

Ohio State University
September 2008 Fee Pledge Request - \$487,000,000

I. Project Overview

Ohio State University proposes to issue general receipts bonds and commercial paper to finance various capital projects on the Columbus and regional campuses, including:

- Upgrade, repair and extend utilities
- Repair and renovate roads and grounds
- Construct and install a recreational facility (RPAC) – Larkins Hall Phase II
- Renovate Wilce Health Center
- Renovate housing and food service facilities
- Construct and install the Ohio Union
- Expand the Hall Complex
- Construct and install a Student Services Building
- Renovate Public Safety – Blankenship Hall
- Renovate Thompson Library
- Acquire an airplane hangar at Don Scott Field
- Construct and install the Lane Avenue Parking Garage
- Renovate and repair additional garage and parking facilities
- Construct additional parking facility west of Cannon Drive
- Construct and install the Biomedical Research Tower (Phase II)
- Construct and install the Doan Digestive Disease Facility
- Construct and install an addition to the Ross Heart Hospital
- Relocate a Magnetic Resonance Imaging (MRI) facility
- Construct and install improvements to the hospital towers
- Renovations to other health care facilities
- Construct and install an ambulatory care center
- Construct and install the Warner Library on the Newark Campus
- Renovate Ovalwood Hall at the Mansfield Campus
- Construct and install a student life building at the Lima Campus

Of the total request, the University intends to issue \$363,000,000 through a combination of fixed rate and variable rate bonds that will be retired within 20 years. The \$363,000,000 bond issuance will include projects totaling \$103,000,000 that were approved by the Board of Regents in 2005 and issued as commercial paper. The new commercial paper authorization in the amount of \$227,000,000 will be used as needed, with the anticipation that it will be converted into a future bond issue within the next 18 to 36 months.

Submission: September, 2008

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II. Project Financing and Costs

Ohio State University requests the authority to pledge student fees in support of the issuance of general receipts bonds and commercial paper in an aggregate amount not to exceed proceeds of \$487,000,000. A breakdown of the estimated project costs, to be funded by this debt issuance, is presented on the following page:

Project	Total Project Costs, as of September 2008	Amounts Related to this Request			
		Bonds	Commercial Paper	Less BOR Approved 2005	Total BOR Request
Facilities Operations (FOD)					
Utilities Upgrades, Extensions and Repairs	\$90,000,000	\$60,000,000	\$30,000,000	-\$30,500,000	\$59,500,000
Roads and Grounds Repair and Renovations	\$20,500,000	\$7,000,000	\$18,500,000	-\$5,000,000	\$20,500,000
FOD Total	\$110,500,000	\$67,000,000	\$48,500,000	-\$35,500,000	\$80,000,000
Student Affairs					
Larkins Hall (RPAC)	\$140,000,000	\$41,400,000	\$0	\$0	\$41,400,000
Wilce Health Center Renovations Phase 3	\$4,400,000	\$500,000	\$3,900,000	-\$3,300,000	\$1,100,000
Housing & Food Service Renovations	\$43,500,000	\$42,000,000	\$13,500,000	-\$12,000,000	\$43,500,000
Ohio Union	\$115,000,000	\$24,300,000	\$65,750,000	-\$10,000,000	\$80,050,000
Hall Complex Expansion Phase I	\$15,100,000	\$0	\$1,300,000	\$0	\$1,300,000
Student Affairs Total	\$318,000,000	\$108,200,000	\$84,450,000	-\$25,300,000	\$167,350,000
Other					
Student Services Building	\$32,000,000	\$14,000,000	\$18,000,000	\$0	\$32,000,000
Public Safety Renovation	\$7,000,000	\$0	\$7,000,000	\$0	\$7,000,000
Thompson Library Renovation	\$99,000,000	\$0	\$6,000,000	\$0	\$6,000,000
Airport Hangars purchase	\$3,000,000	\$3,000,000	\$0	\$0	\$3,000,000
Other Total	\$141,000,000	\$17,000,000	\$31,000,000	\$0	\$48,000,000
Transportation & Parking (T&P)					
Lane Avenue Garage	\$28,000,000	\$14,000,000	\$14,000,000	\$0	\$28,000,000
Parking Garage Rehab and Expansions	\$47,250,000	\$24,500,000	\$22,750,000	\$0	\$47,250,000
West of Cannon Garage	\$14,000,000	\$0	\$500,000	\$0	\$500,000
T&P Total	\$89,250,000	\$38,500,000	\$36,750,000	\$0	\$75,250,000
Medical Center					
Biomedical Research Facility Phase 2	\$42,250,000	\$42,250,000	\$0	-\$42,250,000	\$0
Doan Digestive Disease	\$26,250,000	\$26,250,000	\$0	\$0	\$26,250,000
Ross Heart Hospital addition	\$32,500,000	\$32,500,000	\$0	\$0	\$32,500,000
MRI Relocation	\$7,400,000	\$7,400,000	\$0	\$0	\$7,400,000
Hospital Towers and Diagnostic Core	\$550,000,000	\$7,250,000	\$9,800,000	\$0	\$17,050,000
Renovation of Facilities	\$9,000,000	\$2,400,000	\$6,600,000	\$0	\$9,000,000
West Of Cannon Ambulatory Center	\$8,150,000	\$1,750,000	\$6,400,000	\$0	\$8,150,000
Medical Center Total	\$675,550,000	\$119,800,000	\$22,800,000	-\$42,250,000	\$100,350,000
Regionals					
Lima student Life Building	\$3,500,000	\$0	\$3,500,000	\$0	\$3,500,000
Newark Warner Library	\$20,000,000	\$5,500,000	\$0	\$0	\$5,500,000
Mansfield Ovalwood Renovations	\$10,200,000	\$7,000,000	\$0	\$0	\$7,000,000
Regionals Total	\$33,700,000	\$12,500,000	\$3,500,000	\$0	\$16,000,000
Total Project Costs	\$1,368,000,000	\$363,000,000	\$227,000,000	-\$103,050,000	\$486,950,000

PROJECT RESOURCES (Capital Only)			
Gifts, Grants, etc. (non-state only)	\$140,700,000	\$0	\$0
State Capital Appropriations	\$71,050,000	\$0	\$0
Transfer from Existing Resources:	\$0	\$0	\$0
Other Revenue (itemize):			
General Funds	\$188,500,000	\$81,000,000	\$79,500,000
Student Fee	\$220,050,000	\$65,700,000	\$65,750,000
Health Center	\$4,400,000	\$500,000	\$3,900,000
University Housing	\$58,600,000	\$42,000,000	\$14,800,000
University Airport	\$3,000,000	\$3,000,000	\$0
Parking	\$89,250,000	\$38,500,000	\$36,750,000
Medical Center	\$575,550,000	\$119,800,000	\$22,800,000
Regional Campuses	\$16,900,000	\$12,500,000	\$3,500,000
	\$1,368,000,000	\$363,000,000	\$227,000,000

The Ohio State University is proposing that the debt, associated with this fee pledge request, be issued as a combination of general receipt bonds and commercial paper. The \$363 million bond issue includes projects totaling \$103 million that were approved by the Board of Regents in 2005 as commercial paper. Moreover, the bond issuance of approximately \$363 million includes approximately \$220 million in fixed rate bonds with the remaining debt issued as variable rate bonds. The University estimates the annual debt service for the general receipt debt, associated with this issuance, to be \$27 million per year based upon 3.95% interest for 20-years. Note that the estimated 3.95% interest rate is based upon a 4.38% interest for the fixed rate portion and 3.25% for the variable rate portion.

In addition to the request for the \$363 million bond issuance, The Ohio State University is requesting authorization to issue \$227 million in commercial paper. The University anticipates that the commercial paper will be converted into future bond issues within the next 18 to 36 months. Moreover, the University estimates a total savings between \$1.45 and \$1.65 million through the issuance of commercial paper, versus a traditional bond issuance.

The University has identified revenues to support the debt service and annual operating expenses for each project included in this request. Specific information regarding the funding sources to support the projects can be found in the individual project descriptions.

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III. Fee Impact

The Ohio State University plans to implement a special student facility fee, effective in FY 2010 — after the new Ohio Union is open to students. The fee will be charged at a rate of approximately \$53 per quarter for full-time students and approximately \$ 4.08 per credit hour for part-time students. This represents less than 2% of OSU's in-state undergraduate tuition for the current academic year. The University expects this fee to generate \$7,950,000 in annual revenues that will be used to support the debt service obligation and operating costs of the new Ohio Union.

The University anticipates that this special fee would be exempt from limitations on increases in tuition and fees, which the General Assembly may impose in the future. The budget bills passed in recent biennia have permitted this exemption. House Bill 119, the current budget act for FY 2008 and FY 2009, contains this exemption in section 375.30.25:

"These limitations shall not apply to increases required to comply with institutional covenants related to their obligations incurred or commitments made prior to the effective date of this section with respect to which the institution had identified such fee increases as the source of funds."

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IV. Project Description

Utilities Upgrades, Extensions and Repairs, \$59,500,000

The primary purpose of this project is to finance the various utility upgrades and repairs at the university's campuses that include, but are not limited to, the following:

- Chilled water plant
- North campus water loop
- Electrical capacity expansion
- High voltage air switch
- Sewer separation lines
- Water plant treatment
- Drainage improvements
- Steam and condensate distribution upgrades
- Water and sewer electrical system upgrades

The Ohio State University estimates that the total project costs will be \$90,000,000; \$60,000,000 of which represents bond financing with the additional \$30,000,000 being issued in commercial paper. Note that OSU received approval to issue up to \$30,500,000 in commercial paper for this project in 2005. Therefore, the net request for financing for this project is \$59,500,000.

The University estimates that the annual debt service for this project will be \$4,408,000. Moreover, The Ohio State University intends to finance the project over 15 to 20 years with General Funds.

Repair and Renovate Roads and Grounds, \$20,500,000

The roads and grounds project includes improvements to Kinnear Road, John Herrick Drive, Woodruff Avenue and Tuttle Park Place. The total project costs are estimated to be \$25,500,000; \$7,000,000 of which will be financed through this bond issuance and \$18,500,000 in commercial paper. Since OSU received approval to issue up to \$5,000,000 in commercial paper for this project in 2005, the net request for financing is \$20,500,000.

The University estimates that the annual debt service for this project will be \$625,000. General Funds will be used to support the debt service associated with this project.

Construct and install a recreational facility (RPAC), \$41,400,000

This project represents Phase II of the Larkins Hall project, which was initially funded through a 2005 fee pledge request. The second phase of the recreational facility includes the construction of a 569,459 square foot multipurpose facility housing five pools, seven

gymnasiums, weight and fitness rooms, indoor track, racquetball courts, locker rooms, meeting rooms and administrative office.

The total cost for Phase II of the Larkins Hall project is estimated to be \$140,000,000; \$41,400,000 of which is included in this debt issuance. The operating costs and debt service, estimated to be \$3,042,000 per year, will be financed over 20 years with Student Life revenues, including a recreational fee currently charged to students in the amount of \$82 per quarter.

Renovate Wilce Health Center, \$1,100,000

The Wilce Health Center project includes the renovation and relocation of the front entrance of the building, to accommodate a drive-thru pharmacy. The total project is estimated to cost \$4,400,000; \$500,000 requested in the associated bond issuance and \$3,900,000 in commercial paper. Since OSU received approval to issue commercial paper for this project in the amount of \$3,300,000 in 2005, the net request for financing is \$1,100,000.

The University estimates that the annual debt service for this project will be \$44,000. The annual debt service and operating costs will be financed with revenues from the Student Health Center.

Renovate housing and food service facilities, \$43,500,000

The housing and food service renovation project includes upgrades to Jones Tower, converting 15 floors of Lincoln Tower from offices to residence hall rooms, renewals and replacements including roofs, HVAC, elevators, floors and other projects in over 25 buildings. The total cost of the project is \$55,500,000; \$42,000,000 of which will be financed in this bond request and \$13,500,000 in commercial paper. Note that in 2005, OSU received approval to issue up to \$12,000,000 in commercial paper for this project such that the net request for financing is \$43,500,000.

The University estimates that the annual debt service for this project will be \$3,088,000. The University intends to retire the debt over 20 years with revenues from University Housing.

Construct and install the Ohio Union, \$80,050,000

The primary purpose of this project is to replace the Ohio Union with a 315,000 square foot building. The new student union facility will contain meeting space, study space, offices, food service, recreational and entertainment facilities. The total cost of the project is \$115,000,000; \$24,300,000 of which will be funded through this bond issuance and an additional \$65,750,000 of which will be financed with commercial paper. Note that in 2005, OSU received approval to issue up to \$10,000,000 in commercial paper for this project such that the net request for financing is \$80,050,000.

The University estimates that the annual debt service for this project will be \$1,785,000. The Ohio Union project will be financed over 20 years with revenues from a student facility fee in the amount of \$53 per quarter.

Hall Complex Expansion, \$1,300,000

The Hall Complex project includes the construction of new apartment style housing for approximately 160 students. While the total cost for this project is estimated to be \$15,100,000, borrowing for this phase of the project is \$1,300,000. The University intends to finance the Hall Complex project over 20 years with revenues from University Housing.

Construct and install a Student Services Building, \$32,000,000

The Student Services project includes the construction of a 125,000 square foot building to accommodate core student service functions including offices for the Registrar, Financial Aid, Bursar and Minority Affairs. The project will cost \$32,000,000; approval for \$14,000,000 is being requested through this debt issuance with the remaining \$18,000,000 included in the request for commercial paper.

The University estimates that the annual debt service for this project will be \$1,028,000. The debt service and operating costs for this project will be financed over 20 years with General Funds.

Public Safety Renovation, \$7,000,000

The primary purpose of this project is to renovate and expand Blankenship Hall to provide better security and control for key operations, upgrade computer and communications, and enhance emergency response capability. OSU is requesting approval to issue \$7,000,000 in commercial paper for the public safety renovation project. The University intends to finance the costs of this project over 20 years with General Funds.

Acquire an airplane hangar at Don Scott Field, \$3,000,000

This project includes the purchase of a two-story, 56,160 square foot hangar facility located at Don Scott Field. The cost is \$3,000,000 with an estimated annual debt service of \$268,000. The debt service and operating costs will be financed over 15 years with revenues from the University Airport, through a lease with MedFlight of Ohio.

Thompson Library Renovations, \$6,000,000

The Thompson Library project includes the complete renovation and restoration of the 364,000 square foot main library to include a main reading room, altering the book stacks, computer labs, gathering space and food service. The University is requesting approval to issue \$6,000,000 in commercial paper for this project, which will be financed over 20 years with General Funds.

Construct and install the Lane Avenue Parking Garage, \$28,000,000

The Lane Avenue Parking Garage project includes the construction of a 1,400 space, nine level parking garage adjacent to the new Student Services Building. The total project cost is approximately \$28,000,000; \$14,000,000 of which will be issued as bonds with the remaining \$14,000,000 issued as commercial paper.

The Ohio State University estimates that the annual debt service for this project will be \$1,028,000 with additional operating costs of \$3,000,000 per year. The University will support

the debt service and operating costs for this project with Transportation and Parking Services revenues.

Renovate and repair additional garage and parking facilities, \$47,250,000

The primary purpose of this project is to rehabilitate and expand the 9th Avenue and Ohio Union parking garages. The expansions will add approximately 1,500 new spaces. The total project costs are approximately \$47,250,000; \$24,500,000 of which is included in this bond issuance request with the remaining \$22,750,000 included in the request for commercial paper.

Ohio State University estimates that the annual debt service for this project will be \$1,800,000 with additional operating costs of \$3,000,000 per year. The University intends to support the debt service and operating costs of the expanded parking facilities with revenues from Transportation and Parking Services.

West of Cannon Garage, \$500,000

The design of a new parking facility, to be located west of Cannon Drive, is part of the Medical Center Master Plan. While the total project cost is approximately \$14,000,000, the University is requesting approval to issue commercial paper in the amount of \$500,000 for this project. The Cannon Drive parking facility will be financed over 20 years with revenues from Transportation and Parking Services.

Construct and install the Biomedical Research Tower (phase 2), \$42,250,000

In 2005, The Ohio State University received approval to issue up to \$42,250,000 in commercial paper for the Biomedical Research Tower project. The University is requesting approval to convert the commercial paper financing of \$42,250,000 to a permanent debt instrument through this fee pledge request. The Ohio State University estimates that the annual debt service for this project will be \$3,105,000. Moreover, the University intends to support the debt service and operating costs of the Biomedical Research Tower project with revenues from the OSU Medical Center.

Construct and install the Doan Digestive Disease Facility, \$26,250,000

The primary purpose of this project is to demolish and reconstruct a portion of the OSU Medical Center to house faculty offices and state of the art patient care facilities. The total project costs are approximately \$32,500,000; \$26,250,000 of which is included in the accompanying bond issuance request.

Ohio State University estimates that the annual debt service for this project will be \$1,930,000. The debt service and operating costs for this project will be financed over 20 years with revenues from the OSU Medical Center.

Construct and install an addition to the Ross Heart Hospital, \$32,500,000

The primary purpose of this project is to construct an addition to the Ross Heart Hospital to add 73,000 square feet to the current facility, to include 60 patient beds and support spaces. The estimated project cost of \$32,500,000 is included in this bond issuance. The University

estimates that the annual debt service for this project will be \$2,389,000 which will be financed over 20 years with Medical Center revenues.

Relocate a Magnetic Resonance Imaging (MRI) facility, \$7,400,000

The primary purpose of this project is to move four magnetic imaging systems to two locations to provide for hospital expansion and improved patient service. The project is estimated to cost \$7,400,000 which is included in the bond issuance request.

The University estimates that the annual debt service for this project will be \$658,000. The debt service and operating costs for this project will be financed over 20 years with revenues from the OSU Medical Center.

Construct and install improvements to the hospital tower, \$17,050,000

The primary purpose of the hospital tower project will be to add space for a diagnostic treatment center and cancer/critical care towers to be located east of Cannon Drive. The total costs for the hospital tower project are approximately \$550,000,000, financed in phases. This phase of the construction project, included within, represents a request for \$7,250,000 in bonded debt and \$9,800,000 in commercial paper.

The University estimates that the annual debt service for this project will be \$645,000. The debt service and operating costs will be finance over 20 years with Medical Center revenues.

Renovations to other health care facilities, \$9,000,000

The medical facilities renovation project includes the upgrade to the ground floors of Rhodes Hall and Doan Hall. The total project cost is approximately \$9,000,000; \$2,400,000 of which will be issued as bonds with the remaining \$6,600,000 issued as commercial paper.

The University estimates that the annual debt service for this project will be \$176,000 which will be financed over 20 years with Medical Center revenues.

Construct and install an ambulatory care center (Phase 1), \$8,150,000

This project includes the construction of an 185,000 square foot facility west of Cannon Drive that will serve outpatient cancer care, research labs, administrative offices and education/conference space. The total cost of phase I of this project is estimated to be \$8,150,000; \$1,750,000 of which will be issued as bonds with the remaining \$6,400,000 issued as commercial paper.

The University estimates that the annual debt service for this project will be \$156,000 which will be financed over 20 year with revenues from the OSU Medical Center.

Construct and install the Warner Library on the Newark Campus, \$5,500,000

The primary purpose of this project is to construct a new library on the Newark campus. The new building, named the Warner Library, will be a 81,000 square foot facility that will also include a student center, offices and a food court. The total cost of this project is \$20,000,000; \$5,500,000 of which is included in this bond financing request

The University estimates that the annual debt service for this project will be \$490,000. The debt service and operating costs for the Warner Library will be financed over 20 years with revenues from the Newark campus.

Renovate Ovalwood Hall at the Mansfield Campus, \$7,000,000

The Mansfield Campus project includes the renovation and restoration of Ovalwood Hall, a 96,000 square foot building. The renovation will include upgrades for the heating, plumbing and air conditioning systems as well as bringing the building up to current codes and standards. The total cost of this project is \$10,200,000; \$7,000,000 of which is included in this bond financing request.

The University estimates that the annual debt service for this project will be \$623,000. The debt service and operating costs for the Ovalwood Hall renovation project will be financed over 20 years with revenues from the Mansfield campus.

Construct and install a student life building at the Lima Campus, \$3,500,000

The primary purpose of this project is to construct a new student life building on the Lima Campus to consolidate a variety of student services currently scattered across the campus. The new building will include meeting and student study space, as well as offices and recreational space. The estimated total project cost is \$3,500,000. The University intends to finance the debt service and operating costs over 20 years with Lima Campus revenues.

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V. Financial Ratio Analysis

Through the 1997 enactment of Senate Bill 6, the 122nd General Assembly established a standardized method for monitoring the financial health of Ohio's state-assisted colleges and universities. Subsequently, the administrative rules used to guide the implementation of S.B. 6 identified three financial ratios to evaluate an institution's fiscal health. The rules also established threshold factors for ranges of ratios, and created a weighted score of the threshold factors, termed the *composite score*, which provides a summary statistic to evaluate an institution's financial stability. The ratios and composite score are described in greater detail below, including how Ohio State University performed when these measures are applied to its FY 2004, FY 2005, FY 2006 and FY 2007 audited financial statements—the most up-to-date financial data available.

*NOTE: The FY 2007 data shown in *italics* reflect the ratios and composite score when approximately \$363.0 million in permanent debt is added to the calculations. This amount equals the net new debt service requested here. Also, \$27.0 million in related debt service expenses have been added to the calculations. Other factors not taken into account here include the impact of the new debt on the University's expendable net assets, the future retirement of existing debt obligations, and future changes in revenues and expenses.

1. Viability Ratio

The viability ratio is defined as expendable net assets divided by plant debt. This ratio is a measure of an institution's ability to retire its long-term debt using available current resources. A viability ratio in excess of 100% indicates that the institution has expendable fund balances in excess of its plant debt. Pursuant to this analysis, a viability ratio of 60% or greater is considered good, while a ratio below 30% might be a cause for concern. Ohio State University's viability ratios for FY 2004, FY 2005, FY 2006 and FY 2007 are as follows:

<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2007*</u>
145.7%	129.7%	125.0%	133.8%	<i>101.0%</i>

2. Primary Reserve Ratio

The primary reserve ratio is defined as expendable net assets divided by total operating expenses. This ratio is one measure of an institution's ability to continue operating at current levels without future revenues. Pursuant to the S.B. 6 analysis, a ratio of 10% or greater is considered good, while a ratio below 5% would be a cause for concern. Ohio State University's primary reserve ratios for FY 2004, FY 2005, FY 2006 and FY 2007 are as follows:

<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2007*</u>
42.5%	37.3%	41.2%	40.8%	<i>40.5%</i>

3. Net Income Ratio

The net income ratio represents the change in total net assets divided by total revenues. This ratio is an important measure of an institution's financial status in terms of current year operations. A negative net income ratio results when an institution's current year expenses exceed its current year revenues. A positive net income ratio indicates that the institution experienced a net increase in current year fund balances. Ohio State University's net income ratios for FY 2004, FY 2005, FY 2006 and FY 2007 are as follows:

<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2007*</u>
+12.2%	+10.4%	+10.2%	+12.1%	+11.4%

4. Composite Score

The ratios are translated into a single composite score by assigning individual scores to ranges of ratios, weighting the individual scores, and summing the weighted scores. The primary reserve score is weighted more heavily than is the viability ratio, which in turn is weighted more heavily than the net income ratio. This scoring process effectively emphasizes the need for campuses to have strong expendable fund balances, manageable plant debt, and a positive operating balance.

The minimum acceptable composite score is any score above 1.75. Institutions with composite scores at or below this level merit special monitoring, and would be placed on fiscal watch if the ratio analysis yielded a composite score at or below this level for two consecutive years. The highest possible score is a 5.0. Ohio State University's composite scores have been above the minimum threshold:

<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2007*</u>
4.20	4.20	4.20	4.20	4.20

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VI. Financial Outlook and Bond Rating

According to its FY 2007 audited financial report, Ohio State University's financial position remains strong, having reported total assets of \$6,643,096,000 and liabilities of \$1,976,278,000. Net assets, which represent the value of the University's assets after liabilities are deducted, increased by \$504,645,000 in FY 2007 to \$4,666,818,000 or 70% of total assets.

The University's existing debt has received relatively high marks from independent bond-rating agencies. Ohio State University's long-term debt was most recently assigned ratings of AA by Standard & Poor's and Aa2 by Moody's Investor Services.

These ratings indicate that the University's ability to meet its debt obligations is considered strong, as shown in Moody's and S&P's scale below.

Long-Term Bonds				
Moody's			S & P	Description
Aaa1	Aaa2	Aaa3	AAA	Best quality with little or no investment risk.
Aa1	Aa2	Aa3	AA	High quality with low investment risk.
A1	A2	A3	A	High quality with moderate investment risk.
Baa1	Baa2	Baa3	BBB	Good quality with some investment risk.
Ba1	Ba2	Ba3	BB	Medium quality with some investment risk.
B1	B2	B3	B	Medium quality with higher investment risk.
Caa1	Caa2	Caa3	CCC	Low quality and susceptible to default.
Ca1	Ca2	Ca3	CC	Low quality and highly vulnerable to default.
C1	C2	C3	C	Lowest quality and extremely vulnerable to default.
-	-	-	D	In payment default (S&P rating only).

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VII. Institutional Plant Debt

The table on the following page depicts how long-term plant debt at Ohio's public colleges and universities has changed at the statewide level over the past five years. Between FY 2003 and FY 2007, statewide plant debt increased 61.9% or approximately \$1.5 billion. A major contributing factor to this growing level of debt is the need for institutions to address critical capital and maintenance needs on campus. As the state's capital investment in Ohio's campuses has diminished in recent years, the need has grown for campuses to issue local debt.

While statewide institutional debt increased by \$261,225,893 or 7.2% in FY 2007, Ohio State University's debt increased by \$11,864,000 or 1.1% in FY 2007.

LONG-TERM PLANT DEBT, FY 2003 - FY 2007

Institution	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
UNIVERSITIES					
BOWLING GREEN	\$91,215,000	\$84,410,000	\$109,000,000	\$99,250,000	\$89,345,000
CENTRAL STATE	\$2,703,429	\$2,535,821	\$2,340,402	\$2,177,250	\$2,003,952
CLEVELAND STATE	\$55,977,422	\$53,754,446	\$115,923,075	\$113,522,226	\$161,098,196
KENT STATE	\$285,773,000	\$282,832,000	\$279,692,000	\$276,441,000	\$273,153,000
MCOT	\$8,837,000	\$8,730,000	\$56,299,000	\$53,827,000	See UT
MIAMI UNIV.	\$47,994,898	\$92,833,435	\$168,613,252	\$159,727,329	\$235,357,582
NEOUCOM	\$1,397,190	\$1,237,841	\$1,046,607	\$878,345	\$700,300
OHIO STATE	\$586,233,000	\$814,606,000	\$877,540,000	\$1,106,227,000	\$1,118,091,000
OHIO UNIVERSITY	\$133,002,202	\$175,592,164	\$167,529,147	\$192,862,349	\$182,914,606
SHAWNEE STATE	\$2,910,000	\$2,600,000	\$2,270,000	\$1,925,000	\$19,550,000
UNIV. AKRON	\$211,208,546	\$226,729,516	\$258,484,797	\$255,328,236	\$247,378,185
UNIV. CINCINNATI	\$647,688,000	\$893,004,000	\$877,453,000	\$966,516,000	\$1,074,333,000
UNIV. TOLEDO	\$172,577,000	\$167,367,000	\$176,779,000	\$171,134,000	\$269,554,000
WRIGHT STATE	\$18,570,323	\$29,584,121	\$46,189,820	\$42,513,677	\$38,738,096
YOUNGSTOWN ST.	\$14,263,619	\$13,492,373	\$13,268,653	\$22,162,550	\$20,397,972
COMMUNITY COLLEGES					
CINCINNATI ST.	\$49,173,132	\$47,580,000	\$47,530,000	\$47,923,408	\$47,701,975
CLARK STATE	\$0	\$72,800	\$46,400	\$8,195,000	\$8,175,000
COLUMBUS ST.	\$11,434,658	\$24,105,000	\$22,700,000	\$21,250,000	\$19,830,000
CUYAHOGA	\$59,095,229	\$65,222,373	\$64,840,147	\$62,974,601	\$57,393,209
EDISON STATE	\$68,676	\$604,972	\$532,347	\$5,109,018	\$4,975,254
JEFFERSON	\$0	\$2,170,485	\$2,023,978	\$1,838,573	\$1,623,724
LAKELAND	\$1,976,978	\$5,674,098	\$5,535,996	\$4,767,321	\$4,044,695
LORAIN	\$3,952,163	\$9,560,074	\$7,925,194	\$7,472,149	\$7,010,546
NORTHWEST ST.	\$106,207	\$73,705	\$82,001	\$35,594	\$25,249
OWENS STATE	\$0	\$0	\$749,152	\$579,288	\$401,212
RIO GRANDE	\$0	\$0	\$0	\$0	\$0
SINCLAIR	\$0	\$0	\$0	\$0	\$0
SOUTHERN ST.	\$168,506	\$3,245,886	\$3,022,204	\$2,839,083	\$2,710,583
TERRA STATE	\$35,171	\$839,738	\$655,721	\$464,012	\$264,285
WASHINGTON ST.	\$0	\$0	\$0	\$0	\$0
TECHNICAL COLLEGES					
BELMONT TECH	\$97,927	\$66,728	\$33,107	\$0	\$0
COTC	\$186,826	\$401,059	\$100,986	\$2,112,219	\$3,875,762
HOCKING	\$497,794	\$516,117	\$1,039,729	\$5,025,450	\$5,235,058
JAMES RHODES ST	\$0	\$3,087,383	\$3,067,812	\$3,018,241	\$2,968,669
MARION TECH	\$0	\$0	\$0	\$0	\$0
ZANE STATE (MATC)	\$182,571	\$341,385	\$285,586	\$223,983	\$156,401
NORTH CENTRAL	\$375,474	\$300,562	\$220,160	\$182,119	\$727,540
STARK STATE	\$620,993	\$620,080	\$16,738	\$6,137	\$0
STATEWIDE TOTAL	\$2,408,322,934	\$3,013,791,162	\$3,312,836,011	\$3,638,508,158	\$3,899,734,051