affordable college locations.

Fall 2008 enrollment data will be finalized at the end of January. Final Fall data and preliminary Winter data will be available for discussion at the April board meeting.

- ☐ **State Subsidy (line 5):** In addition to the State Share of Instruction subsidy, UORC receives an allocation from the Access Challenge and Jobs Challenge appropriations. UORC budgeted \$2,145,000 from these two sources, however, the allocation has been reduced by a total of \$262,956. Up to \$46,000 may be recaptured if certain efficiencies are achieved.

(See attached spreadsheet titled, "Impact of Executive Order Reductions" for a summary of FY 2009 reductions in both unrestricted and restricted state subsidies.)

Expenditures:

Summary of Expenditures: UORC is trending in line with FY 2008 expenditure levels. A favorable variance (under-spending) of \$400,000 is projected.

COLLEGE OF OSTEOPATHIC MEDICINE

Revenues:

- ☐ **Instructional Fee (line 1):** Instructional fee revenues are slightly below the estimates (\$30,000 variance) due to unanticipated leaves/withdrawals. This variance will be addressed through adjustments in expenditures.
- ☐ **State Subsidy (line 5):** With the exception of the State Share of Instruction, all state subsidies received by COM receives are restricted and, therefore, not reflected in the interim financial statement. However, given the importance of these restricted sources, a summary of recent reductions is provided.

Various restricted state subsidies for COM have been reduced by nearly \$578,000 in FY 2009, representing 1.9% of the college's total operating budget. The most significant impact has been on the clinical teaching component, which is considered core funding for the college as are the family medicine, primary care and geriatric medicine components (also reduced). The reductions will also impact the college's ability to provide community health programs.

(See attached spreadsheet titled, "Impact of Executive Order Reductions" for a summary of FY 2009 reductions in both unrestricted and restricted state subsidies.)

Expenditures:

Summary of Expenditures: COM expenses have been trending within budget for FY09. COM will be covering state reductions (to date) through planned expense reductions and savings from vacant positions. COM is in process of strategically planning for long term budget reductions to cover current and anticipated future state reductions.

**STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES – Current Funds – Unrestricted –
Auxiliaries****General Note Regarding Supported Auxiliaries:**

- ☐ **Auxiliary Support Revenues:** With the exception of Parking Services, Residence and Dining and Telephone Operations, the auxiliaries receive supplemental revenue from either the General Fund or General Fee to support operating costs. Supplemental support is deposited into the relevant auxiliary fund on a monthly basis, often yielding a negative fund balance during the year until the entire support amount is provided at the end of the fiscal year. This issue of timing, currently impacting the presentation of the Student Union and the Convocation Center, is taken into consideration when monitoring and reporting the current financial status of the relevant auxiliaries. Additionally, this report reflects a change in accounting for space costs, which were allocated to auxiliary units in FY 2008 but not in FY 2009.

Auxiliary operations which receive support payments from the general fund have also received savings or reduction targets for FY 2009. The amount of total support payments budgeted will be reduced.

- ☐ **Inter-Collegiate Athletics (ICA):** The budget as presented to the Board in June included an estimated shortfall of approximately \$1.8 million for FY 2009. ICA, a supported auxiliary, has received a reduction target of \$565,000, which would reduce its deficit to just under \$1.3 million. Support payments to ICA will be reduced by this target. Additionally, ICA continues to develop a strategy to resolve this deficit for implementation in FY 2010.
- ☐ **Residence & Dining:** The auxiliary revenue and expenses are projected to be within the current budget. The current variance between the original budget for net transfers and the year-to-date actuals simply reflects an issue of timing.
- ☐ **Baker Center:** The Student Union is currently projecting to stay within budget this fiscal year. The current variance between the original budget for net transfers and the year-to-date actuals includes the full principal payment of \$965,000 and 6 months interest of approximately \$1.0 million for Baker Center's debt service obligation.

Impact of State Executive Order Reductions - as of 1/02/09

Athens General Program

All Amounts to be Finalized by the Office of Budget & Management

Board of Regents Reductions

Appropriation Line Item (ALI)	Budgeted FY 2009 State Revenues		4.75% Reduction	Revised FY 2009 State Revenues		5.75% Reduction
	Unrestricted	Restricted		Unrestricted	Restricted	
Success Challenge*	\$ 5,988,000	\$ -	\$ 284,430	\$ 5,179,212		\$ 297,805
Economic Growth/Research Challenge	\$ -	\$ 598,000	\$ 28,405		\$ 569,595	\$ 32,752
Voinovich School	\$ -	\$ 669,000	\$ 31,778		\$ 637,223	\$ 36,640
Rural University Projects - ILGARD	\$ -	\$ 629,000	\$ 29,878		\$ 599,123	\$ 34,450
Appalachian New Economy - Voinovich School	\$ -	\$ 1,176,000	\$ 55,860		\$ 1,120,140	\$ 64,408
Teacher Improvement Initiatives	\$ -	\$ 433,000	\$ 20,568		\$ 412,433	\$ 33,819
Library Depositories	\$ -	\$ 244,000	\$ 11,590		\$ 232,410	\$ 13,364
TOTAL	\$ 5,988,000	\$ 3,749,000	\$ 462,508	\$ 5,179,212	\$ 3,570,923	\$ 513,237

Success Challenge: The final formulaic calculation for Success Challenge was slightly more than \$500,000 below the and the 4.75% reduction resulted in a revised revenue projection of \$5,179,212 as the base for calculating the 5.75% reduction. Additionally, if efficiencies (yet to be defined by the Chancellor) are achieved, the University has an opportunity to recapture 2.25% (or \$116,532) of the cut to Success Challenge; this results in an effective reduction of 3.5%.

Teacher Improvement Initiatives: This appropriation is reduced by 8.2%.

Department of Education Reductions (Voinovich School)

	Budgeted State Revenue		4.75% Reduction	Revised FY 2009 State Revenues		5.75% Reduction
	Unrestricted	Restricted		Unrestricted	Restricted	
Appalachian Leadership Program	\$ -	\$ 405,000	\$ 21,375	\$ -	\$ 383,625	\$ 25,875

Appalachian Leadership Program: The original FY 2009 appropriation of \$450,000 was first reduced by 10% in January 2008. The revised budget of \$405,000 was included in the University's plan.

The Department of Education calculated reductions using the original base budget in each round of cuts. The series of cuts represents an effective 14.75% reduction to the original budget.

Impact of State Executive Order Reductions (Board of Regents) - as of 1/02/09

College of Medicine

All Amounts to be Finalized by the Office of Budget & Management

Appropriation Line Item (ALI)	Budgeted FY 2009 State Revenues		4.75% Reduction	Revised FY 2009 State Revenues		5.75% Reduction
	Unrestricted	Restricted		Unrestricted	Restricted	
Clinical Teaching	\$ -	\$ 4,085,000	\$ 194,038	\$ -	\$ 3,890,963	\$ 223,730
AHEC Program Support	\$ -	\$ 340,000	\$ 16,150	\$ -	\$ 323,850	\$ 18,621
Family Practice	\$ -	\$ 729,000	\$ 34,628	\$ -	\$ 694,373	\$ 39,926
Geriatric Medicine	\$ -	\$ 107,000	\$ 5,083	\$ -	\$ 101,918	\$ 5,860
Primary Care Residencies	\$ -	\$ 382,000	\$ 18,145	\$ -	\$ 363,855	\$ 20,922
Economic Growth Challenge	\$ -	\$ 38,000	\$ 1,805	\$ -	\$ 36,195	\$ 2,081
TOTAL	\$ -	\$ 5,681,000	\$ 269,848	\$ -	\$ 5,411,153	\$ 311,141

NOTES:

Clinical Teaching: If efficiencies (yet to be defined by the Chancellor) are achieved, the University has the opportunity to recapture 2.25% (or \$87,547) of the reduction; this results in an effective reduction of 3.5%.

Impact of State Executive Order Reductions (Board of Regents) - as of 1/02/09

University Outreach & Regional Campuses

All Amounts to be Finalized by the Office of Budget & Management

Appropriation Line Item (ALI)	Budgeted FY 2009 State Revenues			Revised FY 2009 State Revenues		
	Unrestricted	Restricted	4.75% Reduction	Unrestricted	Restricted	Reduction
Access Challenge (by campus)	\$ 2,145,000	\$ -	\$ 101,888	\$ 2,043,113	\$ -	\$ 117,479
Jobs Challenge	\$ -	\$ 234,000	\$ 11,115	\$ -	\$ 222,885	\$ 32,474
TOTAL	\$ 2,145,000	\$ 234,000	\$ 113,003	\$ 2,043,113	\$ 222,885	\$ 149,953

Access Challenge: The Access Challenge appropriation is reduced by 5.75%. If efficiencies (yet to be defined by the Chancellor) are achieved, the University will have an opportunity to recapture 2.25% (or \$45,970) of the reduction.

Jobs Challenge: The Jobs Challenge appropriation is reduced by 14.57%.

Ohio University
Statement of Net Assets - All Funds
Unclassified and Unaudited
As of November 30, 2008

		Current Funds			Noncurrent Funds				
		Unrestricted		Restricted	Plant	Endowment (including quasi)	Loan	Agency	Total
		Educational & General (E&G)	Auxiliaries						
ASSETS									
1	Cash and cash equivalents	10,208,983	(7,272,399)	2,662,023	51,029,009	257,270	2,274,879	2,068,790	61,228,555
2	Restricted cash and cash equivalents	0	0	1,923,201	119,776	0	0	0	2,042,977
3	Investments	72,217,767	0	0	0	38,718,783	0	0	110,936,550
4	Accounts receivable, net	75,727,864	23,147,015	8,863,654	0	0	207,202	0	107,945,735
5	Accrued interest and dividends receivable	330,587	0	0	0	0	0	0	330,587
6	Notes receivable, net	558,942	0	0	0	0	14,004,738	0	14,563,680
7	Prepaid expenses and deferred charges	0	0	0	0	0	0	0	0
8	Inventories	683,951	1,367,408	0	0	0	0	0	2,051,359
9	Capital assets, net	0	0	0	579,816,397	0	0	0	579,816,397
10	Total assets	159,728,094	17,242,024	13,448,878	630,965,182	38,976,053	16,486,819	2,068,790	878,915,840
LIABILITIES AND NET ASSETS									
Liabilities:									
11	Accounts payable and accrued liabilities	24,809,782	3,675,403	76,236	1,008,342	0	0	2,068,790	31,638,553
12	Deferred revenue	0	23,113,361	5,292,871	15,729,319	0	0	0	44,135,551
13	Refunds and other liabilities	2,459,709	52,078	0	106,196	0	0	0	2,617,983
14	Capital lease obligations	0	0	0	492,460	0	0	0	492,460
15	Bonds and notes payable	0	0	0	176,765,000	0	0	0	176,765,000
16	Bond premium, net	0	0	0	5,270,625	0	0	0	5,270,625
17	Refundable advances for federal student loans	0	0	0	0	0	8,294,656	0	8,294,656
18	Total liabilities	27,269,491	26,840,842	5,369,107	199,371,942	0	8,294,656	2,068,790	269,214,828
Net assets:									
19	Current year net change	71,666,421	(15,639,186)	(185,447)	18,202,708	(9,628,058)	(323,921)	0	64,092,517
20	Prior year net assets	60,792,182	6,040,368	8,265,218	413,390,532	48,604,111	8,516,084	0	545,608,495
21	Total net assets	132,458,603	(9,598,818)	8,079,771	431,593,240	38,976,053	8,192,163	0	609,701,012
22	Total liabilities and net assets	159,728,094	17,242,024	13,448,878	630,965,182	38,976,053	16,486,819	2,068,790	878,915,840

Ohio University
Statement of Net Assets - All Funds
Unclassified and Unaudited
As of November 30, 2007

		Current Funds			Noncurrent Funds				
		Unrestricted		Restricted	Plant	Endowment (including quasi)	Loan	Agency	Total
		Educational & General (E&G)	Auxiliaries						
ASSETS									
1	Cash and cash equivalents	(7,831,888)	715,476	168,545	50,030,484	1,120,730	1,983,533	1,905,937	48,092,817
2	Restricted cash and cash equivalents	0	0	0	6,646,205	0	0	0	6,646,205
3	Investments	83,525,865	0	0	0	52,054,633	0	0	135,580,498
4	Accounts receivable, net	79,126,828	20,957,891	10,894,158	0	0	192,429	0	111,171,306
5	Accrued interest and dividends receivable	321,128	0	0	0	0	0	0	321,128
6	Notes receivable, net	628,533	0	0	0	0	14,202,964	0	14,831,497
7	Prepaid expenses and deferred charges	0	0	0	0	0	0	0	0
8	Inventories	679,961	1,263,715	0	0	0	0	0	1,943,676
9	Capital assets, net	0	0	0	557,023,456	0	0	0	557,023,456
10	Total assets	156,450,427	22,937,082	11,062,703	613,700,145	53,175,363	16,378,926	1,905,937	875,610,583
LIABILITIES AND NET ASSETS									
Liabilities:									
11	Accounts payable and accrued liabilities	23,848,310	3,296,904	319,941	221,357	0	0	1,905,937	29,592,449
12	Deferred revenue	0	21,442,596	2,644,181	12,752,007	0	0	0	36,838,784
13	Refunds and other liabilities	2,265,696	58,875	0	116,564	0	0	0	2,441,135
14	Capital lease obligations	0	0	0	329,606	0	0	0	329,606
15	Bonds and notes payable	0	0	0	178,450,000	0	0	0	178,450,000
16	Bond premium, net	0	0	0	5,661,054	0	0	0	5,661,054
17	Refundable advances for federal student loans	0	0	0	0	0	8,621,865	0	8,621,865
18	Total liabilities	26,114,006	24,798,375	2,964,122	197,530,588	0	8,621,865	1,905,937	261,934,893
Net assets:									
19	Current year net change	78,402,683	(13,621,342)	(1,638,190)	18,230,064	3,114,624	(369,498)	0	84,118,341
20	Prior year net assets	51,933,738	11,760,049	9,736,771	397,939,493	50,060,739	8,126,559	0	529,557,349
21	Total net assets	130,336,421	(1,861,293)	8,098,581	416,169,557	53,175,363	7,757,061	0	613,675,690
22	Total liabilities and net assets	156,450,427	22,937,082	11,062,703	613,700,145	53,175,363	16,378,926	1,905,937	875,610,583

Ohio University
Statement of Net Assets - All Funds
Unclassified and Unaudited
Increase (Decrease) of November 30, 2008 over November 30, 2007

Current Funds				Noncurrent Funds					
Unrestricted			Restricted	Plant	Endowment (including quasi)	Loan	Agency	Total	
Educational & General (E&G)	Auxiliaries								
ASSETS									
1	Cash and cash equivalents	18,040,871	(7,987,875)	2,493,478	998,525	(863,460)	291,346	162,853	13,135,738
2	Restricted cash and cash equivalents	0	0	1,923,201	(6,526,429)	0	0	0	(4,603,228)
3	Investments	(11,308,098)	0	0	0	(13,335,850)	0	0	(24,643,948)
4	Accounts receivable, net	(3,398,964)	2,189,124	(2,030,504)	0	0	14,773	0	(3,225,571)
5	Accrued interest and dividends receivable	9,459	0	0	0	0	0	0	9,459
6	Notes receivable, net	(69,591)	0	0	0	0	(198,226)	0	(267,817)
7	Prepaid expenses and deferred charges	0	0	0	0	0	0	0	0
8	Inventories	3,990	103,693	0	0	0	0	0	107,683
9	Capital assets, net	0	0	0	22,792,941	0	0	0	22,792,941
10	Total assets	3,277,667	(5,695,058)	2,386,175	17,265,037	(14,199,310)	107,893	162,853	3,305,257
LIABILITIES AND NET ASSETS									
Liabilities:									
11	Accounts payable and accrued liabilities	961,472	378,499	(243,705)	786,985	0	0	162,853	2,046,104
12	Deferred revenue	0	1,670,765	2,648,690	2,977,312	0	0	0	7,296,767
13	Refunds and other liabilities	194,013	(6,797)	0	(10,368)	0	0	0	176,848
14	Capital lease obligations	0	0	0	162,854	0	0	0	162,854
15	Bonds and notes payable	0	0	0	(1,685,000)	0	0	0	(1,685,000)
16	Bond premium, net	0	0	0	(390,429)	0	0	0	(390,429)
17	Refundable advances for federal student loans	0	0	0	0	0	(327,209)	0	(327,209)
18	Total liabilities	1,155,485	2,042,467	2,404,985	1,841,354	0	(327,209)	162,853	7,279,935
Net assets:									
19	Current year net change	(6,736,262)	(2,017,844)	1,452,743	(27,356)	(12,742,682)	45,577	0	(20,025,824)
20	Prior year net assets	8,858,444	(5,719,681)	(1,471,553)	15,451,039	(1,456,628)	389,525	0	16,051,146
21	Total net assets	2,122,182	(7,737,525)	(18,810)	15,423,683	(14,199,310)	435,102	0	(3,974,678)
22	Total liabilities and net assets	3,277,667	(5,695,058)	2,386,175	17,265,037	(14,199,310)	107,893	162,853	3,305,257

Ohio University
Statement of Revenues, Expenditures and Other Changes
Current Funds - Unrestricted - Educational & General (E&G)
Fiscal Year To Date through November 30, 2008 and November 30, 2007

	Original Budget FY09 \$	Actual to Date FY09 \$	Original Budget FY08 \$	Actual to Date FY08 \$	Actuals as a Percent of Budget		Increase/(Decrease) of actuals over prior year		Actuals as a Percent of Total Actuals		Budget as a Percent of Total Budget	
					FY09 YTD %	FY08 YTD %			FY09 %	FY08 %	FY09 %	FY08 %
REVENUES:												
1 Instructional fee	199,375,130	135,257,452	195,131,445	130,400,970	67.8%	66.8%	4,856,482	3.7%	55.6%	53.6%	45.4%	46.4%
2 General fee	31,136,904	21,951,705	35,557,162	24,628,238	70.5%	69.3%	(2,676,533)	-10.9%	9.0%	10.1%	7.1%	8.5%
3 Nonresident surcharge	26,675,542	17,485,771	24,117,921	15,887,653	65.5%	65.9%	1,598,118	10.1%	7.2%	6.5%	6.1%	5.7%
4 Other student fees	5,660,471	3,918,589	4,345,081	2,749,408	69.2%	63.3%	1,169,183	42.5%	1.6%	1.1%	1.3%	1.0%
5 State subsidy	148,358,641	62,044,999	135,226,143	57,629,041	41.8%	42.6%	4,415,958	7.7%	25.5%	23.7%	33.8%	32.2%
6 Sales and services	5,639,990	2,604,992	6,098,715	2,938,300	46.2%	48.2%	(333,308)	-11.3%	1.1%	1.2%	1.3%	1.5%
7 Indirect cost recovery	7,220,000	2,765,622	6,817,107	2,922,588	38.3%	42.9%	(156,946)	-5.4%	1.1%	1.2%	1.6%	1.6%
8 Investment income	5,100,665	(5,939,024)	4,600,000	2,302,315	-116.4%	50.1%	(8,241,339)	-358.0%	-2.4%	0.9%	1.2%	1.1%
9 Other revenues	9,996,895	3,232,601	8,547,445	3,820,674	32.3%	44.7%	(588,073)	-15.4%	1.3%	1.7%	2.2%	2.0%
10 Total revenues	439,164,238	243,322,707	420,441,019	243,279,165	55.4%	57.9%	43,542	0.0%	100.0%	100.0%	100.0%	100.0%
EXPENDITURES - functional view												
11 Instruction and departmental research	174,885,564	61,409,856	166,647,747	58,258,147	35.1%	35.0%	3,151,709	5.4%	38.4%	39.4%	42.9%	43.3%
12 Separately budgeted research	7,442,338	5,113,358	6,840,299	5,326,663	68.7%	77.9%	(213,305)	-4.0%	3.2%	3.6%	1.8%	1.8%
13 Public service	7,926,123	4,889,632	8,436,474	5,102,920	61.7%	60.5%	(213,288)	-4.2%	3.1%	3.4%	1.9%	2.2%
14 Academic support	67,094,125	21,714,673	72,301,894	23,791,449	32.4%	32.9%	(2,076,776)	-8.7%	13.6%	16.1%	16.6%	18.6%
15 Student services and aid	65,094,759	27,015,714	60,635,324	26,625,003	41.5%	43.9%	390,711	1.5%	16.9%	18.0%	16.0%	15.8%
16 Institutional support	39,434,464	21,708,868	24,662,729	12,535,865	55.1%	50.8%	9,173,003	73.2%	13.6%	8.5%	9.7%	6.4%
17 Operation and maintenance of plant	40,035,244	17,927,047	38,673,581	16,271,613	44.8%	42.1%	1,655,434	10.2%	11.2%	11.0%	9.8%	10.0%
18 Central and academic reserves	5,515,424	-	6,754,074	-	0.0%	0.0%	-	-	0.0%	0.0%	1.4%	1.7%
19 Total expenditures	407,428,041	159,779,148	384,952,122	147,911,660	39.2%	38.4%	11,867,488	8.0%	100.0%	100.0%	100.0%	100.0%
20 TRANSFERS - Mandatory and Non-mandatory	31,736,197	11,877,138	35,488,897	16,964,822	37.4%	47.8%	(5,087,684)	-30.0%				
21 Total expenditures and transfers	439,164,238	171,656,286	420,441,019	164,876,482	39.1%	39.2%	6,779,804					
22 CURRENT YEAR NET CHANGE TO NET ASSETS	-	71,666,421	-	78,402,683			(6,736,262)					

	Original Budget FY09 \$	Actuals to Date FY09 \$	Original Budget FY08 \$	Actuals to Date FY08 \$	Actuals as a Percent of Budget		Increase/(Decrease) of actuals over prior year		Actuals as a Percent of Total Actuals		Budget as a Percent of Total Budget	
					FY09 YTD %	FY08 YTD %			FY09 %	FY08 %	FY09 %	FY08 %
EXPENDITURES - natural account view												
23 Salaries, wages and other compensation	224,530,806	83,171,106	211,107,877	78,514,498	37.0%	37.2%	4,656,608	5.9%	52.1%	53.1%	55.1%	54.8%
24 Benefits	69,990,510	27,551,059	66,183,429	27,298,166	39.4%	41.2%	252,893	0.9%	17.2%	18.5%	17.2%	17.2%
25 Scholarships	49,950,850	23,408,594	47,895,192	22,508,255	46.9%	47.0%	900,339	4.0%	14.7%	15.2%	12.3%	12.4%
26 Miscellaneous	31,059,419	7,658,120	30,037,734	6,525,014	24.7%	21.7%	1,133,106	17.4%	4.8%	4.3%	7.4%	7.8%
27 Information and communication	10,941,294	5,085,383	10,215,437	6,578,684	46.5%	64.4%	(1,493,301)	-22.7%	3.2%	4.4%	2.7%	2.7%
28 Maintenance operations	10,911,060	6,251,039	10,673,015	6,172,743	57.3%	57.8%	78,296	1.3%	3.9%	4.2%	2.7%	2.8%
29 Supplies	9,286,055	5,433,455	8,843,209	5,316,634	58.5%	60.1%	116,821	2.2%	3.4%	3.6%	2.3%	2.3%
30 Travel and entertainment	7,416,813	4,343,618	8,016,203	4,584,920	58.6%	57.2%	(241,302)	-5.3%	2.7%	3.1%	1.8%	2.1%
31 Utilities	12,046,794	4,057,764	9,752,096	3,345,257	33.7%	34.3%	712,507	21.3%	2.5%	2.3%	3.0%	2.5%
32 Capitalized costs	2,826,844	3,167,403	3,280,685	1,558,517	112.0%	47.5%	1,608,886	103.2%	2.0%	1.1%	0.7%	0.9%
33 Internal transfers	(27,047,828)	(10,348,393)	(27,806,829)	(14,491,028)	38.3%	52.1%	4,142,635	-28.6%	-6.5%	-9.8%	-6.6%	-7.2%
34 Central and academic reserves	5,515,424	-	6,754,074	-	0.0%	0.0%	-	-	0.0%	0.0%	1.4%	1.7%
35 Total expenditures	407,428,041	159,779,148	384,952,122	147,911,660	39.2%	38.4%	11,867,488	8.0%	100.0%	100.0%	100.0%	100.0%
36 TRANSFERS - Mandatory and Non-mandatory	31,736,197	11,877,138	35,488,897	16,964,822	37.4%	47.8%	(5,087,684)	-30.0%				

Ohio University
Statement of Revenues, Expenditures and Other Changes
Current Funds - Unrestricted - Educational & General (E&G)
Fiscal Year To Date through November 30, 2008 and November 30, 2007

		Original Budget FY09 \$	Actual to Date FY09 \$	Original Budget FY08 \$	Actual to Date FY08 \$	Actuals as a Percent of Budget		Increase/(Decrease) of actuals over prior year \$ %	Actuals as a Percent of Total Actuals		Budget as a Percent of Total Budget		
						FY09 YTD %	FY08 YTD %		FY09 %	FY08 %	FY09 %	FY08 %	
REVENUES:													
1	Instructional fee	199,375,130	135,257,452	195,131,445	130,400,970	67.8%	66.8%	4,856,482 3.7%	55.6%	53.6%	45.4%	46.4%	
2	General fee	31,136,904	21,951,705	35,557,162	24,628,238	70.5%	69.3%	(2,676,533) -10.9%	9.0%	10.1%	7.1%	8.5%	
3	Nonresident surcharge	26,675,542	17,485,771	24,117,921	15,887,653	65.5%	65.9%	1,598,118 10.1%	7.2%	6.5%	6.1%	5.7%	
4	Other student fees	5,660,471	3,918,589	4,345,081	2,749,406	69.2%	63.3%	1,169,183 42.5%	1.6%	1.1%	1.3%	1.0%	
5	State subsidy	148,358,641	62,044,999	135,226,143	57,629,041	41.8%	42.6%	4,415,958 7.7%	25.5%	23.7%	33.8%	32.2%	
6	Sales and services	5,639,990	2,604,992	6,098,715	2,938,300	46.2%	48.2%	(333,308) -11.3%	1.1%	1.2%	1.3%	1.5%	
7	Indirect cost recovery	7,220,000	2,765,622	6,817,107	2,922,568	38.3%	42.9%	(156,946) -5.4%	1.1%	1.2%	1.6%	1.6%	
8	Investment income	5,100,665	(5,939,024)	4,600,000	2,302,315	-116.4%	50.1%	(8,241,339) -358.0%	-2.4%	0.9%	1.2%	1.1%	
9	Other revenues	9,996,895	3,232,601	8,547,445	3,820,674	32.3%	44.7%	(588,073) -15.4%	1.3%	1.7%	2.2%	2.0%	
10	Total revenues	439,164,238	243,322,707	420,441,019	243,279,165	55.4%	57.9%	43,542 0.0%	100.0%	100.0%	100.0%	100.0%	
EXPENDITURES - planning unit view													
11	Arts and Sciences	66,006,366	22,511,539	62,963,173	21,581,264	34.1%	34.3%	930,275 4.3%	13.1%	13.1%	15.0%	15.0%	
12	Business	15,062,282	4,922,488	15,452,184	4,962,852	32.7%	32.1%	(40,364) -0.8%	2.9%	3.0%	3.4%	3.7%	
13	Communications	14,874,361	4,760,177	14,463,887	4,711,687	32.0%	32.6%	48,490 1.0%	2.8%	2.9%	3.4%	3.4%	
14	Education	10,542,647	3,447,681	10,439,344	3,297,359	32.7%	31.6%	150,322 4.6%	2.0%	2.0%	2.4%	2.5%	
15	Engineering	17,148,145	6,747,388	16,640,059	6,529,881	39.3%	39.2%	217,507 3.3%	3.9%	4.0%	3.9%	4.0%	
16	Fine Arts	16,543,816	5,551,235	16,354,961	5,023,506	33.6%	30.7%	527,729 10.5%	3.2%	3.0%	3.8%	3.9%	
17	Health and Human Services	15,147,887	5,143,289	14,531,513	5,318,950	34.0%	36.6%	(175,661) -3.3%	3.0%	3.2%	3.4%	3.5%	
18	Honors Tutorial	776,558	240,304	828,675	212,367	30.9%	25.6%	27,937 13.2%	0.1%	0.1%	0.2%	0.2%	
19	International Studies	1,903,267	722,340	2,274,341	885,268	38.0%	38.9%	(162,928) -18.4%	0.4%	0.5%	0.4%	0.5%	
20	Information Technology	17,513,670	8,607,655	16,885,698	7,121,573	49.1%	42.2%	1,486,082 20.9%	5.0%	4.3%	4.0%	4.0%	
21	Library	12,152,119	4,333,812	11,991,695	4,877,934	35.7%	40.7%	(544,122) -11.2%	2.5%	3.0%	2.8%	2.9%	
22	President	5,384,622	2,019,459	5,318,529	1,938,372	37.5%	36.4%	81,087 4.2%	1.2%	1.2%	1.2%	1.3%	
23	Provost	30,693,340	13,377,027	28,089,772	12,693,170	43.6%	45.2%	683,857 5.4%	7.8%	7.7%	7.0%	6.7%	
24	Scholarships	18,859,318	6,869,733	20,408,041	7,145,023	36.4%	35.0%	(275,290) -3.9%	4.0%	4.3%	4.3%	4.9%	
25	Summer Sessions	451,626	272,369	558,636	279,258	60.3%	50.0%	(6,889) -2.5%	0.2%	0.2%	0.1%	0.1%	
26	Telecommunications Center	2,434,725	1,998,994	2,511,633	1,915,574	82.1%	76.3%	83,420 4.4%	1.2%	1.2%	0.6%	0.6%	
27	University College	3,324,967	1,412,143	2,387,002	1,184,914	42.5%	49.6%	227,229 19.2%	0.8%	0.7%	0.8%	0.5%	
28	VP Finance and Administration	34,026,922	15,287,987	33,508,072	14,269,017	44.9%	42.6%	1,018,970 7.1%	8.9%	8.7%	7.7%	8.0%	
29	VP Research	14,009,621	3,959,478	12,448,593	3,948,575	28.3%	31.7%	10,903 0.3%	2.3%	2.4%	3.2%	3.0%	
30	VP Student Affairs	7,424,976	3,509,022	7,180,522	3,496,369	47.3%	48.7%	12,653 0.4%	2.0%	2.1%	1.7%	1.7%	
31	VP University Advancement	3,545,602	1,337,236	3,141,592	1,304,118	37.7%	41.5%	33,118 2.5%	0.8%	0.8%	0.8%	0.7%	
32	College of Medicine	25,090,625	10,998,081	23,044,000	8,819,554	43.8%	38.3%	2,178,527 24.7%	6.4%	5.3%	5.7%	5.5%	
33	University Outreach and Regional Campuses	67,869,000	25,988,771	65,278,100	25,760,293	38.3%	39.5%	228,478 0.9%	15.1%	15.6%	15.5%	15.5%	
34	Central Pools and Other	38,377,776	17,638,078	33,740,997	17,599,604	46.0%	52.2%	38,474 0.2%	10.4%	10.7%	8.7%	7.9%	
35	Total expenditures and transfers	439,164,238	171,656,286	420,441,019	164,876,482	39.1%	39.2%	6,779,804 4.1%	100.0%	100.0%	100.0%	100.0%	
36	CURRENT YEAR NET CHANGE TO NET ASSETS	-	71,666,421	-	78,402,683			(6,736,262)					

Ohio University
Current Funds - Unrestricted - Auxiliaries
Statement of Revenues, Expenditures and Other Changes
Fiscal Year To Date through November 30, 2008 and November 30, 2007

November 30, 2008			Auxiliary Unit	November 30, 2007			
Original Budget	Year to Date Actuals	Percent of Budget Recognized		Original Budget	Year to Date Actuals	Percent of Budget Recognized	
AIRPORT							
1							
2	543,531	247,904	45.61%	Revenues	365,925	222,060	60.68%
3	(1,424,075)	(606,029)	42.56%	Expenditures	(1,244,595)	(586,091)	47.09%
4	880,544	331,769	37.68%	Net Transfers (In + /Out -)	878,670	330,775	37.64%
5	0	(26,356)		Current year net change to net assets	0	(33,256)	
6		(834,739)		Plus beginning of year net assets		(843,369)	
7		(861,095)		Net assets as of this report		(876,625)	
CAMPUS RECREATION							
8							
9	1,101,016	401,820	36.50%	Revenues	1,154,042	485,811	42.10%
10	(4,224,132)	(1,749,769)	41.42%	Expenditures	(5,605,553)	(3,713,130)	66.24%
11	3,123,116	595,739	19.08%	Net Transfers (In + /Out -)	4,451,511	2,501,491	56.19%
12	0	(752,210)		Current year net change to net assets	0	(725,828)	
13		1,240,097		Plus beginning of year net assets		1,381,412	
14		487,887		Net assets as of this report		655,584	
CONVOCATION CENTER							
15							
16	0	0		Revenues	0	0	
17	(14,000)	(12,524)	89.46%	Expenditures	(18,469)	(12,601)	68.23%
18	14,000	(435,625)	-3111.61%	Net Transfers (In + /Out -)	18,469	(233,245)	-1262.90%
19	0	(448,149)		Current year net change to net assets	0	(245,846)	
20		0		Plus beginning of year net assets		0	
21		(448,149)		Net assets as of this report		(245,846)	
INTERCOLLEGIATE ATHLETICS							
22							
23	4,191,000	1,335,130	31.86%	Revenues	3,921,000	1,132,133	28.87%
24	(16,963,120)	(9,425,269)	55.56%	Expenditures	(18,597,133)	(9,957,446)	53.54%
25	12,772,120	2,875,639	22.51%	Net Transfers (In + /Out -)	14,676,133	6,494,435	44.25%
26	0	(5,214,500)		Current year net change to net assets	0	(2,330,878)	
27		(4,731,465)		Plus beginning of year net assets		(3,364,853)	
28		(9,945,965)		Net assets as of this report		(5,695,731)	
PARKING SERVICES							
29							
30	1,353,504	482,158	35.62%	Revenues	820,000	379,376	46.27%
31	(921,448)	(441,369)	47.90%	Expenditures	(710,000)	(356,487)	50.21%
32	(432,056)	(216,000)	49.99%	Net Transfers (In + /Out -)	(110,000)	(343,350)	
33	0	(175,211)		Current year net change to net assets	0	(320,461)	
34		125,662		Plus beginning of year net assets		438,354	
35		(49,549)		Net assets as of this report		117,893	
RESIDENCE and DINING							
36							
37	72,420,400	26,617,732	36.75%	Revenues	72,334,000	24,601,044	34.01%
38	(67,942,088)	(19,996,282)	29.43%	Expenditures	(67,760,000)	(20,348,745)	30.03%
39	(4,478,312)	(14,814,314)	330.80%	Net Transfers (In + /Out -)	(4,574,000)	(14,582,434)	318.81%
40	0	(8,192,864)		Current year net change to net assets	0	(10,330,135)	
41		7,186,503		Plus beginning of year net assets		11,985,418	
42		(1,006,361)		Net assets as of this report		1,655,283	
STUDENT UNION							
43							
44	503,017	207,972	41.34%	Revenues	360,000	697,634	193.79%
45	(2,061,386)	(845,029)	40.99%	Expenditures	(2,769,353)	(1,391,096)	50.23%
46	1,558,369	(168,668)	-10.82%	Net Transfers (In + /Out -)	2,409,353	390,329	16.20%
47	0	(805,725)		Current year net change to net assets	0	(303,133)	
48		390,290		Plus beginning of year net assets		(61,060)	
49		(415,435)		Net assets as of this report		(364,193)	
TELEPHONE OPERATIONS							
50							
51	763,700	1,421,825	186.18%	Revenues	305,000	131,987	43.27%
52	101,300	(980,995)	-968.41%	Expenditures	585,000	536,207	91.66%
53	(865,000)	(465,000)	53.76%	Net Transfers (In + /Out -)	(890,000)	0	0.00%
54	0	(24,170)		Current year net change to net assets	0	668,194	
55		2,664,021		Plus beginning of year net assets		2,224,147	
56		2,639,851		Net assets as of this report		2,892,341	
TOTAL OF ALL AUXILIARIES							
57							
58	80,876,168	30,714,541	37.98%	Revenues	79,259,967	27,650,045	34.89%
59	(93,448,949)	(34,057,267)	36.44%	Expenditures	(96,120,103)	(35,829,388)	37.28%
60	12,572,781	(12,296,460)	-97.80%	Net Transfers (In + /Out -)	16,860,136	(5,441,999)	-32.28%
61	0	(15,639,186)		Current year net change to net assets	0	(13,621,342)	
62		6,040,368		Plus beginning of year net assets		11,760,049	
63		(9,598,818)		Net assets as of this report		(1,861,293)	




OHIO
UNIVERSITY

Interoffice Communication

Date: January 7, 2009

To: The President and Board of Trustees

From: William R. Decatur, Vice President for Finance and Administration and Treasurer

Re: 
Treasurer's Report

This mailing includes the Treasurer's Report materials which will be shared with the Board at the January meeting. Along with the presentation slides are the schedules containing information that is required by our investment policies to be presented on a quarterly basis.

- Investment Performance Report

The investment performance report details the composite return for OHIO's long-term assets and the allocation index, also known as the benchmark return. The fiscal 2009 year-to-date composite return as of November 30, 2008 was -23.9% compared to a benchmark return of -23.6%. The calendar year-to-date composite return as of November 30, 2008 was -27.4% compared to a benchmark return of -27.6%. The target return goal for the portfolio is 8.7% with a standard deviation of 11.8%.

The materials include pie charts that depict asset allocation detail, by segment and by manager, for the University's and Foundation's endowment and non-endowment investments, and a table for the Investment Pool Composition.

- Working Capital Performance Report

Working capital assets are also referred to as non-endowment investments, and are governed by a non-endowment investment policy. The policy specifies three tiers of liquidity: 25% in the Cash Pool which is invested in highly liquid instruments, 25% in the Liquidity Pool which is invested in fixed income investments with a longer duration, and 50% in the Diversified Pool which is invested using the endowment asset allocation strategy.

- Investment Loan Fund Detail

Outstanding investment loans total \$3.5 million as of November 30, 2008. The investment loan program provides departments within the University an opportunity to borrow money from the University's Diversified Pool of funds for purposes that advance the educational mission.

- Bond Principal Outstanding as of November 30, 2008

In addition to the required reports, the materials include a supplemental schedule depicting projected bond principal outstanding as of November 30, 2008. The University has issued tax-exempt and taxable bonds, and principal outstanding totals \$206.3 million. This includes \$29.5 million in non-recourse debt issued by a subsidiary of the Foundation for a student housing project, University Courtyard apartments. Though we include the non-recourse debt in the summary, it is not included in the total bonds and notes payable in the University's general ledger. The final graph shows the amortization of bond principal over time, assuming no additional debt is issued. On average, the University will retire \$6 million of principal annually, over the life of the bonds currently outstanding.

I will be happy to answer any questions you may have about the reports prior to or during the January Board meeting.

Ohio University and Foundation Assets

Investment Performance "Flash" Report

Periods Ending 11/30/2008



Target Weight	Weight in Fund		Last Month	Year to-Date	Fiscal YTD	Last Year	Annualized Returns			Inception* Date	Ending Market Value	Annual Fee*
							Three Years	Five Years	Since Inception			
100.0%	100.0%	Ohio Composite Account	-3.5%	-27.4%	-23.9%	-27.4%	-3.6%	0.9%			\$274,597,888	
	85.0%	Composite x Private Holdings	-4.1%	-30.4%	-26.4%	-30.6%	-5.0%	-0.3%			\$233,527,401	
		Allocation Index	-4.2%	-27.6%	-23.6%	-27.3%	-2.3%	2.6%				
29.0%	27.2%	Domestic Equity Composite	-7.7%	-36.9%	-29.5%	-37.3%	n/a	n/a			\$74,738,076	
21.0%	19.7%	Large - Cap Equity									\$54,227,852	
20.5%	19.4%	Mellon CF Stock Index Fund	-7.2%	-37.6%	-29.2%	-38.0%	-8.6%	-1.4%	4.5%	Apr-92	\$53,364,879	0.08%
		S&P 500	-7.2%	-37.7%	-29.2%	-38.1%	-8.7%	-1.4%	4.5%			
0.5%	0.3%	Ohio SEMG	-8.9%	-42.1%	-31.8%	-42.6%	-7.9%	n/a	-2.7%	Apr-02	\$862,973	\$10,800 + 0.25%
		Russell 3000	-7.9%	-38.5%	-30.8%	-38.9%	-9.2%	-1.4%	-2.6%			
8.0%	7.5%	Small-Cap Equity									\$20,510,224	
3.0%	2.9%	Royce Pennsylvania	-10.0%	-38.2%	-35.0%	-38.0%	-9.7%	n/a	-1.4%	May-04	\$8,087,199	0.93%
		Russell 2000	-11.8%	-37.4%	-31.0%	-37.5%	-10.1%	-1.6%	-2.8%			
2.5%	2.1%	Cadence	-9.8%	-38.6%	-35.5%	-38.6%	-13.3%	n/a	-13.3%	Apr-06	\$5,706,362	1.00%
		Russell 2000 Growth	-12.1%	-41.7%	-36.0%	-41.3%	-10.9%	-3.3%	-16.9%			
2.5%	2.4%	Bernzott	-7.1%	-28.9%	-20.0%	-31.2%	n/a	n/a	-19.3%	Aug-06	\$6,716,663	0.85%
		Russell 2000 Value	-11.6%	-33.0%	-25.7%	-33.6%	-9.5%	-0.2%	-16.6%			
18.0%	13.1%	International Equity Composite	-6.6%	-50.2%	-44.0%	-51.0%	-9.0%	n/a			\$35,873,996	
15.0%	10.9%	Developed International Equity									\$29,875,338	
7.5%	5.0%	AllianceBernstein	-7.3%	-55.7%	-48.7%	-56.8%	n/a	n/a	-21.9%	May-06	\$13,666,621	0.91%
7.5%	5.9%	New Star	-6.2%	-46.6%	-40.4%	-47.7%	n/a	n/a	-16.1%	Apr-06	\$16,208,717	0.85%
		MS EAFE	-5.4%	-46.6%	-40.0%	-47.8%	-7.8%	2.0%	-15.1%			
3.0%	2.2%	Emerging Markets Equity									\$5,998,658	
3.0%	2.2%	Aberdeen	-5.9%	-46.2%	-41.6%	-45.2%	n/a	n/a	-3.1%	Jun-06	\$5,998,658	0.95%
		MSCI Emerging Markets	-7.5%	-56.7%	-50.9%	-56.6%	-5.5%	7.6%	-11.5%			

Ohio University and Foundation Assets

Investment Performance "Flash" Report

Periods Ending 11/30/2008



Target Weight	Weight in Fund		Last Month	Year to-Date	Fiscal YTD	Last Year	Annualized Returns			Inception* Date	Ending Market Value	Annual Fee*
							Three Years	Five Years	Since Inception			
13.6%	20.8%	Core Plus Fixed Income									\$57,047,723	
13.3%	18.8%	PIMCo Total Return Fund	2.0%	0.9%	-1.0%	1.3%	n/a	n/a	6.1%	Jun-06	\$51,635,680	0.43%
0.3%	0.4%	Student Fixed Income	1.5%	0.1%	-0.6%	0.5%	n/a	n/a	3.5%	Mar-06	\$997,755	\$10,800
0.0%	1.6%	Cash Account									\$4,414,288	
		Barclays Aggregate	3.3%	1.5%	0.3%	1.7%	4.6%	4.1%				
17.0%	17.7%	Absolute Return Composite	-2.2%	-19.0%	-16.4%	-19.0%	-1.1%	n/a			\$48,582,793	
4.8%	5.3%	Arden	-3.3%	-16.9%	-16.3%	-16.6%	0.3%	n/a	3.0%	May-04	\$14,607,999	1.50%
4.8%	4.9%	Federal Street	-2.4%	-27.5%	-21.9%	-27.1%	n/a	n/a	-2.8%	Dec-05	\$13,372,668	1.03%
4.8%	5.5%	Mariner	-0.8%	-13.4%	-12.4%	-14.0%	n/a	n/a	-2.0%	Dec-05	\$15,151,061	1.50%
		HFRI FoF Index	-1.6%	-19.1%	-17.1%	-18.6%	0.1%	2.8%				
		90 Days T-Bills + 3%	0.4%	4.8%	2.1%	5.3%	7.2%	6.3%				
		Barclays Aggregate	3.3%	1.5%	0.3%	1.7%	4.6%	4.1%				
2.6%	2.0%	Liberty View ¹							-7.7%	May-04	\$5,451,065	1.00%
5.4%	5.1%	Opportunistic Assets									\$14,103,196	
2.7%	3.0%	Post Advisory	-4.1%	n/a	-19.0%	n/a	n/a	n/a	-19.0%	Jul-08	\$8,103,196	
2.7%	2.2%	PIMCo DISCO								Jul-08	\$6,000,000	
	N/A**	Real Asset Composite	-9.0%	-42.5%	-51.5%	-39.4%	n/a	n/a			\$9,181,617	
	1.8%	Commonfund	-9.1%	-39.3%	-51.2%	-35.7%	n/a	n/a	-35.8%	Oct-07	\$4,834,638	0.30%
	1.6%	Wellington	-8.9%	-45.7%	-51.9%	-43.3%	n/a	n/a	-43.3%	Oct-07	\$4,346,979	0.90%
		DJ AIG Commodities Index	-7.0%	-32.6%	-47.0%	-29.5%	-6.3%	2.5%	-29.7%			
		S&P 500	-7.2%	-37.7%	-29.2%	-38.1%	-8.7%	-1.4%	-38.2%			

+Of the total market value of the long-term assets, \$234.6 million are Endowment investments.

*Average annualized returns, unless fund inception date is within previous fiscal year.

Fiscal Year ends June 30. All returns are net of fee.

+Alternative Investments are reported on a quarter lag, updated on a current month basis for purchases and distributions.

** Allocation to Real Assets is reflected in total on the Private Holdings Flash Report

The above returns are estimated based on month-end account balances and individual investment returns. Actual returns may vary.

1- Liberty View market value was written down by 40% from the 8/31/08 market value. As of 9/1/08, Liberty View's performance was eliminated from the Absolute Return Composite.



"Advancing Your Investments"

Ohio University and Foundation Assets

Investment Performance "Flash" Report (Private Holdings[^])

Periods Ending 11/30/2008



	Current Month			Committed Capital (mill)	Vintage Year	Valuation Date	Market Value (mill)	As of Valuation Date			Contributed Capital Since Valuation Date	Distributions Since Valuation Date	Fees*
	Market Value (mill)	Actual Weight	Target Weight					Since Inception IRR	Cumulative Contributed Capital	Cumulative Distributions			
Private Equity	\$27.6	10.1%	9.0%	\$42.9			\$24.8	5.21	\$29.4	\$9.7	\$3.4	-\$0.6	
AIG PEP II	\$2.7	1.0%		\$5.0	2001	06/30/08	\$2.9	15.47	\$4.9	\$5.1	\$0.0	-\$0.1	1.00%
Adena	\$1.0	0.4%		\$2.4	2002	06/30/08	\$1.0	-19.37	\$2.4	\$0.2	\$0.0	\$0.0	3.00%
Altus	\$1.9	0.7%		\$2.0	2003	06/30/08	\$2.2	22.10	\$1.3	\$0.0	\$0.0	-\$0.2	1.75%
AVP I	\$0.4	0.1%		\$1.1	1997	06/30/08	\$0.4	10.03	\$1.1	\$1.1	\$0.0	\$0.0	2.75%
AVP II	\$1.0	0.4%		\$2.5	2003	06/30/08	\$1.0	-5.98	\$2.5	\$0.9	\$0.0	\$0.0	2.00%
AVP III	\$0.7	0.2%		\$2.5	2004	06/30/08	\$0.7	-17.27	\$0.9	\$0.0	\$0.0	\$0.0	2.50%
CRM	\$1.2	0.4%		\$2.0	2002	06/30/08	\$1.2	10.01	\$1.2	\$0.8	\$0.0	\$0.0	1.00%
DHI	\$3.5	1.3%		N/A	N/A	06/30/08	\$3.5	4.57	\$3.2	\$1.1	\$0.0	\$0.0	N/A
Kirtland	\$1.6	0.6%		\$3.0	2004	06/30/08	\$1.5	-13.26	\$2.1	\$0.0	\$0.1	\$0.0	2.00%+
Mesirow	\$0.4	0.2%		\$2.5	2008	06/30/08	\$0.3	-17.50	\$0.4	\$0.0	\$0.1	\$0.0	1.00%
Lexington	\$2.8	1.0%		\$5.0	2005	06/30/08	\$2.5	6.27	\$2.9	\$0.5	\$0.4	-\$0.1	Blended+
Lighthouse	\$3.8	1.4%		\$5.0	2007	06/30/08	\$2.2	-7.08	\$2.3	\$0.0	\$1.6	\$0.0	2.00%
Paul Capital	\$0.5	0.2%		\$2.5	2008	N/A	N/A	N/A	\$0.0	\$0.0	\$0.6	\$0.0	2.00%
Siguler Guff DOF II	\$5.2	1.9%		\$5.0	2005	06/30/08	\$5.0	22.43	\$3.8	\$0.0	\$0.3	-\$0.1	1.00%
Siguler Guff DOF III	\$0.8	0.3%		\$2.5	2008	06/30/08	\$0.5	-2.63	\$0.5	\$0.0	\$0.3	\$0.0	1.00%
Real Assets	\$16.6	6.1%	8.0%	\$18.2			\$3.9	10.70	\$5.2	\$2.7	\$3.6	\$0.0	
AIG HighStar	\$3.0	1.1%		\$4.2	2007	06/30/08	\$1.8	-11.74	\$2.0	\$0.0	\$1.2	\$0.0	1.50%
Oaktree REOF III	\$1.9	0.7%		\$3.0	2002	06/30/08	\$1.9	13.72	\$3.0	\$2.7	\$0.0	\$0.0	1.25%
Oaktree REOF IV	\$2.5	0.9%		\$6.0	2008	06/30/08	\$0.2	-23.77	\$0.2	\$0.0	\$2.3	\$0.0	1.25%
Transwestern Mezz. III	N/A	N/A		\$5.0	2008	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Commonfund	\$4.8	1.8%		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.30%
Wellington	\$4.3	1.6%		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.90%
Opportunistic	\$14.1	5.1%	5.4%	\$10.0			\$0.0	0.00	\$0.0	\$0.0	\$6.0	\$0.0	
PIMCo DiSCO	\$6.0	2.2%		\$10.0	2008	06/30/08	\$0.0	N/A	N/A	N/A	\$6.0	\$0.0	
Post Advisory	\$8.1	3.0%		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Non-pooled Assets													
DHI	\$4.4			N/A		06/30/08	\$4.5	N/A	\$0.2	\$1.4	\$0.0	\$0.0	
OU Inn	\$2.8			N/A		06/30/08	\$2.8	N/A	\$7.6	\$4.8	\$0.0	\$0.0	
HFO	\$0.0			N/A		06/30/08	\$0.0	N/A	\$0.0	\$1.4	\$0.0	\$0.0	

[^] Results are reported net of all fees. Alternative Investments are reported on a quarter lag, updated on a current month basis for purchases and distributions.

* Includes management fee only and is based on committed capital unless otherwise noted. Definitions of Management Fee differ by manager. Does not include performance carry.

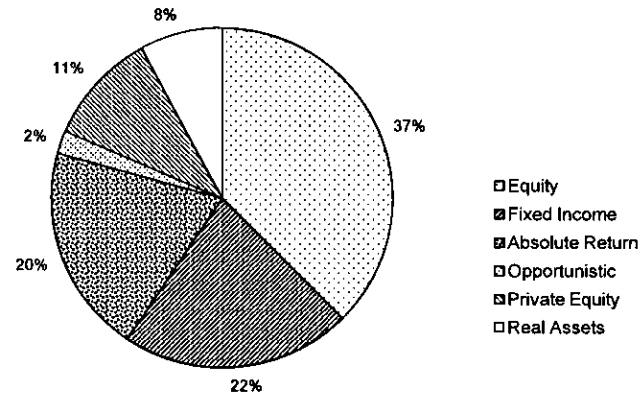
+ Management fee will be reduced to 1.75% at the end of the investment period.

++ For committed years 1-5: 1.00% on secondaries, 0.50% on primaries; thereafter, 0.85% on secondaries 0.50% on primaries on reported value plus unfunded commitments.

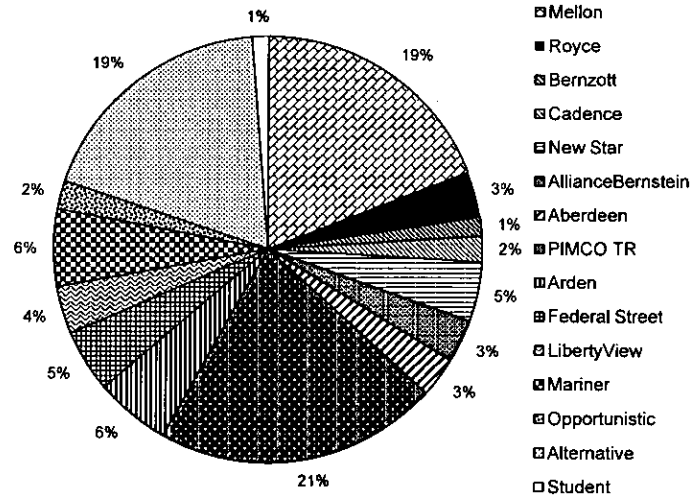
Ohio University Endowment Investments As of November 30, 2008

Investment	Endowment	Quasi Endowment
Equity		
Mellon CF Stock Index	3,222,530	3,879,481
Ohio SEMG	144,936	103,377
Royce Small Cap	723,923	546,835
Cadence Small Cap	423,459	303,835
Bernzott Small Cap	299,753	246,469
AllianceBernstein	653,047	566,024
New Star	963,329	721,378
Aberdeen	660,917	455,770
Total Equity	7,091,894	6,823,170
Fixed Income		
PIMCO Total Return	3,825,589	4,117,133
Ohio SFIMG	125,912	86,579
Total Fixed Income	3,951,501	4,203,712
Absolute Return		
Arden Endowment Advisers	1,185,874	926,407
Federal Street	960,402	793,795
LibertyView Plus Fund	793,528	548,441
Mariner	1,225,431	961,220
Total Absolute Return	4,165,234	3,229,864
Opportunistic		
PIMCO DiSCO	166,662	897,483
Post	(158,284)	(103,127)
Total Opportunistic	8,378	794,356
Private Equity		
Adena Ventures	414,578	211,038
AIG PEP II	89,388	171,137
Altus	192,794	110,553
Cramer Rosenthal McGlynn	139,283	70,160
Kirtland	192,883	97,675
Lexington	314,382	171,649
Lighthouse	318,009	321,213
Mesirow	45,881	26,503
Paul Capital	44,652	28,281
Siguler Guff DOF II	579,140	334,542
Siguler Guff DOF III	4,378	109,836
Total Private Equity	2,335,368	1,652,589
Real Assets		
Oaktree REOF III	223,242	105,718
Oaktree REOF IV	208,222	197,263
AIG Highstar	303,165	175,236
Transwestern	0	0
Commonfund	599,905	296,245
Wellington	543,427	265,533
Total Real Assets	1,877,961	1,039,994
Total Endowment Assets	19,430,337	17,743,685
Grand Total	37,174,022	

Endowment Assets by Type



Endowment Assets by Manager

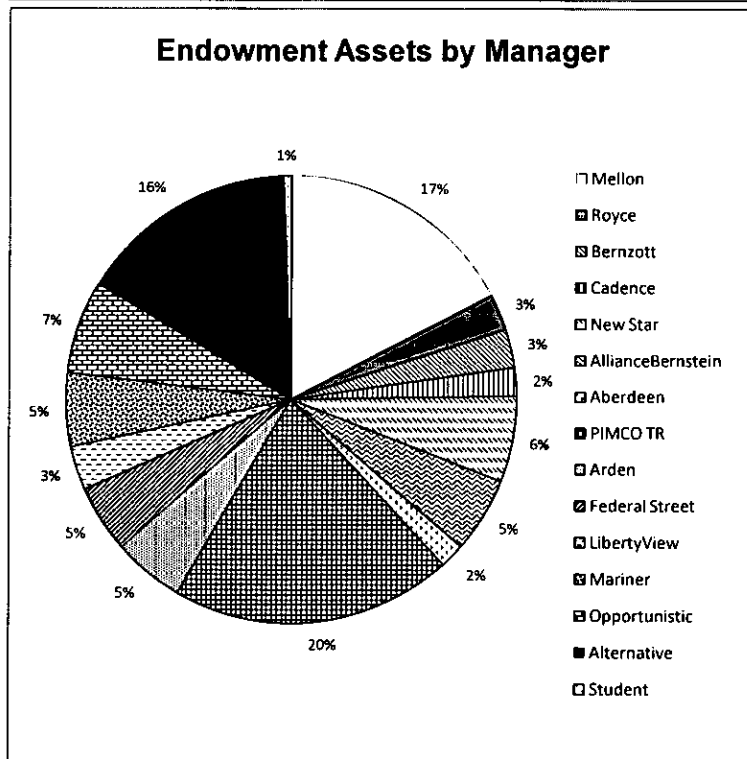
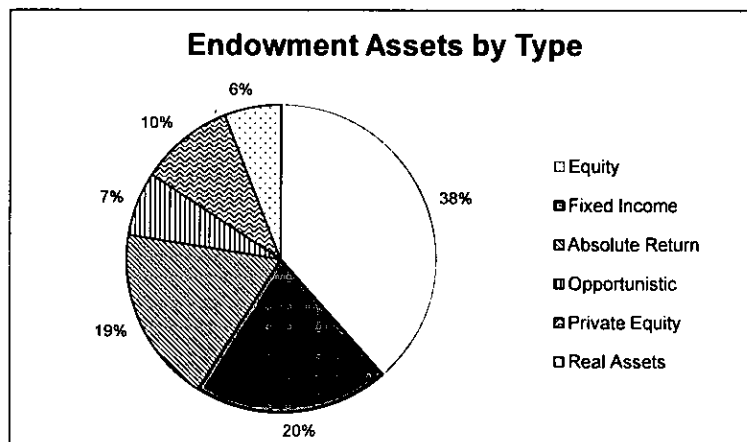


The Ohio University Foundation

Endowment Investments

As of November 30, 2008

Investment	Amount
Equity	
Mellon CF Stock Index	34,125,945
Ohio SEMG	525,901
Royce Small Cap	5,185,970
Cadence Small Cap	4,078,114
Bernzott Small Cap	5,447,734
AllianceBernstein	10,717,574
New Star	12,306,036
Aberdeen	3,523,153
Total Equity	75,910,427
Fixed Income	
PIMCO Total Return	39,852,140
Ohio SFIMG	632,149
Total Fixed Income	40,484,289
Absolute Return	
Arden Endowment Advisers	10,159,479
Federal Street	9,618,584
LibertyView Plus Fund	6,276,234
Mariner	10,554,367
Total Absolute Return	36,608,664
Opportunistic	
PIMCO DISCO	4,658,128
Post	8,628,017
Total Opportunistic	13,286,145
Private Equity	
AIG PEP II	1,998,984
Altus	1,312,568
Athenian Venture Partners	1,866,519
Cramer Rosenthal McGlynn	789,503
DHI	3,240,191
Kirtland	1,055,933
Lexington	1,832,521
Lighthouse	2,874,670
Mesirow	270,049
Paul Capital	391,821
Siguler Guff DOF II	3,395,619
Siguler Guff DOF III	643,820
Total Private Equity	19,472,198
Real Assets	
AIG Highstar	2,046,684
Commonfund	3,524,521
Oaktree REOF III	1,269,171
Oaktree REOF IV	1,802,809
Transwestern	0
Wellington	3,053,047
Total Real Assets	11,696,231
Total Endowment Assets	197,457,955



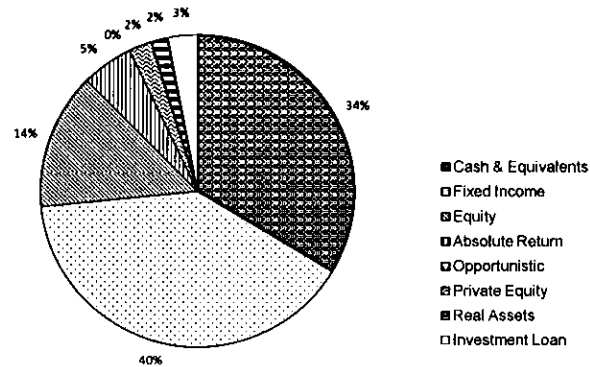
Ohio University and Foundation Working Capital - Preliminary Investment Performance Report
As of November 30, 2008

	Total Market Value (mill) ⁺	Actual Weight	Rates of Return (%)					
			1 Mo.	3 Mo.	Calendar YTD	Fiscal YTD	1 Year	3 Yrs
COMPOSITE OU	<u>\$77.5</u>	<u>100.0%</u>	<u>1.21%</u>	<u>0.45%</u>	<u>2.44%</u>	<u>0.70%</u>	<u>2.70%</u>	<u>4.62%</u>
JP Morgan Core Bond Fund	\$27.1	35.0%	2.69%	-0.49%	0.90%	-0.59%	0.93%	4.37%
People's Bank Core Bond Fund	\$6.4	8.4%	2.06%	0.65%	3.38%	1.42%	3.66%	4.78%
Fifth Third Fixed Income Fund	\$5.7	7.4%	1.46%	2.38%	5.34%	3.03%	5.74%	5.58%
<i>Barclays Aggregate</i>			3.25%	-0.54%	1.46%	0.33%	1.74%	4.56%
JP Morgan High Balance Savings	\$38.2	49.3%	0.17%	0.57%	2.50%	0.92%	2.91%	4.44%
<i>90 Day T-Bills</i>			0.10%	0.51%	2.06%	0.84%	2.34%	4.07%
COMPOSITE OUF	<u>\$4.6</u>	<u>100.0%</u>	<u>0.12%</u>	<u>0.41%</u>	<u>1.88%</u>	<u>0.71%</u>	<u>2.17%</u>	<u>3.49%</u>
JP Morgan High Balance Savings	\$4.6	100.0%	0.12%	0.41%	1.87%	0.71%	2.16%	3.42%
<i>90 Day T-Bills</i>			0.10%	0.51%	2.06%	0.84%	2.34%	4.07%
The working capital investments included in this report are Cash and Liquidity Pool only; the Diversified Pool component of working capital is included with the Flash Report.								

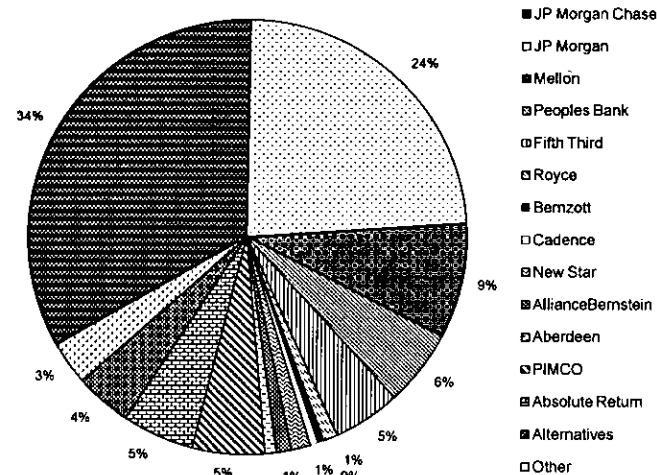
Ohio University
Non-Endowment Investments
As of November 30, 2008

	Amount	Actual %	Target %
Cash Pool	38,249,706	33.5%	25.0%
Liquidity Pool	39,274,419	34.5%	25.0%
Diversified Pool	36,498,766	32.0%	50.0%
Total Working Capital Investments	114,022,891	100.0%	100.0%
Cash Pool			
Chase High Balance Savings	38,249,706		
Total Cash Pool	38,249,706	33.5%	25.0%
Liquidity Pool			
JP Morgan Core Bond	27,118,665		
Peoples Bank	6,425,303		
Fifth Third Bank	5,730,451		
Total Liquidity Pool	39,274,419	34.5%	25.0%
Diversified Pool			
Equity			
Mellon CF Stock Index	9,767,069		
Ohio SEMG	36,042		
Royce Small Cap	1,187,547		
Cadence Small Cap	654,298		
Bernzott Small Cap	524,276		
AllianceBernstein	1,246,582		
New Star	1,598,666		
Aberdeen	993,615		
Total Equity	16,008,096	14.0%	18.8%
Fixed Income			
PIMCO Total Return	6,082,279		
Ohio SFIMG	83,512		
Total Fixed Income	6,175,791	5.4%	6.0%
Absolute Return			
Arden	1,714,422		
Federal Street	1,458,224		
Libertyview	1,117,394		
Mariner	1,778,870		
Total Absolute Return	6,068,909	5.3%	6.4%
Opportunistic			
PIMCO DISCO	200,655		
Post	(191,088)		
Total Opportunistic	9,567	0.0%	6.0%
Private Equity			
Adena Ventures	409,920		
AIG PEP II	310,526		
Altus	217,387		
CRM	135,863		
Kirtland	191,942		
Lexington	344,251		
Lighthouse	344,377		
Mesirow	54,468		
Paul Capital	54,173		
Siguler Guff DOF II	622,315		
Siguler Guff DOF III	32,904		
Total Private Equity	2,718,125	2.4%	3.4%
Real Assets			
Oaktree REOF III	195,588		
Oaktree REOF IV	236,573		
AIG Highstar	350,291		
Transwestern	0		
Commonfund	642,792		
Wellington	576,424		
Total Real Assets	2,001,668	1.8%	3.0%
Investment Loan Fund	3,516,611	3.1%	12.5%
Total Diversified Pool	36,498,766	32.0%	50.0%
Grand Total	114,022,891	100.0%	100.0%

Non-Endowment by Type

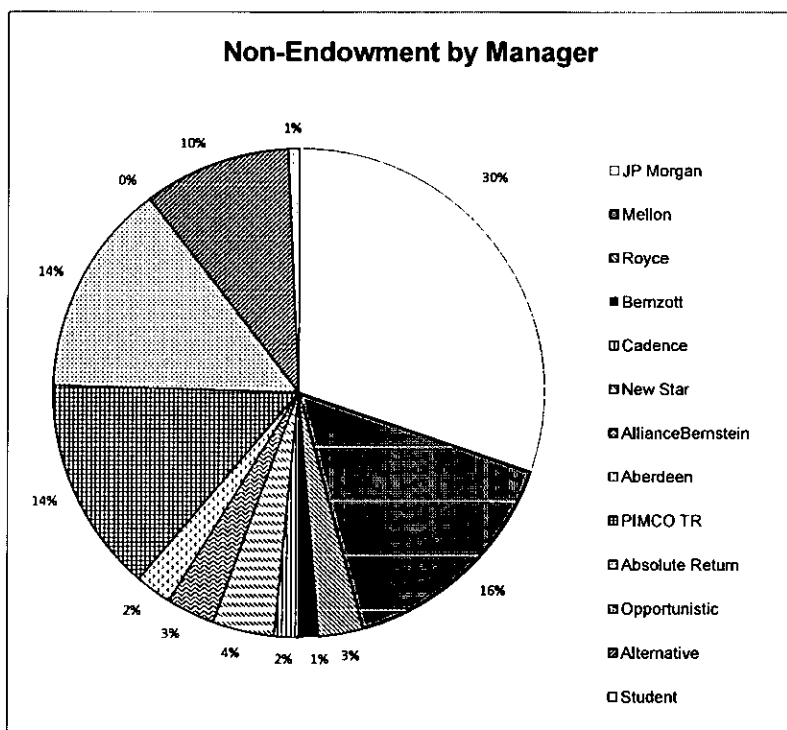
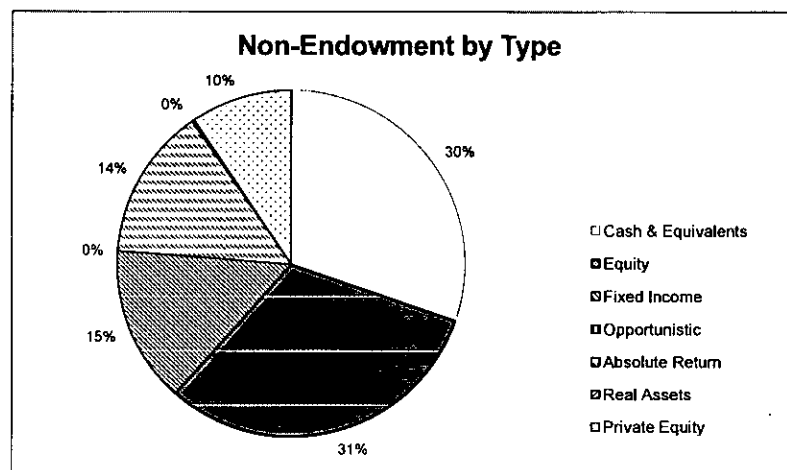


Non-Endowment by Manager



The Ohio University Foundation
Non-Endowment Investments
As of November 30, 2008

	Amount	Actual %	Target %
Cash Pool	4,605,715	30.3%	25.0%
Diversified Pool	10,617,800	69.7%	75.0%
Total Working Capital Investments	15,223,514	100.0%	100.0%
Cash Pool			
Chase High Balance Savings	4,605,715		
Total Cash Pool	4,605,715	30.3%	25.0%
Diversified Pool			
Equity			
Mellon CF Stock Index	2,360,406		
Ohio SEMG	52,717		
Royce Small Cap	442,923		
Cadence Small Cap	244,679		
Bernzott Small Cap	197,026		
AllianceBernstein	483,394		
New Star	619,308		
Aberdeen	365,203		
Total Equity	4,765,656	31.4%	
Fixed Income			
PIMCO Total Return	2,170,065		
Ohio SFIMG	57,882		
Total Fixed Income	2,227,947	14.6%	
Absolute Return			
Arden	621,818		
Federal Street	541,664		
LibertyView	349,513		
Mariner	631,173		
Total Absolute Return	2,144,167	14.1%	
Opportunistic			
PIMCO DISCO	77,072		
Post	(72,322)		
Total Opportunistic	4,750	0.0%	
Private Equity			
AIG PEP II	177,554		
Altus	88,123		
Athenian Venture Partners	167,051		
CRM	67,810		
DHI	271,302		
Kirtland	92,337		
Lexington	142,564		
Lighthouse	130,104		
Mesirow	20,235		
Paul Capital	20,797		
Siguler Guff DOF II	258,567		
Siguler Guff DOF III	1,890		
Total Private Equity	1,438,333	9.4%	
Real Assets			
AIG Highstar	135,062		
Oaktree REOF III	121,242		
Oaktree REOF IV	78,085		
Commonfund	(206,964)		
Transwestern	0		
Wellington	(90,477)		
Total Real Assets	36,947	0.2%	
Total Diversified Pool	10,617,800	69.7%	75.0%
Grand Total	15,223,514	100.0%	100.0%



Investment Pool Composition

As of November 30, 2008

Market Values in millions

Asset Type/Manager	Foundation Endowment	University Endowment	Total Endowment	Foundation Diversified Pool	University Diversified Pool	Total Diversified Pool	Total Long-Term Assets	Foundation Working Capital	University Working Capital
Large-Cap Equity									
Mellon Stock Index Fund	\$34.1	\$7.1	\$41.2	\$2.4	\$9.8	\$12.1	\$53.4	-	-
Ohio SEMG	0.5	0.2	0.8	0.1	0.0	0.1	0.9	-	-
Small-Cap Equity									
Royce Pennsylvania Fund	5.2	1.3	6.5	0.4	1.2	1.6	8.1	-	-
Cadence	4.1	0.7	4.8	0.2	0.7	0.9	5.7	-	-
Bernzott	5.4	0.5	6.0	0.2	0.5	0.7	6.7	-	-
International Equity									
AllianceBernstein	10.7	1.2	11.9	0.5	1.2	1.7	13.7	-	-
New Star	12.3	1.7	14.0	0.6	1.6	2.2	16.2	-	-
Aberdeen	3.5	1.1	4.6	0.4	1.0	1.4	6.0	-	-
Fixed Income									
PIMCO Total Return	36.3	7.1	43.4	2.2	6.1	8.2	51.6	-	-
Ohio SFIMG	0.6	0.2	0.8	0.1	0.1	0.2	1.0	-	-
Cash	3.6	0.8	4.4	0.0	0.0	0.0	4.4	-	-
Absolute Return									
Arden	10.2	2.1	12.3	0.6	1.7	2.3	14.6	-	-
Federal Street	9.6	1.8	11.4	0.5	1.5	2.0	13.4	-	-
LibertyView	6.3	1.3	7.6	0.3	1.1	1.5	9.1	-	-
Mariner	10.6	2.2	12.7	0.6	1.8	2.4	15.2	-	-
Private Equity									
Adena	-	0.6	0.6	-	0.4	0.4	1.0	-	-
AIG PEP II	2.0	0.3	2.3	0.2	0.3	0.5	2.7	-	-
Altus	1.3	0.3	1.6	0.1	0.2	0.3	1.9	-	-
AVP I	0.3	-	0.3	0.0	-	0.0	0.4	-	-
AVP II	0.9	-	0.9	0.1	-	0.1	1.0	-	-
AVP III	0.6	-	0.6	0.1	-	0.1	0.7	-	-
CRM	0.8	0.2	1.0	0.1	0.1	0.2	1.2	-	-
DHI	3.2	-	3.2	0.3	-	0.3	3.5	-	-
Kirtland	1.1	0.3	1.3	0.1	0.2	0.3	1.6	-	-
Lexington	1.8	0.5	2.3	0.1	0.3	0.5	2.8	-	-
Lighthouse	2.7	0.6	3.3	0.1	0.3	0.5	3.8	-	-
Mesirow	0.3	0.1	0.3	0.0	0.1	0.1	0.4	-	-
Paul Capital	0.4	0.1	0.5	0.0	0.1	0.1	0.5	-	-
Siguler Guff DOF II	3.4	0.9	4.3	0.3	0.6	0.9	5.2	-	-
Siguler Guff DOF III	0.6	0.1	0.8	0.0	0.0	0.0	0.8	-	-
Real Assets									
AIG Highstar	2.0	0.5	2.5	0.1	0.4	0.5	3.0	-	-
Commonfund Commodities	3.5	0.9	4.4	(0.2)	0.6	0.4	4.8	-	-
Oaktree REOF III	1.3	0.3	1.6	0.1	0.2	0.3	1.9	-	-
Oaktree REOF IV	1.8	0.4	2.2	0.1	0.2	0.3	2.5	-	-
Transwestern	-	-	-	-	-	-	-	-	-
Wellington Commodities	3.1	0.8	3.9	(0.1)	0.6	0.5	4.3	-	-
Opportunistic									
Pimco Disco	4.7	1.1	5.7	0.1	0.2	0.3	6.0	-	-
Post Advisory	8.6	(0.3)	8.4	(0.1)	(0.2)	(0.3)	8.1	-	-
Sub-total	\$197.5	\$37.2	\$234.6	\$10.6	\$33.0	\$43.6	\$278.2	\$0.0	\$0.0
Non-Pooled Endowment Assets at book value									
DHI	1.1	-	1.1	-	-	-	1.1	3.3	-
Inn-Ohio of Athens	2.8	-	2.8	-	-	-	2.8	-	-
Maine property	0.2	-	0.2	-	-	-	0.2	-	-
Insurance surrender value	1.6	-	1.6	-	-	-	1.6	-	-
Sub-total	\$203.1	\$37.2	\$240.3	\$10.6	\$33.0	\$43.6	\$283.9	\$3.3	\$0.0
Cash Pool								4.6	38.2
Liquidity Pool								-	39.3
Total	\$203.1	\$37.2	\$240.3	\$10.6	\$33.0	\$43.6	\$283.9	\$7.9	\$77.5

Ohio University
Investment Loan Fund
November 30, 2008

<u>Investment Loan</u>	<u>Loan Approval Date</u>	<u>Authorized Amount</u>	<u>Draw Amount</u>	<u>Interest</u>	<u>Payments</u>	<u>Net Outstanding</u>
- Airport T Hangars	Nov. 2001	300,000	300,000	85,035	172,148	212,887
- Center for Auto ID	June 2002	177,100	177,100	40,260	128,386	88,974
- Performance Contract Ph IIB	July 2002	1,276,818	1,276,818	277,667	1,311,460	243,025
- Broadband Antenna Tower - Cambridge	May 2003	595,200	595,200	126,520	168,793	552,927
- Airport 2 Aviation Training Upgrade	May 2003	432,267	432,267	71,959	411,896	92,330
- Bob Wren Stadium Lights	June 2003	281,121	281,121	0	99,125	181,996
- NASA ACTS Satellite Ph II	May 2005	384,375	384,375	53,530	317,590	120,315
- Student Training 7 Piper Warriors	Jan. 2005	1,134,000	1,134,000	207,017	402,483	938,534
- Performance Contract Ph IV	Apr. 2005	1,267,821	1,267,821	213,466	395,664	1,085,623
Total		5,848,702	5,848,702	1,075,454	3,407,545	3,516,611

**Ohio University
Bond Principal Outstanding
as of November 30, 2008**

<p style="text-align: center;"><u>Series 2000</u></p> <p style="text-align: center;"><u>\$29,500,000</u></p> <p style="text-align: center;"><u>Series 2000 Project</u> Housing for Ohio, Inc. University Courtyard Apartments</p>	<p style="text-align: center;"><u>Series 2001</u></p> <p style="text-align: center;"><u>\$23,645,000</u></p> <p style="text-align: center;"><u>Series 2001 Projects</u> Airport Terminal 1 Athena Theater Bentley Hall Peden Stadium Field Lowering Innovation Center Margaret Walter Hall King Air Motor Pool Bromley Hall Utilities Upgrade Performance Contracting <i>Airport Terminal 2**</i> <i>Fine Arts Studio**</i> <i>HR Training Center**</i> <i>Carin Strength & Conditioning Center**</i></p>	<p style="text-align: center;"><u>Series 2003</u></p> <p style="text-align: center;"><u>\$34,500,000</u></p> <p style="text-align: center;"><u>Series 2003 Projects</u> Ping Student Recreation Center Residence & Dining Halls Margaret Walter Hall Pickerington Center University Center Avionics Engineering Center ARC Design Work Convocation Center</p>	<p style="text-align: center;"><u>Series 2004</u></p> <p style="text-align: center;"><u>\$47,795,000</u></p> <p style="text-align: center;"><u>Series 2004 Projects</u> University Center King Air 350 Lausche 15 Year Project Performance Contracting B <i>Lausche 2 Year Project**</i> <i>Performance Contracting A**</i></p>
<p style="text-align: center;"><u>Series 2006A</u></p> <p style="text-align: center;"><u>\$26,700,000</u></p> <p style="text-align: center;"><u>Series 2006A Projects</u> Chilled Water Loop Recreation Facilities Child Care Center Grover Center Regional Campuses W. State Street Lab Stores/Receiving Demolition Track & Turf Field HR Training Center</p>	<p style="text-align: center;"><u>Series 2006B & C</u></p> <p style="text-align: center;"><u>\$28,775,000</u></p> <p style="text-align: center;"><u>Series 2006B Projects</u> Residence Hall Student Information System Performance Contract</p> <p style="text-align: center;"><u>Series 2006C Projects</u> University Center <i>College of Communication**</i> <i>ARC Design Work**</i></p>	<p style="text-align: center;"><u>Series 2008A & B</u></p> <p style="text-align: center;"><u>\$15,350,000</u></p> <p style="text-align: center;"><u>Series 2008A & B Projects</u> Administrative Systems BANS HDL Center HDL Center - Taxable Portion</p>	<p style="text-align: center;"><u>Grand Total</u></p> <p style="text-align: center;"><u>\$206,265,000</u></p>

** = Outstanding debt has been retired

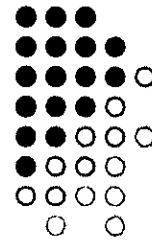
November 30, 2008



Treasurer's Report

Tab 13

November, 2008



OHIO
UNIVERSITY

Treasurer's Report Agenda



- Investment Performance Report
- Working Capital Performance Report
- Investment Pool Composition
- Investment Loan Fund Detail
- Bond Principal Outstanding as of November 30, 2008



The treasurer's report covers the status of the University's financial assets and debt obligations. The schedules provided in the advance materials summarize information required by the investment policies and these schedules are presented to the board at every meeting.

The investment performance report outlines the historical performance of the endowment assets and the diversified pool portion of the working capital.

The working capital performance report details the historical performance of the most liquid working capital assets – the cash pool and the liquidity pool.

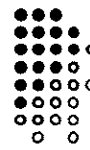
In addition to the two performance reports, your materials include pie-charts and tables containing information about the asset allocation and manager structure of the endowment and working capital assets. The Investment Pool Composition table is also provided to show a detailed summary of investments by source.

The investment loan fund provides short-term loans to various OU departments to help further the educational mission of the university.

A summary of Ohio University's outstanding bonds and the total principal remaining on each issue as of November 30, 2008 is included in the materials, followed by a graph depicting the amortization of each bond series over time.

Treasurer's Report

As of November 30, 2008



Investment Performance:	<u>FYTD</u>	<u>CYTD</u>
• Ohio University Composite	-23.9%	-27.4%
• Allocation Index	-23.6%	-27.6%
• Composite x Private Holdings	-26.4%	-30.4%
• Asset Allocation vs. Policy Target:		
• Large Cap Equity vs. Policy	19.7% vs	21.0%
• Private Equity vs. Policy	10.1% vs	9.0%
• Real Assets vs. Policy	6.1% vs	8.0%
• Remaining Assets vs. Policy	64.1% vs	62.0%



The Ohio University Composite represents the total performance of the endowment and diversified pool investments. The investment performance report shows the Composite return vs. two benchmarks, the Allocation Index and the Composite return excluding private equity and real asset investments. The composite returns and the indices are calculated by our investment consultant, New England Pension Consultants (NEPC).

The Composite return is calculated by taking the actual asset class weights times the actual manager net return. Compared to the Allocation Index, it measures the effectiveness of the managers. The Allocation Index is calculated by taking the actual asset class weights times the return of the respective passive benchmark.

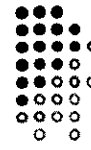
The Composite return excluding private equity and real asset investments shows the contribution of the alternative investments to the overall return. Fiscal year-to-date, the return was 250 bps greater with the alternative investments. Certain private equity and real asset investments are at the point in their life cycle where the managers are beginning to make significant distributions, however, some of our early vintage year funds have not met expectations.

The Composite return was greater than the Allocation index for the calendar year-to-date period ending November 30, 2008, but was less than the Allocation index for the fiscal year-to-date period ending November 30, 2008. In the long run, we expect that the portfolio will outperform the Allocation Index, but fluctuations are expected.

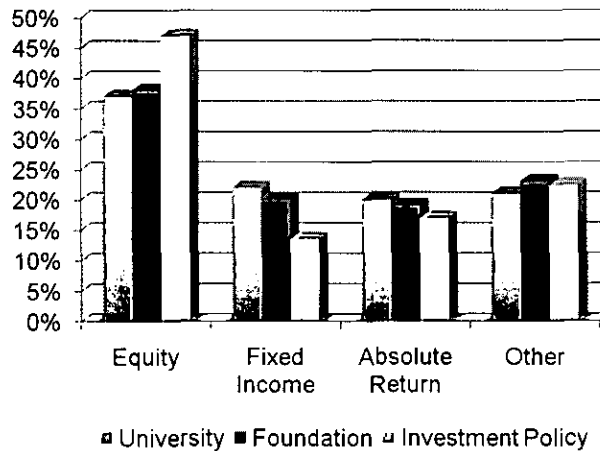
Due to recent turmoil in the public markets, the portfolio is underweight large cap equity and real assets, but overweight private equity. Recent investments have been made in real assets. As these investments are called, we will move closer to our target allocation. Additionally, we will add funds to underweight asset classes, such as large cap equities, as new donations are added to the investment pool.

Treasurer's Report

Endowment Allocation



- Assets at 11/30/2008:
- University \$37.2 million
- Foundation \$197.5 million

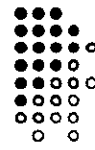


OHIO
UNIVERSITY

In your materials, the endowment allocation information is presented on two separate pages with accompanying pie charts, one for the University and one for the Foundation. The bar chart shown here clearly compares the allocations for the University, the Foundation and the investment policy. In all categories, the Foundation and the University have about the same allocation to each broad asset class. The "other" asset class includes private equity, real assets, and opportunistic investments, with target weights of 9%, 8%, and 5.4%, respectively. The recent and significant decline in the public equity market has resulted in the portfolio being overweight to fixed income and underweight to equity. The portfolio will be rebalanced gradually as new funds are added to the investment pool and spending transfers are withdrawn.

Treasurer's Report

Working Capital at 11/30/2008



	<u>FYTD</u>	<u>CYTD</u>
• Ohio University Cash Pool		
• JPMorgan High Balance Savings	0.92%	2.50%
• 90 Day T-Bills	0.84%	2.06%
• Ohio University Liquidity Pool		
• JPMorgan Core Bond Fund	-0.59%	0.90%
• People's Bank Core Bond Fund	1.42%	3.38%
• Fifth Third Fixed Income Fund	3.03%	5.34%
• Barclays Aggregate	0.33%	1.46%



Like the investment performance report, the working capital performance report in your materials is prepared by NEPC. It details the historical performance of the most liquid working capital assets – the cash pool and the liquidity pool.

The cash pool is invested in highly liquid instruments with little or no risk of principal loss (e.g., very high-quality, short-term fixed income and money markets). The Non Endowment Investment Policy requires that we benchmark the cash pool managers to the return on 90 Day U.S. Treasury Bills. As you can see, the University's cash pool manager has been able to achieve this objective for the fiscal year to date period and the calendar year to date period through November 30.

The liquidity pool is invested with three managers in fixed income instruments (e.g. US Government Bonds/Notes, US Agencies, Corporate Bonds, etc.), with the benchmark being the Barclays Aggregate Index. JPMorgan lagged the benchmark for the fiscal and calendar year to date periods ending November 30. People's Bank and Fifth Third beat the benchmark for the fiscal and calendar year to date period ending November 30.

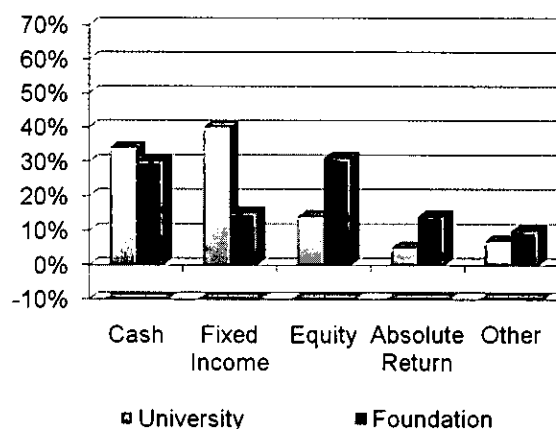
The staff constantly monitors the performance of the short term assets and will work closely with the Committee should issues arise.

Treasurer's Report

Non-Endowment Allocation



- Assets at 11/30/2008:
- University \$114.0 million
- Foundation \$15.2 million



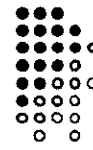
Unlike the Endowment, the Non-Endowment asset allocation for the University differs widely from that of the Foundation. The University has a much greater need for liquidity to manage the cash outflows related to large expenses, especially payroll.

The diversified pool portion of the University's working capital is currently targeted at 50% of the total and, as shown in the chart above, has a smaller allocation to equity and other less liquid asset classes than the Foundation. The diversified pool portion of the Foundation's working capital is targeted at 75% of the total, hence the large allocation to equity.

The "Other" asset class includes private equity, real assets, and opportunistic investments.

Treasurer's Report

Investment Loan Fund Detail



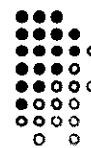
- As of November 30, 2008:
 - Total Authorized Amount \$ 5,848,702
 - Amount Drawn 5,848,702
 - Plus Interest 1,075,454
 - Less Payments 3,407,545
 - Net Outstanding \$ 3,516,611



The Investment Loan program provides departments with short-term loans to fund small special projects. These funds are lent from the University's diversified pool, and the loan pool is limited to 25% of the diversified pool. The total authorized amount represents the total funds that have been approved for all loans that are still outstanding -- about \$5.8 million. The amount drawn is the amount that the individual units have called, about \$5.8 million. Since inception of the program, the University has realized about \$2.1 million in interest. Cumulative interest earned on the loans that are currently outstanding totals approximately \$1.1mm.

Treasurer's Report

Bond Principal Outstanding



- As of November 30, 2008:

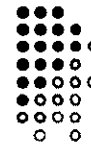
● Series 2000	29,500,000
● Series 2001	23,645,000
● Series 2003	34,500,000
● Series 2004	47,795,000
● Series 2006A	26,700,000
● Series 2006B&C	28,775,000
● Series 2008A&B	<u>15,350,000</u>
	\$206,265,000



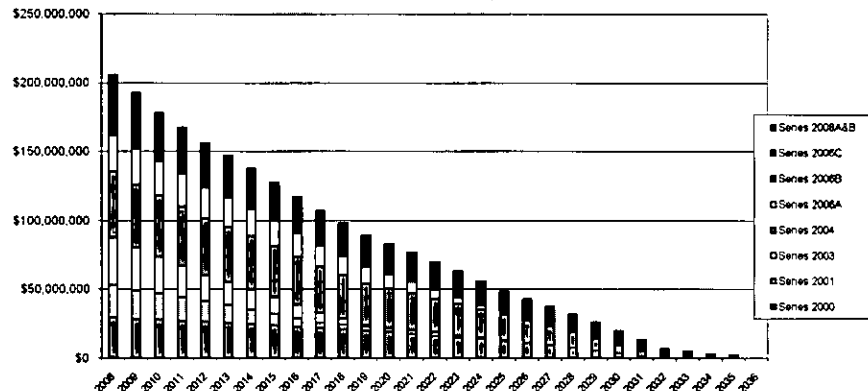
The University has issued both taxable and tax-exempt bonds. \$2.0 million of the Series 2008 bonds are taxable, with the remainder of the outstanding bonds being tax-exempt. The total principal outstanding as of November 30, 2008 is \$206.3 million. This includes \$29.5 million for Series 2000, issued by a subsidiary of the Foundation for a student housing project known as University Courtyard apartments. These bonds are non-recourse; neither the Foundation nor the University can be held liable for their payment. These bonds are not included in the total bonds and notes payable in the University's general ledger. They are included on the Foundation's books.

Treasurer's Report

Bond Principal Repayment



Ohio University
Amortization of Bond Principal
November 30, 2008



This graph shows the amortization of bond principal over time, assuming no additional debt is issued. Over the term of the debt, through FY37, the University retires approximately \$6 million of principal annually, on average. During the next 5 years, over \$55 million will be retired, and during the next 10 years, more than \$99 million will be retired.

Division of University Advancement
FY09 Fund Raising Report
Gifts and Commitments as of 12/31/2008

Total Gifts and Commitments (in Thousands): By Donor Type									
Donor Type	December			Fiscal Year				YTD Goal	YTD %
	Goal	Actual	Variance	Goal	Actual	Variance	FY %		
Alumni	\$3,000	\$428	(\$2,572)	\$13,000	\$6,606	(\$6,394)	51%	\$5,900	112%
Other Individuals	\$500	\$261	(\$239)	\$2,000	\$4,793	\$2,793	240%	\$975	492%
Corporations	\$500	\$68	(\$432)	\$2,000	\$395	(\$1,605)	20%	\$825	48%
Foundations	\$300	\$43	(\$257)	\$1,500	\$2,396	\$896	160%	\$725	330%
Organizations	\$300	\$69	(\$231)	\$1,500	\$511	(\$989)	34%	\$725	71%
Total	\$4,600	\$869	(\$3,731)	\$20,000	\$14,702	(\$5,298)	74%	\$9,150	161%
Other Gift Types:									
Gifts In Kind				\$203					
Planned Gifts - Revocable				\$2,080					
Pledge Payments				\$3,319					
Bequest Payments				\$1,192					
Total Gifts				\$21,496					

Total Gifts and Commitments (in Thousands): By Donor Type						
Donor Type	December			Fiscal Year		
	Outright Gifts	New Pledges	Total	Outright Gifts	New Pledges	Total
Alumni	\$335	\$93	\$428	\$5,983	\$623	\$6,606
Other Individuals	\$241	\$20	\$261	\$4,506	\$287	\$4,793
Corporations	\$68	\$0	\$68	\$290	\$105	\$395
Foundations	\$43	\$0	\$43	\$384	\$2,012	\$2,396
Organizations	\$29	\$40	\$69	\$471	\$40	\$511
Total	\$716	\$153	\$869	\$11,635	\$3,067	\$14,702

Major Gift Solicitation Activity (in Thousands): "Asks"							
Donor Type	December			Fiscal Year			All Pending
	Goal	Total Ask	Variance	Goal	Total Ask	Funded	
Alumni	\$5,107	\$128	(\$4,979)	\$40,576	\$10,300	\$7,139	\$17,882
Other Individuals	\$2,622	\$0	(\$2,622)	\$11,573	\$3,655	\$4,185	\$1,975
Corporations	\$350	\$0	(\$350)	\$4,428	\$330	\$80	\$550
Foundations	\$106	\$0	(\$106)	\$6,067	\$2,301	\$2,086	\$555
Organization	\$95	\$0	(\$95)	\$2,357	\$5,380	\$1,255	\$4,125
Total	\$8,280	\$128	(\$8,152)	\$65,001	\$21,966	\$14,745	\$25,087

Asks are documented written solicitations in which a major gift prospect is asked for a specific dollar amount for a specific purpose.



OHIO UNIVERSITY

University Outreach
and Regional Campuses

To: Kathy Krendl, Executive Vice President and Provost
From: Steve Flaherty, Senior Associate Vice President, Outreach and Regional Campuses
Date: January 7, 2009
RE: Request for Special Tuition Rate for the Proposed On-Line RN to BSN Nursing Degree Completion Program Offered in Partnership with Higher Education Holdings, LLC

Cutler Hall 206
Athens OH 45701-2979
T: 740.593.2551
F: 740.593.2867
www.ohiou.edu/regional/

University Outreach and the College of Health and Human Services are requesting a special tuition rate of \$117 per student credit hour for 12 nursing courses and \$87 per student credit hour for 5 non-nursing courses to support a new on-line nursing completion degree marketed to employers.

Below is a description of the proposed on-line nursing degree completion program that will be supported by this requested special tuition rate:

The School of Nursing and University Outreach have an opportunity to provide a significant service in support of health care in Ohio, as well as to generate significantly larger enrollment, through the partnership we are proposing. By making our RN to BSN baccalaureate completion program available online, and delivering the program in a scalable form, we can introduce a highly innovative approach to education.

Through this program, we can enroll very large numbers of students in the same course, while providing excellent support services in a cost effective manner. We can enroll students from across Ohio and bordering states, while serving our own region effectively. The quality of the online content will be very high, and we anticipate high levels of retention.

An important aspect of this new approach is that it is built around partnerships with health care providers. That is, through a third party vendor, Higher Education Holdings located in Dallas, Texas, we will actually be marketing to employers and working through those employers to identify students. This reduces our marketing/recruiting costs significantly. Combined with other advantages of a scalable online program, we can then offer a reduced tuition that essentially eliminates tuition as a barrier.

Accordingly, an important element of our strategy is to offer this program, through providers, at a very low program-based tuition. We plan to charge students approximately \$5950 for the 12 nursing courses in the program. An additional five required, non-nursing courses are planned to be available for a "package price" of approximately \$1750. This low program-based tuition is available exclusively to students recruited and admitted through a partnership with Higher Education Holdings, LLC. Experience in other states that have adopted this delivery model for selected professional degree programs have found that the combination of a very low tuition, available only through a partnership with the employer, and delivered with the flexibility of online courses has yielded exceptional results.

This is an important test of our ability to develop and deliver programs to adult learners at a distance. I am very supportive of the strategy and excited about our prospects.

Program Details:

Courses to be offered in this program:

All 12 of the RN to BSN courses will be available to the HEH recruited population. They are:

NRSE 300, Transitions in Nursing—5 credit hours
NRSE 310, Health Appraisal —4 credit hours
NRSE 325, Health Interventions in Nursing—5 credit hours
NRSE 330, Family Nursing—4 credit hours
NRSE 335, Ethical and Legal Issues in Nursing—4 course hours
NRSE 341, Nursing: Community Health—5 credit hours
NRSE 405, Research: Critique & Methodology—4 credit hours
NRSE 410, Gerontology in Nursing Practice—4 credit hours
NRSE 414, Cultural Diversity and Nursing—4 credit hours
NRSE 416, Management Issues in Nursing—4 credit hours
NRSE 445, Strategic Planning in Nursing Care—4 credit hours
NRSE 455, Excellence in Nursing—4 credit hours

Total of 51 Credit Hours

The 5 non-nursing courses are planned to include 5 of the following:

HCFN 128, Introduction to Nutrition—4 credit hours
Introductory Statistics—4 credit hours
Junior Level Composition —4 credit hours
Tier IIF—Fine Arts—4 credit hours
Tier IIH—Humanities—4 credit hours
Tier IIC—Cross Cultural Perspectives—4 credit hours

Total of 20 Credit Hours

Fee Schedule:

Nursing Courses

The fees for nursing courses under this proposal are as follows:

Instructional Fee: \$ 113 per Student Credit Hour

General Fee: \$ 4 per Student Credit Hour

Out-of-State Fee (Non-resident surcharge): Waived

Total Fee per student credit hour charged for nursing courses: \$117

Non-Nursing Courses

The fees for non-nursing courses under this proposal are as follows:

Instructional-Fee: \$ 84 per Student Credit Hour

General Fee: \$ 3 per Student Credit Hour

Out-of-State Fee (Non-resident surcharge): Waived

Total Fee per student credit hour charged for nursing courses: \$ 87

Under the services and licensing agreement with Higher Education Holdings, Ohio University will maintain academic oversight of program offerings and retain ownership of its intellectual property and oversee operations associated with this program and retain 30% of gross income from course fees. Marketing and direct instructional costs will be paid for by Higher Education Holdings. Credit hours generated in this enterprise by Ohio residents are currently eligible for state share support, in the event that state share funding increases in the future based upon new enrollments. Higher Education Holdings will incur all marketing, course development, and faculty compensation costs associated with these course offerings. Higher Education Holdings has developed relationships with the University of Texas at Arlington and with Towson State University in Maryland regarding similar programs. Since this enterprise uses an employer-only marketing channel, other nursing degree offerings at regional campuses and the BSN degree planned for the Athens Campus will be operated in addition to this offering at the regular tuition rates.

The normal course load for students enrolled in this program is 2 courses per quarter. Income generation anticipated from this program will be directly linked to enrollments:

25 Students per year @ 24 credit hours per year = $\$70,200 \times .3 = \$21,060$

100 Students per year @ 24 credit hours per year = $\$280,800 \times .3 = \$84,240$

500 Students per year @ 24 credit hours per year = $\$1,404,400 \times .3 = \$421,320$

1000 Students per year @ 24 credit hours per year = $\$2,808,000 \times .3 = \$842,400$



OHIO UNIVERSITY

College of Health
and Human Services

Regional Higher Education

December 22, 2008

MEMORANDUM

TO: Gary S. Neiman
Dean, College of Health and Human Services

FROM: Kathleen Rose-Grippa, PhD, RN
Interim Director

RE: Outreach to Ohio RNs

The fee structure of \$5950 for the 51 credits (12 upper division courses) in the RN to BSN Program is designed to provide additional access to the BSN for RNs throughout Ohio.

Hospitals and large clinics are moving to a staffing pattern that employs all RNs (no licensed practical nurses or nursing assistants) with the BSN degree being the preferred credential. These same agencies would prefer to provide the education for current staff rather than relying on the combination of attrition (through retirement and resignations) and new hires to achieve the BSN prepared nursing staff. The need to staff an agency while a significant segment of the nursing staff is attending class has been an obstacle. The Ohio University RN to BSN Program is online which makes it accessible to RNs employed in health care agencies. All courses are currently undergoing a revision that will increase the user friendliness of the courses.

The adjusted fee will be made available to the population of nurses in agencies that wish to move RNs to the BSN degree quickly. This is one of the populations served by Ohio University and this action will strengthen the links between Ohio University and health care delivery agencies in southeastern Ohio and throughout the state.

Athens Campus
School of Nursing
Grover Center E365
Athens, OH 45701-2979
T: 740.593.4494
F: 740.593.0286

Chillicothe Campus
School of Nursing
101 University Drive
PO Box 629
Chillicothe, OH 45601-0629
T: 740.774.7200
F: 740.774.7214

Seaboard Campus
School of Nursing
1264 Liberty Drive
London, OH 45638
T: 740.533.4606
F: 740.533.4500

Zanesville Campus
School of Nursing
1425 Newark Road
Zanesville, OH 45701
T: 740.453.6787
F: 740.453.5101

From: Gary Neiman <neiman@ohio.edu>
To: flaherty@ohio.edu
cc: bird@ohio.edu
Subject: RN to BSN Tuition Pricing
Date-Sent: Tuesday, December 23, 2008 7:58 AM -0500

Steve: \

Steve:

This note is to acknowledge my approval of the reduced tuition for the RN to BSN courses that will be marketed as a scalable package of coursework to our healthcare educational partners by Higher Education Holdings. I am optimistic that this program will position Ohio University as the major provider of RN to BSN programming to nurses in Ohio and contiguous states.

Please feel free to contact me if I can provide additional information.

Gary


Gary S. Neiman, Ph.D.
Dean
College of Health and Human Services
Ohio University
W381 Grover Center
Athens, Ohio 45701
740.593.9336 (phone)
740.597.1280 (fax)
740.517.3550 (cell)



OHIO
UNIVERSITY
University Outreach

Cutler Hall 206
Athens OH 45701-2979

T: 740.593.2551
F: 740.593.2867
www.ohiou.edu/regional/

DATE: December 23, 2008
TO: Steve Flaherty
FROM: Charles Bird, Vice Provost 
SUBJECT: Tuition for Online RN to BSN Completion Program

The School of Nursing and University Outreach have an opportunity to provide a significant service in support of health care in Ohio, as well as to generate significantly larger enrollment, through the partnership we are proposing. By making our RN to BSN baccalaureate completion program available online, and delivering the program in a scalable form, we can introduce a highly innovative approach to education.

Through this program, we can enroll large numbers of students in the same course, while providing excellent support services in a cost effective manner. We can enroll students from across Ohio and bordering states, while serving our own region effectively. The quality of the online content will be very high, and we anticipate high levels of retention.

An important aspect of this new approach is that it is built around partnerships with health care providers. That is, we will actually be marketing to employers and working through those employers to identify students. This reduces our marketing/recruiting costs significantly. Combined with other advantages of a scalable online program, we can then offer a reduced tuition that essentially eliminates the cost to students as a barrier.

Accordingly, an important element of our strategy is to deliver this program, through partnerships with providers at a very low program-based tuition. We plan to charge students \$5950 for the 12 nursing courses in the program. An additional five required, non-nursing courses will be available for a "package price" of \$1750. Experience in other states that have adopted this delivery model for selected professional degree programs has found that the combination of low tuition, available only through a partnership with the employer, and delivered with the flexibility of online courses yielded exceptional enrollment and financial results.

This is an important test of our ability to develop and deliver programs to adult learners at a distance. I am very supportive of the strategy and excited about our prospects.

Institutional Affordability Report for University System of Ohio Strategic Plan
University Main Campuses

Due November 30, 2008

E-mail to Paolo DeMaria

School Name:

Campus Contact Information:

pdemaria@regents.ohio.oh.us

Ohio University

Name:

Phone:

E-mail:

Craig Cornell

740-597-3280

comellc@ohio.edu

% Subsidy Change Assumption:

			100%	100%
Expected Family Contribution	2007-2008 School Year (actual)	2008-2009 School Year (actual)	2009-2010 School Year (estimate)	2010-2011 School Year (Estimate)
\$0				
# of Students	986	962	1,121	1,303
% of Students included in this survey	9.63%	9.45%	10.66%	11.81%
Average Gross Tuition and Fees	\$8,907	\$8,907	\$9,441	\$10,008
Average Grants	\$8,513	\$9,789	\$10,067	\$10,003
Average Net Tuition and Fees	\$394	-\$882	-\$626	\$5
\$1 - \$2,190				
# of Students	1,084	1,025	1,016	1,033
% of Students included in this survey	10.58%	10.07%	9.66%	9.36%
Average Gross Tuition and Fees	\$8,907	\$8,907	\$9,441	\$10,008
Average Grants	\$7,182	\$7,645	\$7,851	\$7,841
Average Net Tuition and Fees	\$1,725	\$1,262	\$1,590	\$2,167
\$2,191 - \$4,041				
# of Students	793	797	790	809
% of Students included in this survey	7.74%	7.83%	7.51%	7.33%
Average Gross Tuition and Fees	\$8,907	\$8,907	\$9,441	\$10,008
Average Grants	\$4,370	\$4,988	\$5,108	\$5,099
Average Net Tuition and Fees	\$4,537	\$3,919	\$4,333	\$4,909
\$4,042 - \$10,000				
# of Students	2,060	1,937	2,002	2,119
% of Students included in this survey	20.11%	19.03%	19.03%	19.21%
Average Gross Tuition and Fees	\$8,907	\$8,907	\$9,441	\$10,008
Average Grants	\$1,660	\$1,934	\$1,984	\$1,986
Average Net Tuition and Fees	\$7,247	\$6,973	\$7,457	\$8,022
\$10,001-\$20,000				
# of Students	2,420	2,432	2,481	2,564
% of Students included in survey	23.63%	23.89%	23.58%	23.24%
Average Gross Tuition and Fees	\$8,907	\$8,907	\$9,441	\$10,008
Average Grants	\$1,219	\$1,303	\$1,335	\$1,340
Average Net Tuition and Fees	\$7,688	\$7,604	\$8,106	\$8,668
\$20,001 and up				
# of Students	2,761	3,026	3,110	3,204
% of Students included in this survey	26.95%	29.73%	29.56%	29.04%
Average Gross Tuition and Fees	\$8,907	\$8,907	\$9,441	\$10,008
Average Grants	\$1,301	\$1,322	\$1,344	\$1,348
Average Net Tuition and Fees	\$7,606	\$7,585	\$8,097	\$8,660

All estimates are for full-time, full-year, Ohio resident, undergraduate students who fill out the FAFSA

% of total student body that is included in these estimates	70.49%	71.11%	71.78%	72.73%
---	--------	--------	--------	--------

Note: This does not include costs other than tuition and mandatory fees, such as room and board, textbooks, degree/ program specific fees and parking fees.

Institutional Accountability Report for University System of Ohio Strategic Plan
 Note: Report includes all campuses totaled

Due November 30, 2008

E-mail to Paolo DeMaria

School Name:

Campus Contact Information:

pdemaria@regents.ohio.oh.us

Ohio University

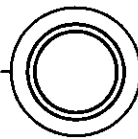
Name: Michael Williford

Phone: 740/593-1059

E-mail: michael.williford@ohiou.edu

	Baseline Time Period	University System of Ohio			Ohio University						
		Baseline Level	2013-14 Target	2017-18 Target	Baseline Level	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Total Degrees Awarded (Annual)	2006-2007	72,657	89,063	100,000	5,660	5,660	5,670	5,855	6,085	6,395	6,590
Associate	2006-2007	18,156	24,062	28,000	606	606	616	636	656	676	696
Bachelor's	2006-2007	37,816	46,326	52,000	4,025	4,025	4,025	4,040	4,150	4,340	4,415
Graduate	2006-2007	16,685	18,674	20,000	1,029	1,029	1,029	1,179	1,279	1,379	1,479
1. Total post-secondary enrollment (Fall)	Fall 2006	472,694	610,694	702,694	27,460	28,112	28,981	29,813	30,455	30,988	31,542
2. Total STEM degrees Awarded (Annual)	2006-2007	22,005	35,208	44,010	1,228	1,228	1,238	1,248	1,288	1,428	1,568
3. Total enrollees age 25 and older (Fall)	2006-2007	171,294	279,326	351,347	5,966	6,085	6,207	6,331	6,458	6,587	6,719
4. Total degrees awarded to first generation college students (Annual)	2006-2007	19,418	27,767	33,333	1,281	1,281	1,281	1,286	1,290	1,295	1,300
5. Percent of total degrees awarded to Black and Hispanic students (Annual)	2006-2007	8.63%	11.84%	13.98%	3.84%	3.84%	3.84%	3.84%	3.84%	4.03%	5.00%
6. Improvement in actual graduation rate over expected graduation rate (Universities only, Community College metric under development)	Fall 2000 Cohort, through Summer 2006	same	6%	10%	0%	0%	0%	0%	0%	0%	0%
7. Measuring the system's reputation: Number of first time enrollees in the top 20% SAT/ACT (at University Main Campuses) (Fall)	Fall 2007	13,866	18,026	20,799	1,380	1,408	1,436	1,464	1,494	1,524	1,554
8. Percent of facilities in satisfactory condition or needing only minor rehabilitation (Fall)	2006-2007	64.07%	67.63%	70.00%	55%	62%	62%	62%	62%	62%	62%
9. Total size of endowments and foundations per FTE (Annual)	2006-2007	10,573	\$16,917	\$21,146	\$6,747	\$8,743	\$9,610	\$10,499	\$11,407	\$12,222	\$13,046
10. Federally financed research spending (Annual)	2006-2007	\$640,168,000			\$19,573	\$19,964	\$20,364	\$20,771	\$21,186	\$21,610	\$22,042
Per capita- national rank		30	Top 20	Top 10							
11. Average out of pocket cost	See Affordability Report										
12. Tuition and fees weighted average of bachelor's degree offered on a community college or university regional campus- national rank (Annual)		TBD	TBD	Top 10	\$4,507	\$4,669	\$4,837	\$5,011	\$5,192	\$5,379	\$5,572
13. State funding per FTE- relationship to the national average (annual)	Statewide Measure	(\$420) Million	(\$168) Million	15 above nat'l avg							
14. Percentage of first time enrollees below age 21 with equivalent of one semester or more of college credit earned during high school (Fall)		5.50%	14.20%	20%	2%	2%	3%	3%	3%	3%	3%
15. (Universities) Percentage of bachelor's degree recipients with at least one year of credit from a community college (Annual)	2006-2007	8.80%	18.50%	25%	4%	4%	4%	9%	10%	12%	14%
15. (Community Colleges) Transfer Metric currently under development with guidance from OACC											
16. Industrially financed research spending (Annual)	2006-2007	\$125,359,000			\$3,491	\$3,561	\$3,632	\$3,705	\$3,779	\$3,854	\$3,931
Per capita- national rank		5	Top 3	1							
17. Globalization measure (Annual):											
Total international students	2006-2007	13,538	26,496	35,134	1,453	1,482	1,512	1,542	1,573	1,604	1,636
Ohio students studying abroad annually	2006-2007	6,328	12,379	16,413	859	876	894	912	930	948	967
18. Knowledge Transfer Measure- TBD		TBD	TBD	TBD	TBD	TBD	TBD	TBD		TBD	TBD
19. Business satisfaction- measured through survey		TBD	TBD	TBD	TBD	TBD	TBD	TBD		TBD	TBD
20. Number of students engaged in internships and co-ops (Fall)	Fall 2006 students with co-op/ internship sometime in 2006-2007	46,443	78,577	100,000	2,014	2,703	3,392	4,081	4,770	5,459	6,148

Executive Vice President and Provost



FALL QUARTER 2008 REGIONAL CAMPUS VISITS

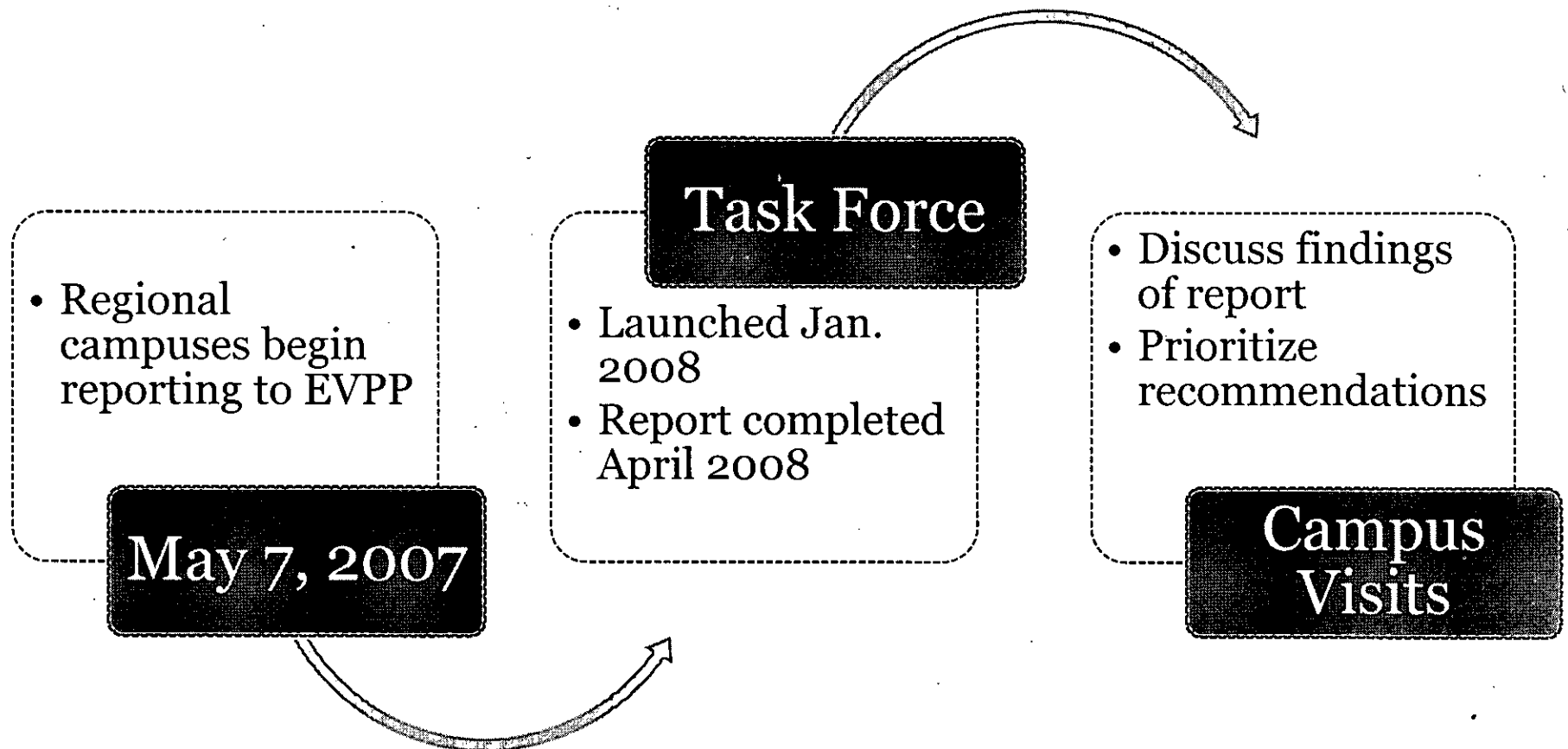
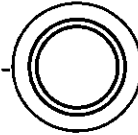
**BOARD OF TRUSTEES
UNIVERSITY ACADEMICS COMMITTEE**

JANUARY 22, 2009



OHIO
UNIVERSITY

STRATEGIC PLANNING FOR REGIONAL CAMPUSES



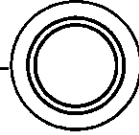
Regional Campus Visits—Fall 2008

- **September 11, 2008**
Southern Campus
Topic: Auxiliary and Student Services
- **September 25, 2008**
Zanesville Campus
Topic: Administrative and Reporting Structures
- **October 9, 2008**
Lancaster Campus
Topic: Faculty Relationship with Departments in Athens
- **October 30, 2008**
Chillicothe Campus
Topic: Finance
- **November 13, 2008**
Eastern Campus
Topic: Academic Program Development

- Some of the Athens participants in the visits:
 - **Linda Rice**, Associate Dean, Education
 - **Jennifer Horner**, Associate Dean, Health and Human Services
 - **Roxanne Malé-Brune**, Director of Grant Writing and Projects, VP For Research and Creative Activity
 - **Tom Davis**, Secretary, Board of Trustees
 - **Craig Cornell**, Vice Provost, Enrollment Management
 - **Becky Watts**, Chief of Staff, President's Office
 - **Scott Seaman**, Dean, University Libraries
 - **Hugh Sherman**, Dean, College of Business



2008 Regional Campus Visits

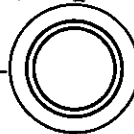


Result of Visits:

- Provided a chance for Athens staff to get to know the campuses better and learn about the wide range of creative programs being pursued on the regional campuses (from free laptops to high school invasions and from rare library collections to community concerts)
- Also allowed for the gathering of feedback on the April 2008 report produced by the Task Force on the Future of Regional Campuses.
- That feedback has been reviewed and major issues that arose during the five visits have been categorized into three areas based on the timeframe of their implementation and the relationship they bear to future strategic planning approaches:
 - ✦ Short-term
 - ✦ Mid-term
 - ✦ Long-term



**Compilation of Feedback from
Executive Vice President and Provost
Regional Campus Visits, September – November 2008**

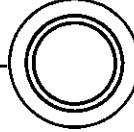


SHORT-TERM [Implementation possible within 1 to 6 months]

Issue	Category
Link regional student leaders to Athens student leaders	Auxiliary & Student Services
Make Education Abroad programs more accessible to regional students	Auxiliary & Student Services
Update community services inventory for each campus and look into potential partnerships with Athens	Auxiliary & Student Services
Improve relocation to Athens	Auxiliary & Student Services
Coordination of safety and security services, guidelines, and training with Athens campus	Auxiliary & Student Services
Encourage greater interaction between regional and Athens faculty in currently existing forums	Faculty Relationships with Athens
Share with Athens deans, chairs, and directors existing "best practices" for interaction and communication between regional faculty and Athens campus	Faculty Relationships with Athens



**Compilation of Feedback from
Executive Vice President and Provost
Regional Campus Visits, September – November 2008**



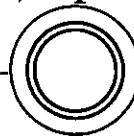
MID-TERM [Implementation possible within 6 months to 1 year]

Issue	Category
Provide more access to drop-in babysitting for students	Auxiliary & Student Services
Provide access to a full-time career services position	Auxiliary & Student Services
Create regional liaisons with Athens academic and academic support units	Administrative and Reporting Structures
Establish a mediation committee	Faculty Relationships with Athens
Create a scholarship program for adult, part-time students	Finance
Ensure meaningful participation by regional faculty in the curriculum development process	Faculty Relationships with Athens
Create a strategy for tuition and competitive pricing	Finance
Create an enrollment management strategy for RHE	Finance
Create a coordinated set of RHE retention strategies	Auxiliary & Student Services
Create a set of strategic faculty hiring priorities	Academic Program Development
Establish stronger regional faculty representation on critical Athens-based committees	Faculty Relationships with Athens



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**Compilation of Feedback from
Executive Vice President and Provost
Regional Campus Visits, September – November 2008**



LONG-TERM [Implementation possible within 1 year and beyond]

Issue	Category
Realignment of faculty promotion and tenure	Faculty Relationships with Athens
Make high-school dual enrollment a signature feature	Academic Program Development
Create a unified regional campus course schedule in cooperation with a university-wide course schedule	Academic Program Development
Make significant investments in the expansion of instructional technology	Academic Program Development
Expand existing bachelor degree programs to the regional campuses	Academic Program Development
Develop a flexible degree such as a Bachelor of Arts in University Studies	Academic Program Development
Consider the creation of a College of Regional Higher Education, uniting the five regional campuses and perhaps Outreach into a unified college.	Administrative and Reporting Structures



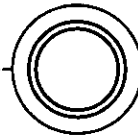
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Executive Vice President and Provost University Academics Committee Report

January 22, 2009



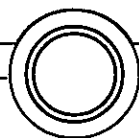
**TASK FORCE ON CENTERS OF EXCELLENCE
IN GRADUATE AND PROFESSIONAL
EDUCATION**

**UNIVERSITY SYSTEM OF OHIO CENTERS OF
EXCELLENCE**



OHIO
UNIVERSITY

Task Force on Centers of Excellence in Graduate and Professional Education



•GROUP CONSISTING OF REPRESENTATIVES FROM EACH COLLEGE CHAIRED JOINTLY BY DEAN BEN OGLES, DR. JEFF CONNOR (MATHEMATICS), AND DR. DAVID JUEDES (ENGINEERING).

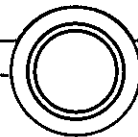
•HAVE REVIEWED THE SELF-STUDIES SUBMITTED BY 87 GRADUATE PROGRAMS AND HAVE PROVIDED INITIAL RESULTS. PROGRAMS PLACED RATED AS EITHER EXCELLENT, GOOD, SATISFACTORY, OR LIMITED.

•CONVERSATIONS ARE UNDERWAY WITH THE DEANS ABOUT THE RATING RESULTS. A FINAL REPORT IS EXPECTED FROM THE TASK FORCE IN FEBRUARY.



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USO Centers of Excellence



January 2009

- **Deans conclude conversations with faculty about potential USO Centers of Excellence in their units.**
- **Results of Centers of Excellence Task Force in Graduate and Professional Education to be considered.**
- **Short list of USO Centers of Excellence drafted by deans by January 30th.**
- **Campus visit by Ohio Board of Regents to discuss Centers of Excellence.**

February – March 2009

- **Discussions with deans, chairs, directors, and Faculty Senate on short list.**
- **Recommendations drafted and forwarded to President McDavis and Executive Vice President and Provost Krendl for their review.**
- **Further consultation with Ohio Board of Regents.**

April 24, 2009

- **Centers of Excellence List submitted to Board of Trustees for approval.**



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FIVE YEAR VISION OHIO IMPLEMENTATION PLAN

Athens and Regional Campuses



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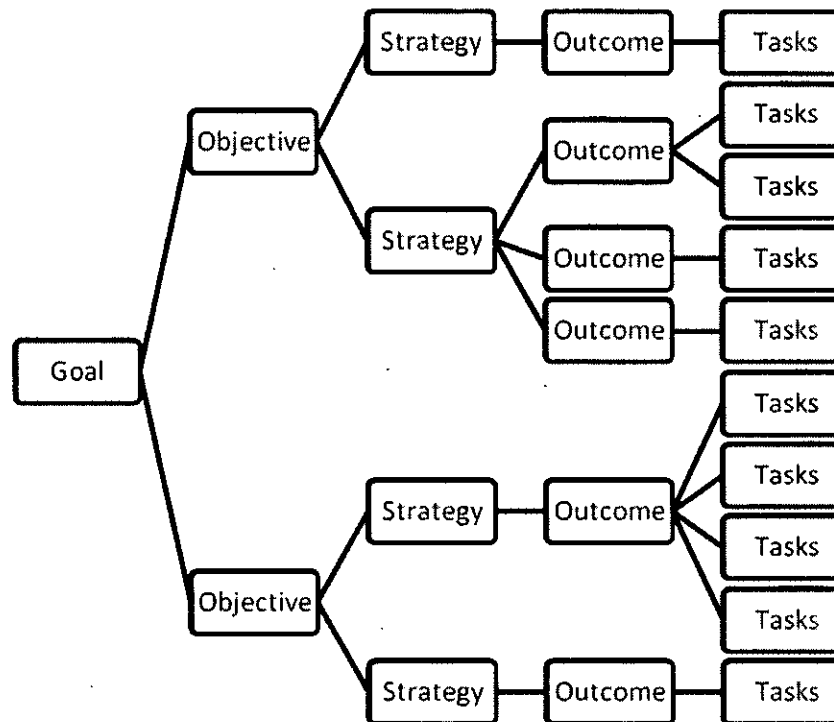
Progress Update

July – December 2008

Board of Trustees

January 22, 2009

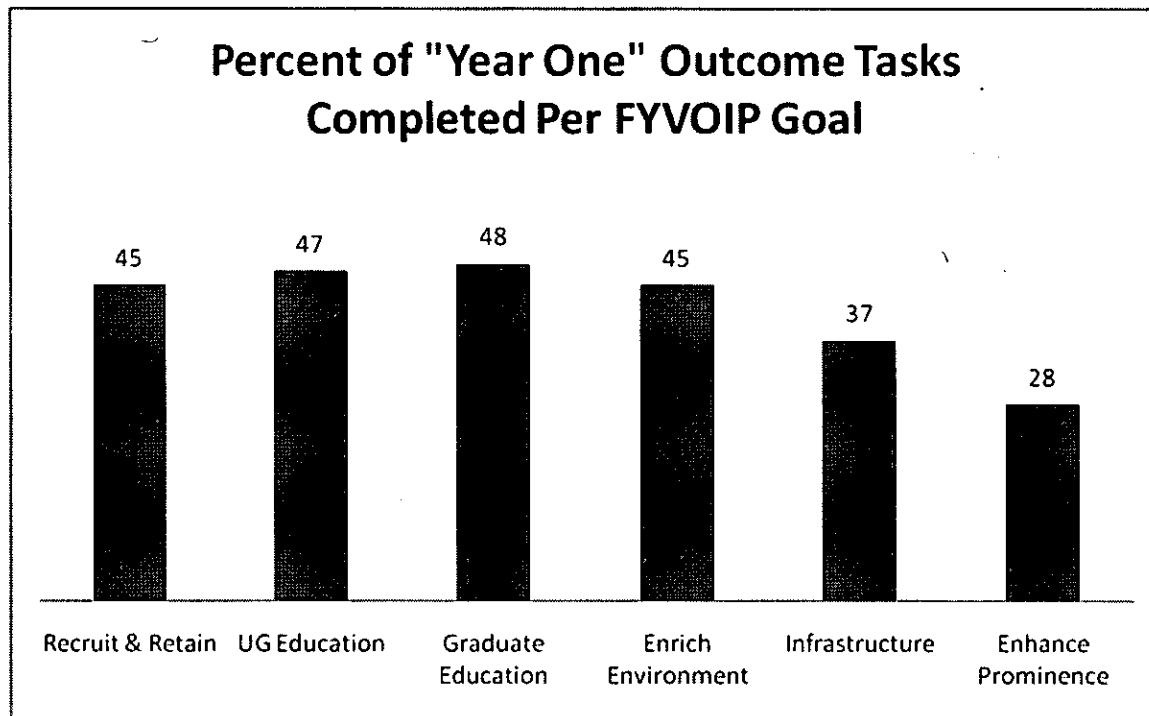
Work began on “Year One” of the Five Year Vision Ohio Implementation Plan in July 2008. The Five Year Vision Ohio Implementation Plan contains 6 goals, 22 objectives, 93 strategies, and 139 outcomes, and hundreds of tasks. The interrelationship of these elements is illustrated in the diagram below.



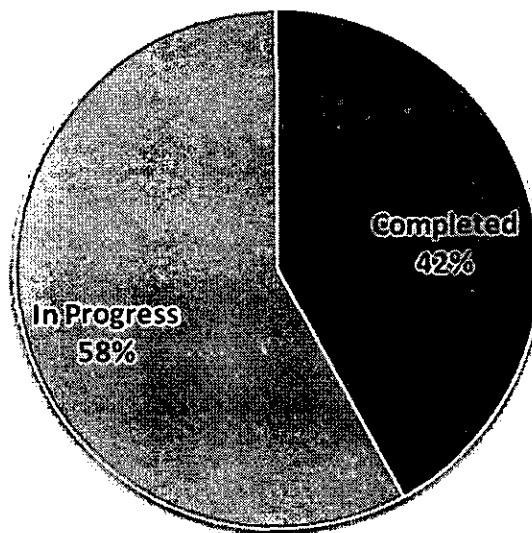
Outcomes are the building blocks of the plan. Successful completion of outcomes feeds into the accomplishment of strategies, objectives, and ultimately goals. In this update of progress on the plan, the focus is on demonstrating to what degree the “Year One” tasks associated with each outcome have been completed. “Outcome tasks” have been grouped in accordance with the goal that they serve.

Goals

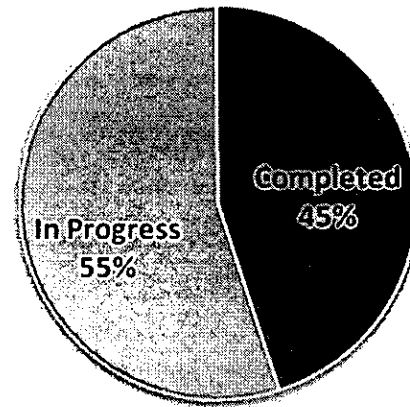
1. Recruit and Retain Talented and Diverse Students, Faculty, and Staff
2. Strengthen Undergraduate Education
3. Enhance graduate and professional education and research
4. Enrich the environment for students, faculty, staff, and the region
5. Fortify and align infrastructure to enhance the academic missions of instruction, research, and service
6. Enhance prominence within Ohio, the nation, and the world



**July-December 2008 Percentages of Outcome
Tasks
for
ALL GOALS**



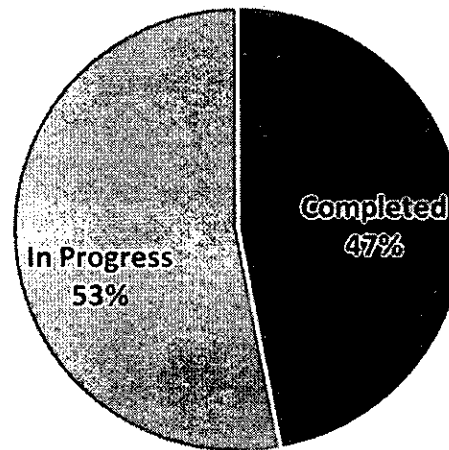
**July-December 2008 Percentages of Outcome
Tasks
for
*Recruit and Retain Talented and Diverse
Students, Faculty, and Staff***



GOAL	Strategy	Number of Outcomes	Percentage Complete of "Year One" Outcome Tasks
Recruit and Retain talented and diverse students, faculty, and staff	Develop retention, orientation, and professional development programs for faculty, and develop the capacity to assist departments and schools with faculty employment related issues.	3	17%
	Increase annual raise pool of RHE faculty above predicted state average.	1	90%
	Continue commitment to moving faculty salaries to the next quartile.	1	90%
	Create and implement a strategic compensation plan for Group II faculty.	1	10%
	Through the establishment of strategic compensation philosophies develop appropriate alignment of classified and administrative salaries with market.	1	20%
	Enhance Classified Professional Development (CPD) program.	1	20%
	Within existing resources, recruit a Vice Provost for Diversity, Access, and Equity with expertise in assisting academic units in hiring faculty from underrepresented groups.	3	53%
	Develop campus diversity plans to: increase the diversity of faculty and staff; hire staff to develop and promote diversity strategies; and increase the quality and quantity of diversity programming.	1	10%
	Establish Vice Provost for Enrollment Management Office.	1	100%

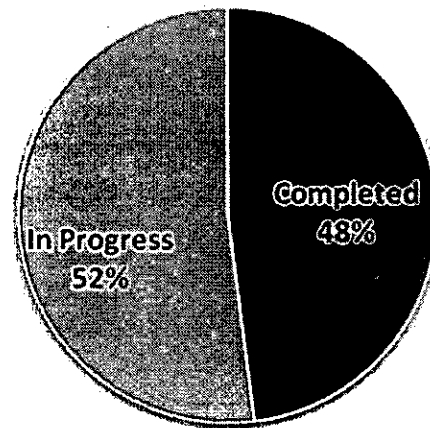
GOAL	Strategy	Number of Outcomes	Percentage Complete of "Year One" Outcome Tasks
Recruit and Retain talented and diverse students, faculty, and staff	Expand RHE marketing and advertising.	1	20%
	Create and implement a student recruitment marketing campaign.	1	100%
	Improve access, affordability, and efficiency.	12	41%
	Improve the Quality of First-Time Enrollees.	5	46%
	Create an International House - one stop services for international students and faculty and for domestic students seeking assistance about international academic opportunities.	1	30%
	Provide funding for recruitment travel and invest in better student services for international students.	2	25%

**July-December 2008 Percentages of Outcome
Tasks
for
*Strengthen Undergraduate Education***



GOAL	Strategy	Number of Outcomes	Percentage Complete of "Year One" Outcome Tasks
Strengthen Undergraduate Education	Implement an assessment plan for General Education	1	100%
	Provide additional instructional resources for General Education	2	50%
	Increase undergraduate involvement in research, applied projects, internships, co-ops, and service learning opportunities at the local, regional, national, and international level.	3	33%
	Improve academic advising for first year students.	2	20%
	Set retention/graduation targets and monitor progress.	4	53%
	Expand availability of learning communities.	2	40%
	Through Undergraduate Centers of Excellence Review, Task Force on the Future of Regional Campuses, and the Strategic Enrollment Management Plan (see Objective 10) identify undergraduate programs for future investment.	4	33%

**July-December 2008 Percentages of Outcome
Tasks
for
*Enhance Graduate Education and Research***

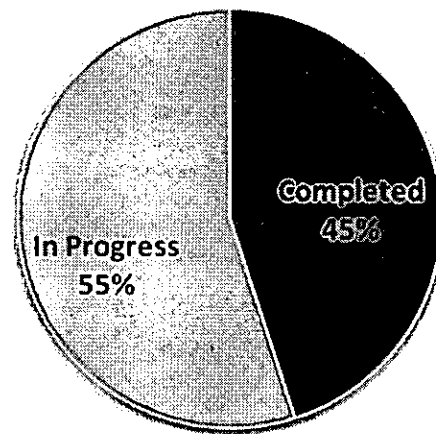


GOAL	Strategy	Number of Outcomes	Percentage Complete of "Year One" Outcome Tasks	Comments
Enhance Grad Education & Research	Implement the Graduate College.	5	58%	
	Continue GERB process for Future Growth (OTO) and Program Enhancement (Base) Investments.	2	0%	Awaiting Results of Centers of Excellence Graduate Review
	Facilitate interdisciplinary work.	1	30%	
	Finish Graduate and Professional Centers of Excellence Review by January 2009.	1	70%	
	Subsidize the Ohio University Health Insurance Plan for stipend eligible graduate assistants (employed either as teaching assistants or research assistants funded by external sources).	1	100%	
	Develop annual plans to pursue state and federal government-funded grants.	1	50%	

GOAL	Strategy	Number of Outcomes	Percentage Complete of "Year One" Outcome Tasks	Comments
Enhance Grad Education & Research	Review distribution of funding for faculty research/creative activity paying particular attention to start-up costs, equipment/facility maintenance, library resources, appropriate provision for bad debt, and the ability to provide timely investments in promising research initiatives.	1	90%	
	Improve research competitiveness.	1	0%	Starting point needs 2008 NSF data to be calculated before proceeding.
	Implement GERB recommendations for investments in areas of research and creative activity including Centers and Institutes as well as the promotion of programmatic and interdisciplinary work.	1	0%	Awaiting Results of Centers of Excellence Graduate Review.
	Build faculty and staff expertise in grant writing, sponsored program fundamentals, intellectual property protection, entrepreneurship, ethics, and export control.	1	50%	

GOAL	Strategy	Number of Outcomes	Percentage Complete of "Year One" Outcome Tasks	Comments
Enhance Grad Education & Research	Improve contributions to innovation and commercialization of technologies.	4	80%	

**July-December 2008 Percentages of Outcome
Tasks
for
*Enrich the Environment for Students, Faculty,
Staff, and the Region***

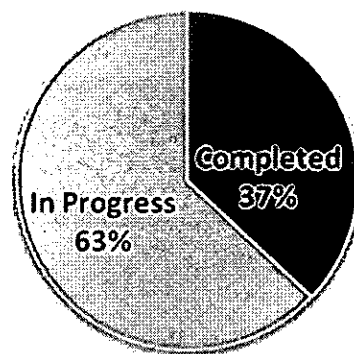


GOAL	Strategy	Number of Outcomes	Percentage Complete of "Year One" Outcome Tasks	Comments
Enrich the environment for students, faculty, staff, and the region	Through the Health Benefits Committee determine effective strategies for employee health and wellness by examining best practices at other institutions of higher education and exemplary models in the private sector.	1	50%	
	Enhance health and wellness education initiatives for faculty and staff.	1	50%	
	Support the collaborative initiative "Healthy Ohio" through campus-wide communications and incentives on all campuses.	1	90%	
	Enhance students "out-of-class experiences" in order to increase student involvement in out-of-class activities.	4	38%	
	Improve the integration of academic units and Division of Student Affairs.	3	30%	
	Continue funding for Arts for OHIO at the current level.	1	20%	
	Support programs for students that target the development of citizenship and exposure to a wide range of cultures.	2	70%	
	Provide additional funds for student programming.	1	70%	

GOAL	Strategy	Number of Outcomes	Percentage Complete of "Year One" Outcome Tasks	Comments
Enrich the environment for students, faculty, staff, and the region	Create a collaborative relationship of shared responsibility and education between academic units and the Office of Disability Services in the implementation of academic adjustments and auxiliary aids for students.	1	40%	
	Improve physical accessibility of campus for students, employees, and visitors to campus.	1	10%	
	Improve web accessibility for students, employees, and members of the public.	1	0%	Chairs of committee created to address this issue have left their positions.
	Reduce the incidence of high risk drinking and drug use through continued refinement of discipline, law enforcement, education, programming, and communication efforts.	2	70%	
	Develop and implement a coordinated protocol for responding to difficult student behavior/mental health cases not well-suited for the judicial process (e.g. suicide attempts, eating disorders, etc.).	1	90%	

GOAL	Strategy	Number of Outcomes	Percentage Complete of "Year One" Outcome Tasks	Comments
Enrich the environment for students, faculty, staff, and the region	Improve access to health services for students through Student Health Services and Counseling and Psychological Services at Hudson Health Center.	2	70%	
	Expand voluntary participation in education and counseling interventions aimed at reducing risk or harm.	1	50%	
	Develop emergency readiness and business continuity plans for every department on all campuses.	1	20%	
	Expand community health and safety partnerships.	1	10%	
	Promote sustainability and the continued "greening" of all campuses.	5	26%	

**July-December 2008 Percentages of Outcome
Tasks
for
*Fortify and Align Infrastructure to Enhance the
Academic Missions of Instruction, Research, and
Service***



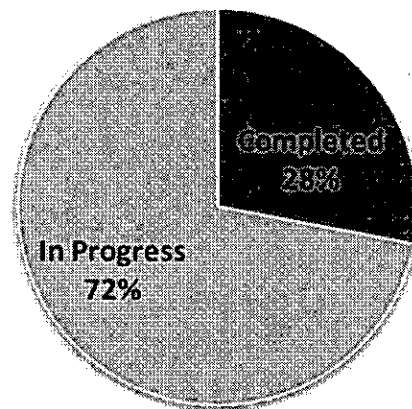
GOAL	Strategy	Number of Outcomes	Percentage Complete of "Year One" Outcome Tasks	Comments
Fortify and align infrastructure to enhance the academic missions of instruction, research, and service	Increase Advancement staffing and continue implementation of agreed upon external assessment.	1	80%	
	Select counsel for major comprehensive campaign.	1	0%	
	Enlist and engage a greater number of volunteers in fundraising and recruitment functions.	2	45%	
	Define operational plan for the implementation of a comprehensive campaign.	2	45%	
	Increase annual giving (RHE).	1	0%	RHE--Need to develop a master plan
	Define operational plan for the implementation of a comprehensive campaign.			

GOAL	Strategy	Number of Outcomes	Percentage Complete of "Year One" Outcome Tasks	Comments
Fortify and align infrastructure to enhance the academic missions of instruction, research, and service	Cultivate and engage "family and friends" of the university.	1	10%	
	Working with academic leaders, establish fundraising goals and criteria for development professionals.	1	30%	
	Seek principal gifts from top-level prospects.	1	30%	
	Identify and recruit Board and top-level volunteers capable of leading the campaign and making transformational gifts.	1	10%	
	Participate in the Voluntary System of Accountability (VSA).	1	100%	
	Encourage academic and academic support units to assess their programs for improving teaching, learning, and services to students and to others.	1	70%	

GOAL	Strategy	Number of Outcomes	Percentage Complete of "Year One" Outcome Tasks	Comments
Fortify and align infrastructure to enhance the academic missions of instruction, research, and service	Design and implement a modern 10Gb Core Network Infrastructure. First year will involve replacement of the core switch gear and selected subnet sites. Implementation of full network upgrade depends on funding of proposed IT Improvement Plan.	2	50%	RHE--Need to develop a master plan.
	Provide appropriate backup and disaster recovery on critical services.	2	25%	RHE--Need to develop a master plan
	Provide appropriate information security training and awareness for all OU faculty, staff, and students (main and regional campuses) to ensure effective protection of sensitive data and resources.	1	40%	
	Establish scalable and secure computer server and storage infrastructure. First year of a long-term effort will involve consolidation of the Active Directory, DNS, Web, Virtual Machine (VM) server, OPM, security appliances, email & storage environment	2	35%	

GOAL	Strategy	Number of Outcomes	Percentage Complete of "Year One" Outcome Tasks	Comments
Fortify and align infrastructure to enhance the academic missions of instruction, research, and service	Maintain and enhance up-to-date course management systems and services. The first year will build upon the Spring 2008 Blackboard 7.3 pilot project to fully deploy the newest CMS version. In addition, the OIT Academic Technologies department will be redesigned to become a full partner in the Faculty Commons.	3	37%	
	Acquire and implement a fully-integrated student information system (\$23 M over three years)	1	60%	
	Ensure legal regulatory and ethical compliance.	2	45%	
	Improve the financial controls and risk management environments.	2	60%	
	Improve the balance sheet and overall financial strength of the university.	4	20%	
	Academic support units to adopt a continuous improvement and customer-focused style while reducing costs whenever possible.	1	20%	

**July-December 2008 Percentages of Outcome
Tasks
for
*Enhance Prominence with Ohio, the Nation, and
the World***



GOAL	Strategy	Number of Outcomes	Percentage Complete of "Year One" Outcome Tasks
Enhance prominence within Ohio, the nation, and the world	Develop strategic community relations and government affairs.	2	10%
	Undertake an Academic Marketing Campaign a.k.a. "branding and positioning."	2	55%
	Develop the appropriate expertise, resources, and facilities to provide the information and assistance needed to encourage national leadership and support notable achievements and their recognition.	1	20%



OHIO
UNIVERSITY

Date: January 7, 2009

To: President Roderick J. McDavis
Members of the Board of Trustees

From: Vice President for Student Affairs Kent J. Smith, Jr.

Re: Student Judicial Update

I have attached for your information a three-year comparison of Fall Quarter judicial cases and a three-year comparison of Fall Quarter offenses. I look forward to reviewing this information with you at the January 2009 board meeting and presenting information about how the data seems to be trending as well as factors that may be influencing these trends.

I will be happy to answer any questions you may have about these documents prior to or during the meeting.

Attachments

xc: Secretary to the Board of Trustees Tom Davis

**FALL QUARTER
CASE REFERRAL COMPARISONS**

Case Referrals Received	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
CODE A	234 (39%)	343 (41%)	406 (40%)
CODE B	373 (61%)	487 (59%)	602 (60%)
	<hr/>	<hr/>	<hr/>
Totals/Fall Quarter	607 (100%)	830 (100%)	1,008 (100%)
Cases Involving			
Alcohol	388 (64%)	474 (57%)	639 (63%)
Other Drugs	61 (10%)	100 (12%)	166 (16%)
Case Disposition			
Reprimand	19 (03%)	56 (07%)	41 (04%)
Probation	345 (57%)	501 (60%)	664 (66%)
Suspension	25 (04%)	28 (03%)	39 (04%)
Expulsion	1 (<1%)	0 (0%)	1 (<1%)
Charges Dismissed	92 (15%)	173 (21%)	203 (20%)
Open	125 (21%)	72 (09%)	60 (06%)
Cases Resolved by			
Procedural Interview	420 (69%)	683 (82%)	826 (82%)
Administrative Hearing	42 (07%)	48 (06%)	94 (09%)
University Hearing Board	20 (03%)	26 (03%)	28 (03%)
Open	125 (21%)	73 (09%)	60 (06%)
Appeal Board	30	31	43
Vice Presidential Appeal	7	9	8

**FALL QUARTER COMPARISON
SUMMARY OF CHARGES**

This summary reflects the number of times particular violations of the student code of conduct appeared on formal complaints for fall quarter academic years 2006-07, 2007-08, and 2008-09.

CODE A Offenses	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
A-1 Academic Misconduct	7	13	19
A-2 Dishonesty	21	9	31
A-3 Mental or Bodily Harm to Self	98	98	195
A-4 Mental or Bodily Harm to Others	43	47	57
A-5 Discrimination	0	0	0
A-6 Disruption/Obstruction	0	1	6
A-7 Civil Disturbance	0	0	0
A-8 False Report of Emergency	0	1	1
A-9 Destruction or Property	10	17	12
A-10 Theft or Possession of Stolen Property or Service	11	8	12
A-11 Trespassing	8	11	1
A-12 Possession of Dangerous Weapons or Materials	0	0	5
A-13 Manufacture, Distribution, Sale, Offer for Sale, Possession, or Misuse of Drugs or Narcotics	0	2	5
A-14 Violation of Criminal Law	6	12	30
A-15 Misuse or Abuse of Computers or Computer Network	1	2	0
A-16 Misuse of Safety Equipment	11	2	3
A-17 Aiding or Abetting	0	11	2
A-18 Violation of Disciplinary Probation	62	148	122

CODE B Offenses

B-1 Unauthorized Use of Property or Service	8	0	6
B-2 Disturbing the Peace	28	20	39
B-3 Failure to Comply or Identify	49	55	53
B-4 Unauthorized Use of University Keys	0	0	1
B-5 Misuse of Identification	1	0	0
B-6 Possession or Use of Marijuana	61	99	162
B-7 Unauthorized Use of Alcoholic Beverages	280	349	423
B-8 Violation of Rules Regarding Residence Halls and Dining Facilities	42	106	84
B-9 Aiding or Abetting	2	1	0

David E. Carter

More than you possibly want to know...

Carter brings a varied background to the communications world. The only son of what would later be called a "single parent household," he worked his way through the University of Kentucky, earning a degree in advertising. After working for a year in advertising, he then received an assistantship at Ohio University's renowned School of Journalism. Not long after receiving his master's degree, he started a one-man ad agency in his home town of Ashland, Kentucky.

Books: While still in his 20s, Carter self-published his first logo book. He continued producing books over a 35-year period, and today, more than 110 books have Carter's name on the cover. The full list is at www.logobooks.com

Advertising: Carter had been advised, "if you want to be in advertising, go to the big city." He ignored that advice, and his agency was soon accepted into the AAAA (American Association of Advertising Agencies.) Carter won his first Clio Award in 1980. (He would go on to be honored by the Clios ten times.) His Kentucky-based agency grew, and his client list soon expanded geographically. By the early 1980s, he had clients in places such as Miami, San Diego and Anchorage.

Creative competitions: Early in his career, David saw an unmet need -- for a national competition for non-network TV commercials. He founded the Telly Awards in 1978, and the competition grew into one of the largest and most respected awards shows for TV and video productions. He also founded American Corporate Identity, and in the mid-1990s, he acquired the Creativity Annual from Art Direction Book Company of New York City.

TV Production: He founded a TV production company in 1982 (because he wasn't happy with the quality of available firms). He eventually wrote and produced more than 700 TV commercials, many for clients in locations as diverse as Chicago, Los Angeles and San Francisco. But it was his work in TV *programming* that got him national recognition. His creative productions wound up on PBS stations all over the United States. His program about the Mickey Mantle Fantasy Baseball Camp (which Carter founded) earned him his first Emmy Award. Another baseball-related program, *The Long Summers of Lou Dials*, about a Negro League star, earned him two more Emmys. But his most visible output was yet to come. Beginning in 1988, he produced more than a dozen comedy sketches for The Tonight Show Starring Johnny Carson. Overall, he received 7 Emmy Awards for his TV work.

Branding Consulting: In 1990, Carter left advertising and TV simply because "I was burned out." He went from an ad agency with 20+ people, to a much smaller office of four. He soon saw opportunities in the emerging Asian market, and established a major presence there as a corporate identity consultant, with affiliate offices in Bangkok and Jakarta, creating brand images for many large Asian companies. In addition, he also had an affiliate office in Caracas, Venezuela.

Education: Carter returned to the classroom at the age of 50. He received an MBA from Syracuse University, and immediately afterwards he applied for the Owner-President Management program at the Harvard Business School. He graduated from the 3-year OPM program at Harvard in 1998.

Slowing down: In 2003, at age 60, Carter was again feeling "burned out." Over the years, he had started a dozen companies, and was still running several of them. In 2003, he sold his largest business, a major national advertising awards competition that he had founded in 1979, to a New York investment company. Soon afterwards, he sold his remaining companies, and made the move to

Florida, to "live the life I wanted to live."

In October of 2005, Ohio University established the **David E. Carter Creativity Center & Museum** (www.creativitycenter.org) on the school's Southern Campus in Ironton, just across the Ohio River from David's home town.

Now, in a land of "endless summer," Carter has chosen to slow down, but he hasn't stopped. Now, he works only on those projects that truly inspire him. He recently produced a TV pilot titled **Discount British Comedy**, along with writer-director Justin Golding, who has four feature films to his credit.

David's primary creative interest now is producing documentaries, pro-bono, for good causes. He recently produced a one-hour documentary on a wildlife clinic on Sanibel Island. The program, with Nick Clooney as narrator, was nominated for a regional Emmy Award.

Now, he is bringing one of his previous ventures to the internet. Carter developed a suite of 4 software products for logo designers a few years ago, sold the "old way" on CD. Now, the website www.logo2020.com has been launched, an online store has instant purchase and download capability, and ads will begin in December 2008 in MacWorld and MacLife.

Bio – Dianne Clement
October, 2008

A 42 year employee of Ashland Inc and now Marathon Petroleum LLC, Dianne Clement is Senior Community Relations Representative for the Catlettsburg Refinery. In this role, she works with local chambers of commerce, economic development groups, elected officials, schools, civic and non-profit groups to make the Tri-State area a better place in which to work and live. She coordinates the refinery's volunteer efforts to involve employees in Summer Motion, River Sweep, Winter Wonderland of Lights, United Way, etc.

Past President of the Lawrence County, Ohio Chamber of Commerce
Board Member of:

- Foundation for the Tri-State Community
- Big Brothers Big Sisters of the Tri-State
- Leadership Tri-State
- King's Daughters Health Foundation, President
- Lawrence Economic Development Corporation (LEDC)
- Safe Harbor Domestic Violence Shelter
- Paramount Arts Center
- Summer Motion

She is also a member of:

- C-K Rotary Club, Past President
- Winter Wonderland of Lights Committee
- Leadership Tri-State Alumni Council
- Friends of Ironton Gus Macker Basketball Committee
- Morehead State University Advisory Committee
- C-K Area Business Association
- Ashland Alliance Beautification Committee

She serves as chair of the Paramount Arts Center Gala Cash Drawing Subcommittee.

The company has a Community Advisory Panel (CAP) which Dianne coordinates.

Dianne and her husband, Gene, reside in Franklin Furnace, Ohio and attend Central Christian Church in Ironton. They have two married sons and four grandchildren.

Awards:

- Sam Walton Business Award – Lawrence County Chamber of Commerce
- President's Award - Ashland Alliance
- Business Leadership Award - Lawrence County Chamber of Commerce
- Zack Binkley Award for Community Service – *The Herald-Dispatch*
- Community Service Award - Leadership Tri-State

Curriculum Vitae

Dr Douglas J Freeman Jr., Ph.D.
16741 State Rt 7
Crown City OH 45623

740-377-9095
740-256-1564
304-412-3047

EDUCATION:

Dawson Bryant High School
Graduated 1982 GPA 3.4

US Navy Hospital Corpsman
1982-1990 Various educational military courses

Ohio University Ironton
1988-1992 Various studies and courses

On line Regent Degrees
BS Public Health Administration 1994
MS Public Health Administration 1996
Ph.D. Public Health Administration 1998

QUALIFICATIONS AND CERTIFICATIONS:

Honorable Discharge US Navy
Licensed Practical Nurse
Whose Who CEO's and Professionals

EXPERIENCE:

Licensed Practical Nurse and Navy Nurse 1982-1990
Portsmouth City Schools Nurse 1988 school year
Tri-State Allergy Charge Nurse and Office Manager 1988-1992
Health Management Nursing Service CEO/Owner since 1992
Ultimate Health Care CEO/Owner since 1997
Quality Care Nursing Service CEO/Owner since 1998
Whitecaps LLC Business Realty Leasing Corp since 1998

Statement of Expectations for Members of the Board of Trustees of Ohio University

1. The Role of the Board

- a. The Board of Trustees is the governing body of Ohio University. It is a body politic and corporate under Ohio law and has the right to sue and be sued. The General Assembly has conferred upon the Board the authority to: adopt rules for the governance of the institution; hire and supervise the President, faculty and staff; oversee university finances; and control university property and facilities.
- b. The Board serves the citizens of the State of Ohio. It is responsible for ensuring that the university offers students an educational experience of the highest quality and produces research that provides economic and cultural benefits to the citizens of Ohio.
- c. The Board's primary concerns are strategic governance and accountability. It should adopt a strategic plan designed to ensure the long-term fulfillment of the university's teaching, research and service mission, monitor progress in achieving the plan's goals and update the plan as necessary. It should provide oversight to protect the university's fiscal integrity and make sure that the President, faculty and staff comply with all applicable laws and perform their responsibilities ethically and competently.
- d. The Board should adopt a procedure governing the creation and monitoring of corporate entities affiliated with the university.
- d. The Board should govern through the President and should refrain from becoming involved in day-to-day operations.
- e. The Board should recognize the important role that the principle of shared governance plays in institutions of higher education. It should seek input from faculty, staff and students and whenever possible incorporate their views into its decisions.

2. The Role of Individual Board Members

- a. Members of the Board are stewards of the public trust. They have a fiduciary obligation to act in the best interests of the university and the State of Ohio. They must adhere to the highest ethical standards and perform their university duties without regard to any personal interests they may have. Members should understand and comply with state ethics laws and keep themselves informed of developments in these laws. They should avoid

situations that may give rise to even the appearance of a conflict of interest and promptly disclose any conflicts of interest that may occur.

- b. Members should understand that they serve the institution as a whole and are not advocates for any particular unit or constituency of the university.
- c. Service on the Board is a time consuming professional commitment. Members should attend all meetings of the Board and committees and should give notice to the Chair when they are unable to do so. Members should also make an effort to participate in conferences and other programs designed to educate and update Trustees and to attend commencements, convocations and other special events on campus.
- d. Trustees should be attentive during meetings and refrain from multitasking. They should treat the opinions of their colleagues on the Board as well as others participating in Board discussions with civility and respect and should be open to alternative points of view. They should respect and protect the confidentiality of matters discussed in executive sessions and should refrain from publicly or privately criticizing other Trustees or impugning their motives.
- e. Trustees should strive to make informed decisions based on an analysis of objective data. In their deliberations they should rely on the application of sound management principles and prudent business judgment. To ensure thorough consideration of Board decisions, they should review briefing materials and be prepared to actively participate in discussions.
- f. Trustees should understand and comply with the Ohio Public Records and Open Meetings Laws and should keep themselves informed of developments in these laws.

3. The Board's Relationship with the President

- a. The Board delegates responsibility for all aspects of institutional management to the President. The Board and individual Trustees should refrain from involvement in operational matters except as necessary to fulfill their fiduciary duties.
- b. The Board and the President should agree on clearly defined institutional goals and strategies for achieving them.
- c. The Board should hold the President accountable for achieving institutional goals. Evaluation of the President should be an ongoing process with the Board offering candid and constructive feedback as necessary. In accordance with Board policy, formal evaluations should be conducted on a regular basis.
- d. The President reports to the Board as a whole and not to individual Board Members. Trustees who have concerns about the President's performance should convey them to the Board Chair who will take appropriate action to address the concern. The Chair will report back to the Trustee who raised the concern in a timely manner.

- e. Individual Trustees should develop a comfortable working relationship with the President. They should interact with the President one-on-one as needed to share information, concerns or advice but they should remember that when they do so they are not speaking for the entire Board. Trustees should not approach the President to offer their personal performance review, to offer their views on personnel actions or to advocate their personal position on university issues.

4. The Board's Relationship with Internal Constituencies

- a. Formal requests for data or reports on institutional issues should be conveyed by individual Trustees to the Board Chair who will obtain them through the President. Trustees should not approach administrators to obtain this information.
- b. Trustees are encouraged to interact informally with administrators, faculty and students, bearing in mind that they do so as individual Board Members. They should avoid any statements that would give rise to the perception that they speak for the entire Board.
- c. When interacting with faculty, staff and students, Trustees should not disclose matters deemed confidential by the Board in executive session, advocate for their personal position on university issues or criticize other members of the university community.
- d. Consistent with the principle of shared governance, the faculty, through the Faculty Senate, plays an active advisory role to the administration and the Board of Trustees on all academic matters, including but not limited to academic standards, research, admissions, curriculum and the granting of degrees. The Faculty Senate initiates policies relating to university-wide academic matters, the rights and responsibilities of faculty and faculty grievances. The Board should respect the role of the Senate in these areas and should also accept advice from the Senate on matters of general concern to the university community.
- e. The Board should seek opportunities to work with individual faculty and students in the development of institutional goals and priorities. The active involvement of faculty and students in these matters will give them a broader understanding of institutional governance and will provide the Board with a valuable perspective on university issues.

5. Relationships with External Entities

- a. The Board must speak with a single voice. No individual Trustee or group of Trustees is authorized to speak for the entire Board. When asked to comment on an issue of institutional concern, Trustees should, without exception, defer to the Chair or the President. Trustees should obtain prior consent of the Chair before initiating communications with federal, state or local officials about university issues.

- b. Communications from federal, state or local officials to individual Trustees about university issues should be referred to the Chair or the President. Trustees should take care not to create the perception that they speak for the Board or the university.
- c. When individual Trustees are presented with concerns about university operations, these matters should be referred to the President.
- d. When a consensus is reached within the Board on an institutional issue, individual Trustees should publicly support that decision even if they held a contrary view during Board deliberations.
- e. Board Members should refrain from publicly criticizing actions of the Board, the President or other members of the University Community. Such concerns should be conveyed to the Chair who will determine the appropriate method for the Board to address the issue.
- f. Board members should keep themselves informed about issues and events at the local, state and national level that may affect the university and higher education in general.

Audit Committee Bylaws
Article VI. Standing and Special Committees
Section 1. Standing Committees (c) Audit
Proposed Amendments in Bold

(c) Audit. Responsibilities will include the oversight of the internal audit functions, annual or other periodic audits of financial operations, the recommendation of the appointment of an external audit firm to the Board of Trustees, the receipts of the reports of the internal auditor and the external audit firm, and the university's **accountability and compliance procedures.**

DRAFT

Roles and Responsibilities of the Chair and Vice Chair

Ohio University Board of Trustees

1. **The Chairperson** shall preside at all meetings of the Board, and unless otherwise directed by the Board, shall have the authority to appoint members of and fill vacancies on all standing and special committees. He or she shall serve as Chairperson of the Executive Committee, *and serve as an ex officio on all standing committees of the Board. The Chairperson shall serve as the spokesperson for the Board to the public and media.* Subject to these By-Laws, he or she shall fix the date and time of all regular, special, and emergency meetings, and perform such other duties as may be pertinent to the office of the Chairperson.
2. **The Vice-Chairperson**, in the absence or incapacity of the Chairperson, shall assume the duties and obligations of the Chairperson. Vice chairperson serves as is member of the executive committee

**Enhancing Effective and Sustained Communication
between the
Faculty and the Board of Trustees of Ohio University**

**Prepared by
David O. Thomas
Vice-Chair, Ohio University Faculty Senate**

Preamble:

I deeply appreciate the consideration the Governance Committee has given to the matter of enhanced Trustee-Faculty communication. Thrice, now, I, Faculty Senate Chair Sergio Lopez, and others have been invited to discuss this matter with your Committee. Regardless of the outcome, you have given us a fair hearing on this important issue.

I also wish to thank President McDavis, Chief of Staff Becky Watts, Board Secretary Tom Davis, Provost Kathy Krendl, Faculty Senate Chair Sergio Lopez, and Professor David Ingram for their contributions.

The overall outline of this document follows an approach suggested by Trustee Dewire and I am very appreciative of his insights and guidance.

I. Purpose

The purpose of this document is to outline ways in which to enhance "...effective and sustained conversation between faculty and Trustees at Ohio University." (To use Trustee DeWire's phrase).

Specifically, we were asked to (1) summarize research of institutions with faculty representation on Boards of Trustees of comparable institutions vis-à-vis effective communication, (2) summarize research of institutions without faculty representatives vis-à-vis effective communication, and provide a decision tree with models that can be considered by the Governance Committee and the Board of Trustees.

This document is intended to provide a basis whereby the Governance Committee can consider recommending a motion inviting faculty representation to the Board of Trustees or, failing that, formalizing or beginning initiatives that would enhance Trustee-Faculty communication.

II. Rationale:

All parties seem to recognize a need to enhance faculty-Board of Trustees understanding and communication:

1. The OU Faculty Senate in May 2006, passed a resolution seeking enhanced formal representation to the Board of Trustees to strengthen communication and understanding.
2. The Governance Committee of the Board of Trustees is currently considering a draft "Statement of Expectation for members of the Board of Trustees of Ohio University" which states:

"The Board should seek opportunities to work with faculty and students in the development of institutional goals and priorities. The active involvement of faculty and students in these matters will give them a broader understanding on institutional governance and will provide the Board with a valuable perspective on university issues." ["Draft

Statement of Expectations for Members of the Board of Trustees at Ohio University.” (Section 4.d)].

3. The Association of Governing Boards, in its Winter, 2008 newsletter states:

“A strong understanding and good relationship between faculty and trustees can be among an institution’s greatest assets, and it deserves the time it takes to be appropriately cultivated.” (AGB, Winter, 2008)

It is in the spirit of the above that we ask your consideration of this matter.

III. Summary of Current Communication Strategies between the Faculty and the OU Board of Trustees:

As per formal, written agreements and practices:

- a. The Faculty Senate Chair annually addresses the Board of Trustees.
- b. Chair of Board of Trustees meets annually with the Executive Committee of the Faculty Senate.
- c. Chair of the Board of Trustees meets annually with the Faculty Senate as a whole.

Informal practices:

- a. The Chair of the University Curriculum Council is on hand at all meetings of the Academics Committee to answer any curriculum questions posed. This has been a routine for many years.
- b. The Board of Trustees, when possible, visits Colleges and Branch Campuses.
- c. The Board of Trustees has an email account trustees@ohio.edu whereby faculty or any other individuals may offer a suggestion or voice a concern.

IV. Summary of All Existing Models of Trustee-Faculty Formal Relationships Found in our Research:

Research of some 40 institutions nationwide indicated that there are essentially six (6) existing models for Faculty-Trustee relationships:

1. Faculty Trustee(s) with vote by Statute (Kentucky, Tennessee, California, Delaware, Florida, Georgia, Cornell)
2. Faculty Trustee(s) by Statute without vote (Colorado State University System, Indiana University System)
3. Non-Voting Faculty Trustee(s) appointed by Board of Trustees in conjunction with the President. (normally limited to private institutions.)
4. Non-voting Faculty Representative(s) to the Board of Trustees “with voice” (U. Cincinnati, (2 plus Faculty Senate Chair), Cleveland State Univ. (2), University of Toledo (2), Auburn University (2), Clemson University (1). Faculty representatives have voice on Board committees only and are excluded from Executive Sessions unless specifically invited by the Board Chair.
5. No faculty trustee or representative. However the Faculty Senate Chair addresses the Trustees either annually or at each Board meeting (BGSU, Miami University of Ohio, Kent State University, Ohio State University, **Ohio University.**)

6. No faculty representative(s) and no presentation by Faculty Senate Chair (primarily small private institutions).

For the purposes of this discussion, models number 1 and 2 above should not be considered further for they require a change in statute.

It is further recommended that Model number 6 not be considered further for it would constitute a step backwards in the goal of enhancing effective and sustained conversation between Trustees and Faculty.

This leaves models # 3, 4, and 5 to consider.

V. Research Methodologies:

Fundamentally, two methods were utilized to assess the efficacy of having formal faculty representation on the OU Board of Trustees:

First, a review of literature was conducted that included by-laws of institutions with faculty representatives or trustees, articles in journals and from relevant associations such as the Association of Governing Boards, the Carnegie Foundation, and other periodicals.

Concurrently, interviews were conducted by David Thomas, Vice-Chair, Faculty Senate, Board Secretary Tom Davis, Chief of Staff Becky Watts, and Provost Kathy Krendl to our counterparts at Ohio and peer Public Institutions:

- a. At institutions with faculty representation on their Boards (Cleveland State University, University of Cincinnati, University of Toledo, Auburn University, Clemson University)
- b. At institutions without faculty representation on their Boards (Miami University, Ohio State University, University of Tennessee, Kent State University, Bowling Green State University)

VI. Summary of Research:

Summary of Information from Institutions with faculty trustees/representatives vis-à-vis enhanced communications and input: (institutions contacted had Faculty Representatives, not Faculty Trustees).

Pros:

- a. Increased communication
- b. Said one President, faculty representatives helped to create an "all university atmosphere."
- c. Informal discussions between the Trustees and faculty representatives often cited as being helpful in minimizing misunderstandings.
- d. Respondents indicated that the addition of faculty representatives served to broaden Board awareness of academic culture. Faculty leaders reported that having faculty representatives on committees was helpful; Board members would often use them as a "sounding board" to insure accuracy in discussions.

- e. Faculty who had served as a Faculty Representative to the Board of Trustees reported that they “grew in the role”—moving from what began as a faculty perspective to something more akin to a Trustee or university perspective.

Cons:

- a. Faculty and administrators alike stated that the choice of the faculty representatives was crucial to success. Diplomacy and prudence are required.
- b. One administrator voiced a concern about faculty representatives lobbying Trustees—all of whom live in their town.
- c. Other administrators voiced a concern about the specific role of the Trustees and that faculty should not be Trustees, as such. Instead, the role of Faculty Representatives working with Board of Trustee committees was preferred.

Summary of Information from Institutions without faculty trustees/representatives vis-à-vis enhanced and sustained Trustee-faculty communication:

Pros:

- a. Several institutions reported that they “had no complaints” concerning Trustee-Faculty communication.
- b. One Provost said that if he did see communication problems, that he would recommend adding faculty representation to the Board.

Cons:

- a. All Board Secretaries contacted recommended against having Faculty Trustees (including the one at the institution where the Provost said he would recommend adding faculty representation if there were problems).
- b. One Provost said that very few faculty can actually represent faculty views.
- c. Faculty leaders expressed frustration with a perceived or real lack of Trustee-Faculty communication.

Additional Communication Strategies:

Communication Strategies used by institutions with and without faculty representative on the Board that might be worth considering:

- a. Increase informal communication opportunities between the Board of Trustees and the Faculty Senate Executive Committee, Chairs of Senate Committees, and other faculty.
 - via quarterly receptions
 - bi-annual lunch with Board Executive Committee, Senate Executive Committee and Senate Committee Chairs.
 - via Board of Trustee visits to different university Colleges, Campuses and units when possible.

VII. Decision Tree:

What follows on pages six (6) and seven (7) is a decision tree that takes into account the following key issues:

1. Yes/No on inviting non-voting faculty representation to the Board of Trustees.
2. If Yes, Faculty Representative(s) or Faculty Trustee(s)?
3. If Yes, what should be the number of Faculty Representatives/Trustees?
4. If Yes, what should be the selection process?
5. If Yes, what should be the term(s) of office?
6. If Yes, can Faculty Representative(s)/Trustee(s) serve two consecutive terms?
7. If yes, what are the general requirements for a nominee (tenure, years of service, breadth of experience, overview of the university to use Clemson's criteria)
8. If yes, what is the best way to utilize faculty on Board Committees?

If No, what additional communication initiatives can be put into place assuming that we will keep most of the existing communication initiatives in place?

1. Board of Trustees hosts Faculty Receptions quarterly.
2. Board of Trustees hosts a luncheon with the Executive Committee and Chairs of Senate Committees bi-annually.

The Decision Tree makes several assumptions:

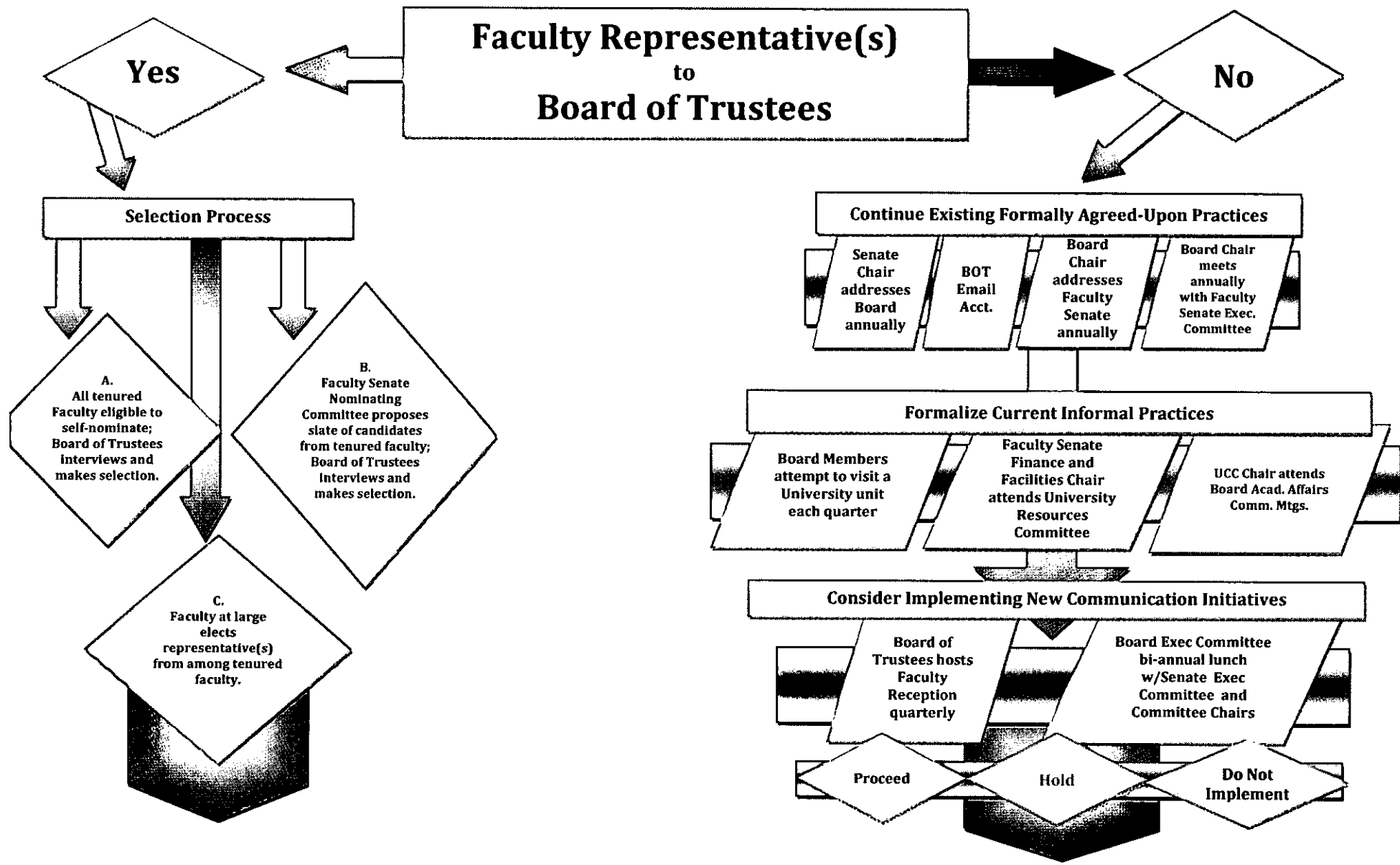
1. That the concept of "Faculty Representative(s)" is more appropriate as the "yes" position than the concept of "Faculty Trustee(s)". As seen above, three Ohio and two peer institutions have "Faculty Representatives" and not "Faculty Trustees".
2. Assessment is an important component regardless of whether this committee recommends faculty representation or chooses other options.

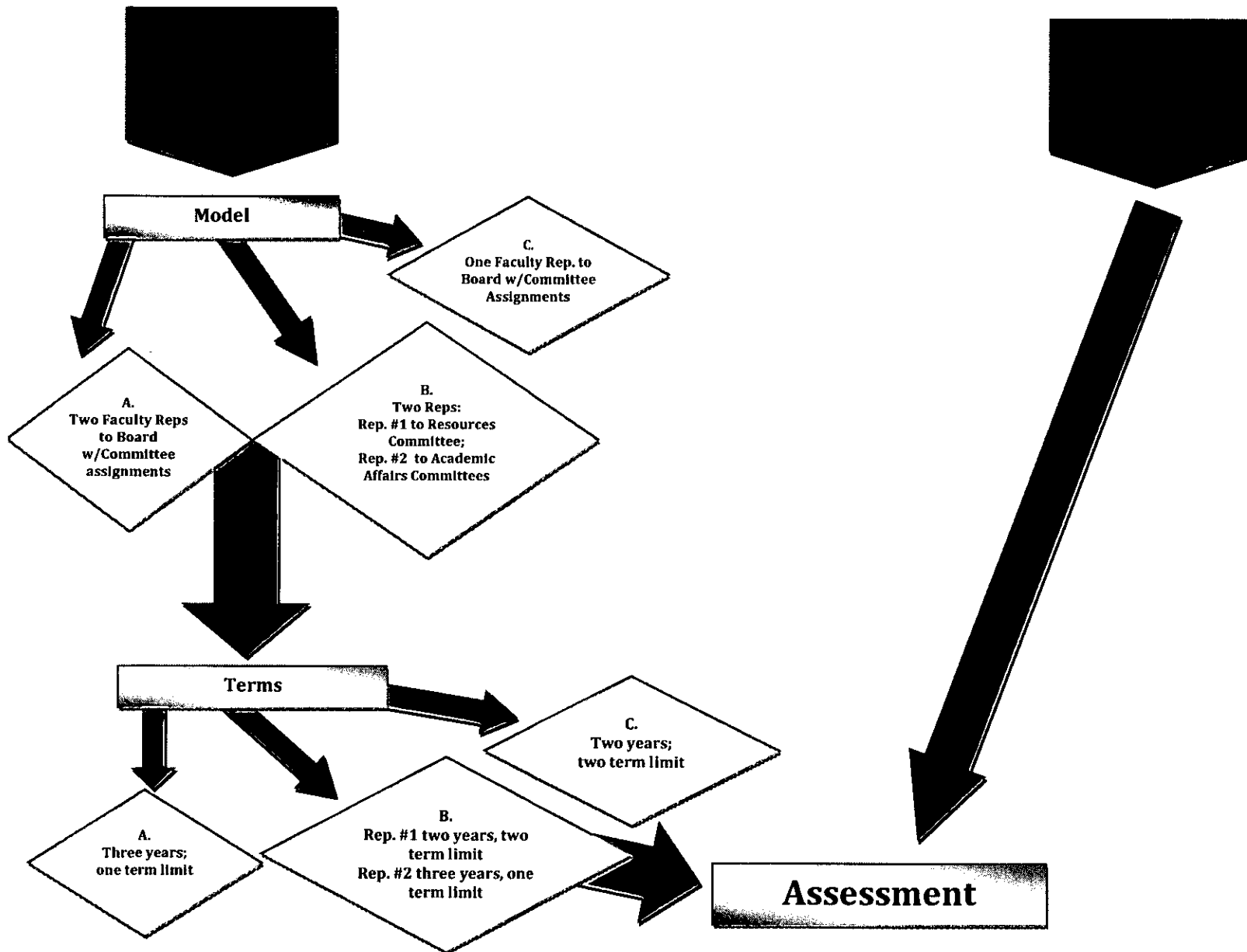
Let me remind you of the author's comments in the latest edition of the Association of Governing Boards Journal:

"A strong understanding and good relationship between faculty and trustees can be among an institution's greatest assets, and it deserves the time it takes to be appropriately cultivated." (AGB, Winter, 2008)

I couldn't agree more. Again, thank you for your consideration.

Respectfully submitted,
David O. Thomas
Vice-Chair
Ohio University Faculty Senate







OHIO

UNIVERSITY

Interoffice Communication

Date: January 7, 2009

To: Dr. Thomas Davis, Secretary to the Board of Trustees

From: Kathryn Chambers Gilmore, Chief Audit Executive

Subject: Proposed Audit Committee Charter

The proposed Audit Committee Charter included in your materials is the result of discussions which began in April. Revisions were presented in June to the Audit Committee and the Governance Committee. It was determined then that the Charter should be officially reviewed by the Audit Committee and sent to the full Board of Trustees for approval.

The use of an audit committee charter is a best practice. Sources for the proposed Ohio University Board of Trustees Audit Committee charter included:

- PriceWaterhouseCoopers' *Leading Practices for Colleges, Universities and Other Not-for-Profit Educational Institutions*;
- Institute of Internal Auditors Interpretation of the Standards from the International Standards for the Professional Practice of Internal Auditing; and
- Audit charters from the University of Akron, University of Miami at Ohio, The Ohio State University, Kent State University, and Bowling Green State University.

I look forward to presenting the charter for discussion at the January 23 Ohio University Board of Trustees Audit Committee meeting.

OHIO UNIVERSITY BOARD OF TRUSTEES AUDIT COMMITTEE CHARTER

I. PURPOSE

The Audit Committee is appointed by the Board of Trustees to consider and make recommendations for action by the board related to the audit committee's oversight responsibilities. The audit committee will oversee: the university's process for the recommendation to the board for the appointment of the external audit firm; external audits of financial operations, including the receipt of related reports; the internal audit function, including receipt of its reports; the effectiveness of the university's internal control and risk management system and its process for monitoring compliance with laws and regulations; and the university's whistleblower reporting mechanism. The committee will take all actions it deems appropriate to set the university's overall tone for sound financial and risk practices, and ethical behavior.

II. COMPOSITION

- a. The Board of Trustees chairperson (chairperson) will annually appoint no fewer than three (3) audit committee members.
- b. At least one member of the audit committee should have expertise in understanding financial statements, internal controls, and audit committee functions. These qualifications shall be determined by the chairperson through a review of the committee member's resume or through an interview with the member.

III. RESPONSIBILITIES

With regards to each topic, the audit committee will:

- a. External Audit
 - Recommend appointment of the external auditor to the board as authorized by the Ohio Auditor of State for the annual audit of the university. A five-year contract with the external auditor is expected and can be extended, based on the standards of and approval by the Auditor of State. The audit committee will review the university's scoring of the external audit proposals, the results of which will be forwarded to the state for final approval.
 - Review the external audit engagement letter. Discuss with the external auditors at the last full board meeting each fiscal year, the proposed audit scope and approach, including coordination of audit effort with internal audit.
 - Evaluate annually, the external auditor's qualifications and performance, including a review and evaluation of the lead partner, taking into account the opinions of management and the internal auditor, and report its conclusions to the board.
 - Following the completion of the annual audit, the audit committee shall review the university's draft audited financial statements and the external auditor's management letter, along with management's response.
 - Review any disagreements between the external auditor and management concerning matters that could be significant to the university's financial statement or the auditor's report.
 - The audit committee shall also review work performed by the external auditors.

**OHIO UNIVERSITY BOARD OF TRUSTEES
AUDIT COMMITTEE CHARTER**

- At least annually, the committee shall meet with the external auditors to discuss any matters that the audit committee or the external auditors believe should be discussed privately.
- b. Internal Audit
 - Review and authorize any proposed changes to the internal audit charter, which has been established by board resolution.
 - Review all decisions regarding the budget of the internal audit function and the evaluation, compensation, appointment, or removal of the internal auditor.
 - Make appropriate inquiries of management and the internal auditor to determine whether scope or budgetary limitations impede the ability of the internal audit function to execute its responsibilities.
 - Review the internal audit risk assessment and approve the related annual audit plan at the last full board meeting each fiscal year.
 - Review annually at the first full board meeting of each fiscal year, the work plan performance, activity, budget, and staffing of the internal audit function.
 - Regularly receive internal audit reports including management's response as to corrective action taken for internal audit recommendations.
 - As needed, receive presentations by management, related to corrective action taken for any follow-up internal audit report given an internal auditor opinion rating of "Needs Improvement" or "inadequate".
 - On a regular basis, meet with the internal auditor to discuss matters that the audit committee or the internal auditor deem appropriate.
- c. Internal Controls
 - Evaluate regularly, through review of external and internal audit reports and communications by management, whether management is establishing the appropriate "control culture".
 - Evaluate regularly, through consideration of internal and external audit recommendations, the overall effectiveness of the university's internal control framework. Review, through internal and external audit reports, whether significant findings and recommendations made by the internal and external auditors have been implemented by management.
- d. Compliance
 - At least annually, obtain updates from management and university legal counsel regarding compliance matters that may have a material impact on the university's financial statements or compliance policies.
 - Annually review the process for communicating the code of conduct to university personnel, and for monitoring compliance with it.
 - Ensure that there are effective procedures for anonymous receipt and treatment of complaints regarding the university's accounting, internal controls and audit matters. Annually, review a summary of complaints that have been received.

Proposed Audit Committee Charter

Talking Points



Proposed Audit Committee Charter

- Discussions began in April
- Presented to Audit Committee and Governance Committee in June
- Governance Committee determined that the Charter should be reviewed by the Audit Committee for submission for approval by the full Board of Trustees



OHIO
UNIVERSITY

Internal Audit

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Athens, OH 45701-2979

T: 740.593.1865
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January 7, 2009

Dr. Roderick J. McDavis
President, Ohio University
Cutler Hall
Athens, OH 45701

Dear President McDavis:

The Ohio University Internal Audit Charter was originally approved by the Board of Trustees in 1999. It was last updated by board resolution in 2005. The Charter addresses Internal Audit's role, authority, responsibility, scope, and accountability.

The Office of Internal Audit proposes its current charter be amended to reflect the change in Internal Audit's report to the Audit Committee. Also, the charter includes the change in Internal Audit's administrative report from the Secretary of the Board of Trustees to the President. Additionally, the revised charter reflects the change in my title from Director to Chief Audit Executive.

The audit report distribution clause includes several changes. Draft reports will now be issued prior to the exit conference. The Provost's title reflects the current title of Executive Vice-President and Provost. The Senior Vice-President for Finance and Administration has been formally added to the distribution list.

The revised charter also changes the requirement for the Chief Audit Executive to present annually to the full Board of Trustees. Rather, the communication to the full Board occurs through the Chair of the Audit Committee.

A copy of the amended Charter follows. The changes are identified in bold.

Sincerely,

Kathryn Chambers Gilmore, CPA, CIA
Chief Audit Executive

The Ohio University Internal Audit Charter

CHARTER

1. Role of the Internal Audit Office

The Ohio University Board of Trustees establishes the Internal Audit Office, and defines its responsibilities.

The Office shall report directly to the **President** for the purpose of the day-to-day direction needed by the office in the mediation of audit scope and scheduling, plus budgetary and personnel concerns.

The Office shall report directly to the Chair of the Board's **Audit Committee** for the purpose of the direction needed by the office in the implementation and championing of its operational plans, plus authority and ethics concerns. The **Chief Audit Executive (CAE)** shall have direct access to the Board's Trustees in any instance where the **CAE** believes that such access is needed to fulfill the stated objectives of the department.

2. Authority

The **CAE** is authorized to oversee a broad and comprehensive, risk based program of internal auditing within Ohio University. The Board grants the Office authorization for full and complete access to any of Ohio University's records, in any form, and its activities, physical properties, and personnel relevant to a review. The **CAE** is required to report any restriction placed upon such access, other than for established regulatory requirements, to the **Audit Committee**.

Internal Auditors will handle documents and information given to them during a periodic review in the same prudent manner as by those employees normally accountable for them. Further, Internal Auditors understand that certain University items are confidential in nature and they will make special arrangements when examining and reporting upon such items.

3. Responsibility

The Office has no direct responsibility or any authority over any of the activities or operations it reviews. Internal Audit is a managerial control that functions by measuring and evaluating the effectiveness of other controls. Management is not relieved of any assigned responsibilities because Internal Auditors perform the evaluative reviews with which they have been charged.

4. Independence

a. General

Independence is an essential element of **objectivity**. The independence of the Office may be compromised if Internal Auditors participated directly in the development, installation, preparation or reconstruction of accounting systems, data, or records, or by engaging in activities that would normally be reviewed by Internal Auditors. Thus, Internal Auditors will serve only in an advisory capacity in performing their engagements.

It is imperative that Internal Auditors maintain independence in appearance as well as in fact. Internal Auditors will formally disclose business and personal interests in companies doing business with the University, annually, in accordance with the State of Ohio Ethics Bill.

The Ohio University Internal Audit Charter

It is imperative that Internal Auditors maintain independence in appearance as well as in fact. Internal Auditors will formally disclose business and personal interests in companies doing business with the University, annually, in accordance with the State of Ohio Ethics Bill.

b. Programming

The Office shall be free from control or undue influence in the selection and application of audit scope, techniques, procedures, and programs. The **CAE** is required to report any such control or influence placed upon the Office, other than for established regulatory requirements, to the **Audit Committee**.

c. Reporting

The Office shall be free from control or undue influence in the determination of facts revealed by the examination or in the development of recommendations or opinions as a result of the examination. The **CAE** is required to report any such control or influence placed upon the Office, other than for established regulatory requirements, to the **Audit Committee**.

d. Investigating

The Office shall be free from undue influence in the selection of areas, activities, personal relationships, and managerial policies to be examined. No legitimate source of information is to be closed to the auditor. The **CAE** is required to report any such influence placed upon the Office, other than for established regulatory requirements, to the **Audit Committee**.

e. System Planning and Development

The Office will participate, in an advisory capacity, in the planning, development, implementation, and modification of major computer-based and manual systems to ensure that:

- i. Adequate controls are incorporated in the system;
- ii. A thorough testing of the system is performed at appropriate stages;
- iii. System documentation is complete and accurate; and
- iv. The intended purpose and objective of the system implementation or modification is met.

The Internal Auditor participating in such a review should ensure that the extent of participation does not affect independence, thus suggested audit trails or other controls will be transmitted through formal correspondence.

5. Scope

The scope of internal auditing encompasses the examination and evaluation of the adequacy and effectiveness of the organization's system of internal control and the quality of performance in carrying out assigned responsibilities. It includes, but is not limited to:

- a. Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;

The Ohio University Internal Audit Charter

- b. Reviewing the systems established to ensure compliance with those policies, plans, procedures, laws and regulations that could have a significant impact on operations and reports and whether the organization is in compliance;
- c. Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- d. Reviewing and appraising the economy and efficiency with which resources are employed;
- e. Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned;
- f. Recommending operating improvements;
- g. Assisting in the deterrence of fraud by examining and evaluating the adequacy and effectiveness of control, commensurate with the extent of the potential exposure or risk in the various segments of the University's operations;
- h. Performing special reviews requested by University management or the Board of Trustees; and
- i. Providing professional advice and internal control information across the University.

6. Reporting

At the conclusion of each audit, the **CAE** will hold an exit conference with the individual in charge of the department or activity under review, during which all findings, conclusions and recommendations will be discussed and any differences of opinion will be settled or so noted. The **CAE** will prepare and issue a draft audit report **before** the exit conference is held. The department or activity audited will be provided an opportunity to respond in writing to the findings, conclusions and recommendations of the Internal Auditors; and such response will be made part of the Internal Auditors' final audit report. The Internal Auditors will discuss the report with the senior administrator of the area under review prior to its issuance.

The **CAE** will distribute all final audit reports to the relevant administrators of the area audited, and will make the reports available to the President, **Executive Vice President and Provost, Senior Vice President for Finance and Administration**, and Chair of the **Audit Committee**. The **CAE** will provide a summary of each audit report, and any significant audit findings, to the President; Secretary; and the **Audit Committee**.

The Office will conduct follow-up reviews on audit reports, in the manner deemed necessary or as directed by the President or Board. It is important to note, however, that Internal Audit serves in an advisory capacity only, and, while the Office will report the status of issues, it has no authority over University administrators in the discharge of their duties and responsibilities over those issues.

The Office will provide consulting services to University administrators utilizing a process similar to that used in audit engagements, including the issuance of a formal report and follow-up review. The **CAE** may conduct a formal audit following a consulting engagement, as deemed necessary.

The Ohio University Internal Audit Charter

7. Audit Plan

The **CAE** will formulate a proposed annual Internal Audit plan and submit it to the President and the **Audit Committee**. Following **Committee** approval, the **CAE** will initiate audits pursuant to the plan.

Time will be made available in the annual plan for unexpected and/or requested audits. Further revisions to the plan will be reviewed **by the President** and approved by the **Chair of the Audit Committee**

8. Accountability

The **CAE** shall, at a minimum, meet in executive session with the Board, and outside the presence of University officials, at least annually, and shall meet with the President on a regularly scheduled basis to discuss:

- a. Internal Audit plans for the forthcoming year and areas of concern in subsequent years;
- b. Audit reports issued and audit project status;
- c. **Audit completion timeline reporting;**
- d. Relationships between the Internal Auditors and external auditors; and
- e. Limitations placed by University administrators on the scope of Office engagements.

9. Cooperation with External Auditors

The **CAE** is responsible for coordinating the Office audit efforts with those of the Ohio Auditor of State and other external auditors that have business with the University. This coordination of audit efforts should be in the planning and definition of the scope of proposed audits so the work of auditing groups is complementary and will provide a comprehensive, cost-effective audit effort. University administrators must ensure external auditors have met with the **CAE** before permitting any such external audit to commence.

The Office shall assist the Board in the evaluation of the external auditors' examination of the University.

As used herein, the term "external" shall refer to representatives of or the activities of the Auditor of State for the State of Ohio, individual certified public accountants (the "CPA") and auditors from organizations, governmental or commercial, outside the University.

10. Detection, Investigation and Reporting of Fraud

The Office shall be notified in all cases where the discovery of circumstances suggests a reasonable possibility that assets have, or are thought to have, been lost through defalcation or other security breaches in the financial and operating systems. Each University employee is responsible for notifying the **CAE** of such circumstances. Further, University management is responsible for communicating such notification requirement to related and unrelated parties with whom the University does business, and for encouraging those parties to communicate those circumstances of which they have knowledge to the **CAE**.

The Ohio University Internal Audit Charter

The **CAE** will ensure that the proper authorities within the department are notified of the potential loss and that departmental authorities promptly notify other state departments as required by the Ohio Revised Code (ORC).

The Office will perform sufficient tests to identify the weaknesses in financial and operating procedures, both automated and manual, which permitted the loss and evaluate the impact the weaknesses have with respect to other activities of the institution. In addition, the Office will recommend improvements to correct the weaknesses and incorporate appropriate tests in future audits to disclose the existence of similar weaknesses in other areas of the institution.

11. Detection of Errors or Irregularities

The Internal Auditor has a professional responsibility to conduct reviews with an attitude of professional skepticism, recognizing that the application of internal auditing procedures may produce evidential matter indicating the possibility of errors or irregularities. However, the Office cannot be solely responsible for the detection and prevention of all errors and irregularities that may occur within the University. All members of the University management team share that responsibility, as does each employee in the execution of his/her duties.

The **CAE** shall be notified at once if an Internal Auditor believes that a significant error or irregularity may exist in an area under review or in any other area of the University. The **CAE** will consider the scope and implications of such an error or irregularity and discuss its disposition with the President. If the **CAE** believes that individual is involved, the **CAE** will disclose the potential significant errors or irregularities directly to the Board.

12. Support

The success of the internal auditing function is dependent, in part, on the support received from the University's Board, its President, and its Senior Administrators. Accordingly, to establish an environment of support and encourage the achievement of internal auditing goals, University management is responsible for:

- a. Acknowledging the auditing function as a diagnostic tool for identifying problems and assessing risk;
- b. Communicating the mission and charter of the Office with consistency and clarity to units for which they are responsible;
- c. Participating in the audit process and cooperating with the Internal Auditors;
- d. Providing effective, consistent and thorough written procedures for fiscal operations;
- e. Advising the **CAE** of all matters affecting the fulfillment of audit responsibilities, including the distribution of new, approved policies and procedures (and deviations there from) within their respective units; and
- f. Providing the **CAE** with suggestions for improving the audit process.

13. Administration

The **CAE** is responsible for the administration of this charter and for functionally directing internal audit activities throughout the University.

The Ohio University
Internal Audit Charter

Resolution 1999-1681 adopting the Internal Audit charter was approved by the Ohio University Board of Trustees on December 3, 1999.

This Revised Charter was adopted by the Ohio University Board of Trustees on February 15, 2005.

Revised Internal Audit Charter



Internal Audit Charter

Proposed Revisions

- Charter was originally approved by the Board of Trustees in 1999 and updated in 2005, the following revisions are proposed
 - Change in Internal Audit's report from the Audit, Finance, Facilities and Investment Committee to the Audit Committee
 - Change in Internal Audit's administrative report from the Secretary of the Board of Trustees to the President
 - Change in title from Director to Chief Audit Executive

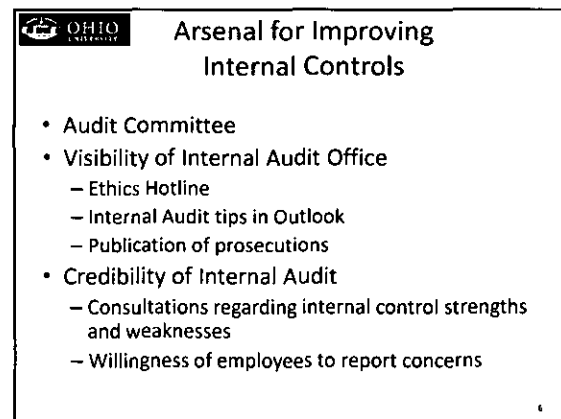
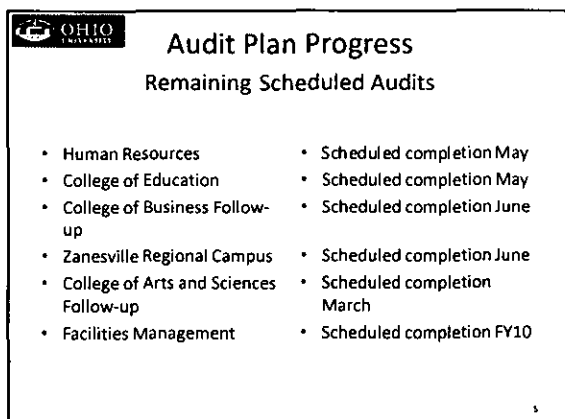
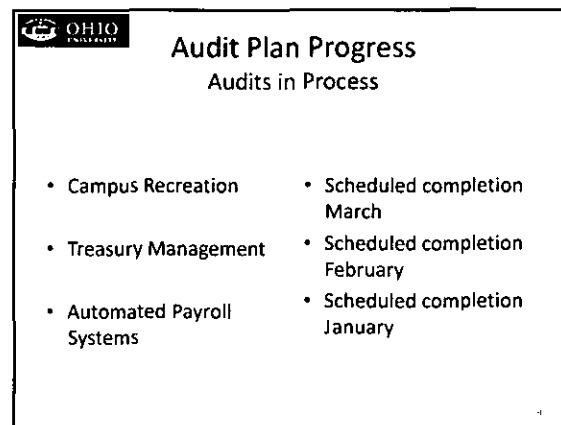
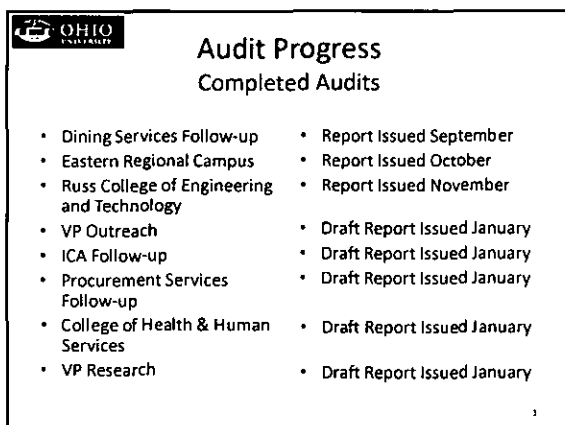
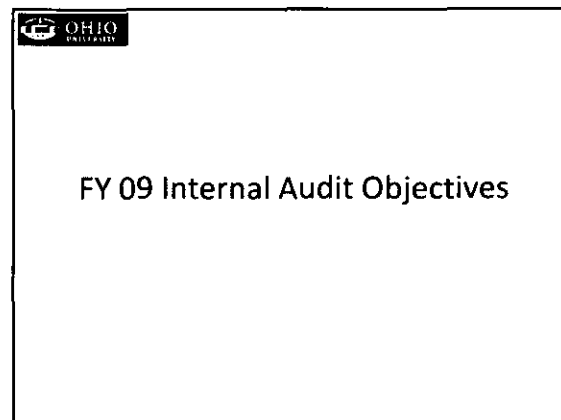
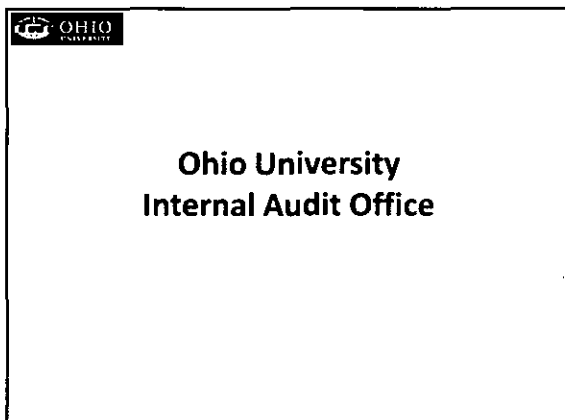



Internal Audit Charter

Proposed Revisions

- Adjustments to the audit report distribution clause
 - Draft reports to be issued before the exit conference
 - Title change of EVP and formal addition of the SVP
- Change of reporting of annual time summary to reporting audit completion timeline, as a more useful benchmark
- Elimination of the requirement to present annually to the full Board of Trustees
 - Communication to the full Board occurs through the Chair of the Audit Committee


Conclusion






Key Priorities For Improving Internal Controls

- Fraud investigation and prevention
- Education
- Serving as a resource to senior management




Key Priorities Fraud

- Continue working with OUPD and the Prosecutor's Office to provide evidence regarding alleged fraudulent activities
 - Demonstrates a zero-tolerance for fraudulent behavior at OHIO
 - Creates the perception of detection, which is a key fraud prevention factor



Key Priorities Educational Efforts

- Submission of Outlook Articles on key audit findings and internal control strengths and weaknesses
- Attend Budget Unit Manager meetings every third week
 - Serve as a resource by answering questions
 - Present on important internal control topics
- Present to executive staff and deans



Key Priorities Serving as a Resource for Management

- Audit reports will continue to be shared widely at dean and executive staff level
- CAE will continue to meet privately with senior management to discuss strategies for improving internal controls

Conclusion

Internal Audit Scorecard

Agenda

- Audit Rating Legend
- Audit Progress FY 06 - FY 08
 - Significant Issues Satisfactorily Resolved
 - Significant Issues Pending
- Investigations
- Special Projects
- Internal Audit Departmental Projects
- Primary Causes and Potential Solutions

Audit Rating Legend

- Exceeds
- Meets
- Needs
- Inadequate
- Exceeds Expectations
- Meets Expectations
- Needs Improvement
- Inadequate

3

**Audit Progress
FY 06 through FY 08
Satisfactorily Resolved**

Audit	Initial	Follow-up 1	Follow-up 2	Significant Issues	Reported Mgt Action	Cause
CIO Business	FY 07 Needs	FY 08 Meets	N/A	Vehicle fleet, long distance telephone billing, sales tax.	Resolved	Non-standardized financial controls, decentralized control of automobiles.
Chillicothe Campus	FY 07 Exceeds	FY 08 Meets	N/A	Desktop scanning and encryption.	Resolved	Inadequate training, non-standardized IT security controls and governance.
College of Fine Arts	FY 07 Meets	FY 08 Meets	N/A	Financial monitoring of off-site theater, credit card information, timely deposits.	Resolved	Non-standardized controls for off-site transactions.
Employee Recognition Policy			FY 06 Meets	Policy was not followed.	Resolved	Enforcement of policy.

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Audit	Initial	Follow-up 1	Follow-up 2	Significant Issues	Reported Mgt Action	Cause
Athletics	FY 06 Inadequate	FY 08 Inadequate	FY 09	Budget, travel advances, PCard review, cash controls, parking receipts.	Resolved in FY 09	Lack of management oversight, standardized controls, financial monitoring, segregation of duties.
Procurement	FY 06 Needs	FY 08 Needs	FY 09	Travel Advance policy and off-contract purchasing.	Resolved in FY 09	Lack of policy enforcement and training.
Automated Payroll Systems		FY 06 Needs	FY 08 Meets	Inadequate access controls within IT systems.	Resolved in FY 09	Purchase of product with inadequate access controls.

Audit	Initial	Follow-up 1	Follow-up 2	Significant Issues	Reported Mgt Action	Cause
Lancaster Campus	FY06 Meets	FY08 Meets	N/A	Bookstore contracting (corrective action resulted in \$330K to \$450K annual revenue), IT security, timeliness of deposits.	Resolved	Failure to follow University policy. Non-standardized IT security controls and governance.

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Audit	Initial	Follow-up 1	Follow-up 2	Significant Issues	Reported Mgt Action	Cause
TCOM	FY06 Needs	FY07 Meets	N/A	Financial monitoring, external audit coordination, credit card security, accounts receivable, PCard, financial management staffing.	Resolved	Non-financial staff and positions handling financial transactions.
Therapy Associates			FY 06 Meets	Cash handling, medical billing and collection - cleared in FY 06 but will be reviewed in FY 09 Health and Human Services audit.	Originally mitigated by moving to third party.	Medical billing is not centralized within the College. Non-financial staff and positions handling financial transactions.

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Audit	Initial	Follow-up 1	Follow-up 2	Significant Issues	Reported Mgt Action	Cause
Cash Collection Point Inventory	FY08 Needs	N/A		214+ cash collection points, points should be minimized or eliminated, official approval of points, training.	Cash handling guidelines posted, training in process, meetings with BUMs by March, some cash collections have been centralized.	Decentralization of controls, inadequate training, non-standardized position descriptions for financial positions.

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Audit Progress
FY 06 through FY 08
Pending

Audit	Initial	Follow-up 1	Follow-up 2	Significant Issues	Reported Mgt Action	Cause
College of Arts and Sciences	FY 08 Needs	FY 09		Cash handling, timely deposit of funds, approval of timesheets, processing of travel advances, timely PCard Admin.	Education Abroad restructured for compliance and oversight, financial staff added, intake of revenue eliminated, travel policy revised, policies and best practices communicated for PCard, deposits, timesheet approval, will discuss annually.	Lack of supervisory oversight and reconciliation processes. Non-standardized financial controls.

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Audit	Initial	Follow-up 1	Follow-up 2	Significant Issues	Reported Mgt Action	Cause
College of Business	FY 08 Meets	FY 09		Restrictive endorsements, timely deposits, reconciliations, Network not transparent.	Trained on restrictive endorsements, deposit handling, and reconciliations. IT solutions implemented.	Non-standardized financial controls. Non-financial staff and positions handling financial transactions.

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Audit	Initial	Follow-up1	Follow-up2	Significant Issues	Reported Mgt Action	Cause
Dining Services	FY 06 Needs	FY 08 Meets	FY 09	Recording of retail operations inventory, perpetual inventory records not maintained. Inventory system did not interface with point-of-sale system.	3-retail markets with 10K+ items. FY 08 net sales of \$4.1M+. Due to IT limitations,, loss of IT support, personnel needs, can't maintain processes. Labor cost to maintain system is \$30K+. Position requests are working way through internal processes.	Reduced IT resources and increased personnel needs.

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Audit	Initial	Follow-up1	Follow-up2	Significant Issues	Reported Mgt Action	Cause
Russ College of Engineering	FY 07 Meets	FY 08 Meets	FY 09	Leave availability for grant funded positions, Aviation Fee collection	Dean directed that leave be made available. Funding will be pursued. Fee collection centralized.	Leave funding and policies, reserves not currently in place.
VP Research	FY 08 Meets	FY 09		Research conflict of interest policy, review of aged accounts receivable, sponsored research grant deposits not cleared timely	Conflict of Interest policy being revised by end of FY09. Accounts receivable and grants clearing account now monitored.	Unclear University policy

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Audit	Initial	Follow-up1	Follow-up2	Significant Issues	Reported Mgt Action	Cause
University Hiring and Termination Process	FY 06 Inadequate	FY 08 Inadequate	FY 09	Reporting and maintenance of faculty sick leave, paying former employees, segregation of duties for hiring process, student hourly hiring, intake of I-9 Forms.	Leave training, forms more accessible to faculty, UHR created tool for leave compliance review, supervisors emailed monthly to request notification of employees that shouldn't be paid, vacation leave centralized, plan addresses student hiring, I-9 compliance to be centralized.	Lack of centralization of UHR process for student hourly employees and faculty.

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Audit	Initial	Follow-up1	Follow-up2	Significant Issues	Reported Mgt Action	Cause
College of Health and Human Services	FY 08 In Process				Initial audit in process	Initial audit in process
Eastern Campus	FY 08 In Process				Initial audit in process	Report issued FY 09
University Outreach	FY 08 In process				Initial audit in process	Initial audit in process

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Investigations

Investigation	Reported Mgt Action	Cause
Fiscal Year 05-06		
Theft of Airplane Parts - Former employee pleaded guilty to theft in office, paid \$5K fine, and \$6K+ in restitution.	Resolved - Inventory procedures in place.	Lack of supervisory oversight and inadequate inventory controls.
COB India Program Grade Investigation - alleged intentional manipulation of grades. Investigation found errors resulting from inadequate training and supervision.	Resolved - COB worked with Registrar to review process and provide training.	Inadequate training and supervision.
Limited Scope Review of OUPD Evidence Room - found evidence bag was opened and resealed, \$1K+ appeared to be missing.	Resolved - Case turned over to BCI, recommended changes were implemented.	Physical controls inadequate.

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Investigation	Reported Mgt Action	Cause
College of Engineering -- Employee convicted of embezzling \$40K+ through misuse of PCards. Restitution of \$42K. Management did not review PCard transactions.	Resolved - Card limits lowered campus-wide. PCard Administration implemented unannounced PCard audits. College re-issued all PCards requiring employees to sign new SOP. Cardholder's credit limits were reviewed by the department. PCard limits were changed to establish accountability and lower the risk of fraud. Mandatory training sessions were held.	Lack of supervisory oversight and inadequate segregation of duties. Inadequate auditing procedures in PCard Administration.

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Investigation	Reported Mgt Action	Cause
Fiscal Year 06-07		
College of Medicine (COM) Embezzlement - Employee pleaded guilty and paid restitution of \$3K+	Resolved - COM revised deposit forms and processes for reconciliation. Changes were communicated by email to departments.	Inadequate segregation of duties and failure to execute existing controls.
Athletics - Business Officer pleaded guilty to theft for embezzlement of parking receipts and for misuse of PCard. \$31K+ in restitution made.	Resolved - Moved some financial processing and monitoring to Shared Services. Internal procedures now make it clear that cardholders will be held accountable. PCard statements are collected centrally in ICA. ICA contracted with Parking Services for event parking.	Lack of supervisory oversight and inadequate segregation of duties.

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Investigation	Reported Mgt Action	Cause
College of Business O'Brien Endowments Alleged fraudulent handling of endowments. Investigation found handling was generally consistent with College's and donor foundation's understanding of guidelines.	Resolved - College established task force to recommend standards and processes for assigning and reviewing all named professorships. Committee's recommendations became policy Fall quarter. Winter quarter review and recommendation for strategic positioning of all professorships to begin.	Lack of clear guidelines

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Investigation	Reported Mgt Action	Cause
Fiscal Year 07-08.		
CORE Handling of Sensitive Information - Employee inadvertently uploaded social security numbers to website.	At the President's request, CIO is preparing a proposal to define IT roles and responsibilities. OIT established Information Technology Advisory Council to assist in advising and governing IT issues. OU information asset policy framework in final stages of adoption. Approved information classification policy will require compliance assessment, elimination of unnecessary instances of sensitive data, and appropriate data protections. Web Services updated web architecture to facilitate use of services to ensure compliance with sensitive data handling policies and procedures. Identity Management in process of being established. To address gap of central governance for IT, a proposal for resolution is being submitted to the Board regarding the leadership, responsibility, and security of information technology.	Lack of education in handling of sensitive data, inadequate oversight and lack of standardized IT security controls and governance.

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Special Projects

Description	Rating	Reported Management Action	Cause
Fiscal Year 05-06			
Limited scope audit of Confidential Recycling - Confidential material collected but not adequately secured or shredded before being sold.	Inadequate	In Process - Campus Recycling uses an external information data security provider. Process not centralized. Corrective action within Campus Recycling is adequate though incidents of inappropriate disposal still occur. OIT and UHR are developing required sensitive data handling training. Pilot expected in January.	Inadequate training and centralized control over sensitive process. No official University policy.
IT security breach response team member.	Needs	In Process - Goal to create information security risk aware culture. OIT created 20 Point Plan to improve security culture. Information Security Office established.	Inadequate training, centralized and decentralized control and oversight over sensitive process.

Description	Rating	Reported Management Action	Cause
Fiscal Year 05:06			
Limited scope review of computer surplus security process for ensuring sensitive information was removed from surplus computers.	Meets	Satisfactory - sensitive data was adequately removed from all surplus computers.	N/A
Classified Senate fundraising cash handling - Reviewed Senate's cash handling process.	Needs	Resolved - Internal control recommendations implemented by Senate representatives.	Inadequate segregation of duties and oversight.

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Description	Rating	Reported Management Action	Cause
Fiscal Year 05:06			
Library - Limited to cash collection and security.	Meets	Satisfactory - Funds were adequately secured based on relatively small fund values.	Segregation of duties over cash controls.
Fiscal Year 06:07			
Limited scope review of Technology Transfer process, conflict of interest in research policy, reviewed in VP Research audit.	Needs	In Process - Research Compliance Office will review and revise conflict of interest process and forms. Office to work with advisory group for faculty and administrative input.	Inadequate training and unclear policy and its application.
College of Medicine University as Lender Program review of internal controls.	Meets	Satisfactory - Controls were adequate, Program is not occurring due to economic situation.	N/A

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Description	Rating	Reported Management Action	Cause
Fiscal Year 06-07			
Economics Time Reporting -- Management implemented a process to erroneously pay overtime in lieu of a raise. Restitution of \$17K+.	Inadequate	Resolved	Willingness to circumvent policy.
Training and Curriculum Development Grant Report of inappropriate oversight of grant by external contract manager.	Inadequate	Resolved - Grant was not renewed	Lack of supervisory oversight.

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Description	Rating	Reported Management Action	Cause
Fiscal Year 06-07			
Dining Services Snack Attack Inventory -- Allegations of missing inventory. Errors in inventory records should have been identified by management review. Physical control was inadequate.	Inadequate	Operation closed -- Inventory issue addressed in audit of Dining Services.	Non-standardization and attention to controls.
Fiscal Year 07-08			
Education Abroad Cash Controls - Cash collected could not be accounted for due to absence of controls.	Inadequate	The source of cash collected was eliminated.	Lack of supervisory oversight. Non-standardized financial controls.

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Description	Rating	Reported Management Action	Cause
Fiscal Year 07-08			
OIT Risk Assessment – participated in review of current levels of risk and controls for organization.	Exceeds	Safety and Risk Management has begun implementation of university wide risk assessment.	N/A
Control Self Assessment Survey – Co-chaired survey deliver to 4K University employees. Survey designed to educate and to identify ways to improve internal control.	Exceeds	Survey delivery will be administered through Finance and Administration.	N/A
Internal Control Environment Committee (ICE)	Exceeds	In Process - Charged with providing guidance and coordinating necessary improvement projects to create and sustain an effective and efficient Internal Control Environment.	N/A

Internal Audit Departmental Projects

Internal Audit Departmental Projects	Status
Fiscal Year 05-06	
Ethics confidential hotline implementation	Completed
External audit state compliance testing for Deloitte and Touche - savings estimated at \$20K	Completed
Administrator for Ethics Hotline - 10 reports received	Completed
Served as independent body to count ballots for a Faculty Senate referendum	Completed
Fiscal Year 06-07	
HIPAA compliance task force - Oversight of Grant Thornton review of HIPAA compliance in Student Health Center	Completed
Confidential Recycling Committee member	Completed
External audit state compliance testing for Deloitte and Touche - Savings estimated at \$12K	Completed
Administrator for Ethics Hotline - 21 reports received	Completed
Control Environment Improvement Committee	Completed
Fiscal Year 07-08	
External audit state compliance testing for Plante and Moran (cost of assistance included in current contract)	Completed
State of Ohio external auditor Request for Proposal preparation and coordination of external auditor selection process.	Completed

Internal Audit Departmental Projects	Status
Fiscal Year 07-08	
Preparation of articles for publication in Ohio University Outlook. Articles concerned topics such as tips on cash handling, sensitive data management, encryption, the Family Educational Rights and Privacy Act, and protecting departmental assets.	Ongoing
Review of suspension and subsequent reinstatement of the Ethics Hotline	Completed
Administrator for Ethics Hotline - 5 reports received	Completed
Fiscal Years 05-06 to 07-08	
Presented on internal control topics at Campus-wide Financial meetings, regional campus accounting meetings and BUM meetings.	Ongoing
Advised administrators on acceptable business practices, procedures and policies, solutions to internal control problems, and adherence to University or state and federal rules and regulations.	Ongoing
Served as a University representative for audit and internal control issues with external agency representatives such as the Attorney General, the Office of the Inspector General, the Auditor of State, and the Athens County Prosecutor's Office.	Ongoing

Internal Audit Departmental Projects		Status
Fiscal Years 05-06 to 07-08		
Met biweekly with the President, monthly with the EVP and Provost, as needed with the SVP of Finance and Administration, and at least quarterly with the Secretary to the Board to discuss internal control risks and audit plan results. Met privately with executive management to report significant internal control risks and results of internal audits.		Ongoing
Advised and informed the Deans, Council and Executive Staff on financial control issues, as requested by the President.		Ongoing
Represented Ohio University as a member of the Inter-University Council of Ohio, meeting with internal audit directors from Ohio's other public universities to collaborate in improving the effectiveness of risk and control processes.		Ongoing
Appeared before the senates and chairs and directors meetings (Faculty Senate, Administrative Senate, Classified Senate, Bargaining Unit leadership, and Provost's annual required training, etc.) to assist in carrying out risk mitigation and internal control strategies.		Ongoing

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Primary Causes and Potential Solutions

Primary Causes	Potential Solutions
Decentralization of controls.	Standardization and/or centralization of certain key controls.
Non-standardized control processes.	Standardization of processes through implementation of dotted-line reporting from BUMs to SVP Finance and Admin.
Inadequate segregation of duties.	In cases of limited staffing, increased supervisory oversight is required.
Inadequate formal training.	Mandatory training, including online options.
Software— inadequate security and functionality.	Centralized purchase of computer applications with control considerations and end user business process input.
Lack of supervisory oversight.	Management sub-certification.
Non-financial staff and positions handling financial transactions.	Standardized position descriptions for financial positions; Use of financial staff or Shared Services.

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Conclusion

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