

# B & F Brick

The Office of Business & Finance

Issue 7

April 30, 2012

## The Wexner Medical Center

On February 9<sup>th</sup>, 2012, The Ohio State University Medical Center was renamed to Wexner Medical Center at The Ohio State University to honor Les Wexner for his leadership and service to the university and the Medical Center. The transformation will enhance the medical center's ability to collaborate for cures,



recruit and keep the world's best and brightest experts, accelerate innovation and lead health care transformation. Many of the nation's most prominent academic medical centers are named in honor of a significant individual who embodies the organization's values and mission.

Because of this historic event, the university seal was used to accompany the announcement and will continue to be used until leaders of the medical center and university work together to identify a visual identity. To be fiscally responsible, new signs and materials will be replaced on a rolling basis and it is expected that most of the changes will be in place by July 1<sup>st</sup>, 2012 unless a new logo is identified. The care of the medical center's patients will not change and all insurance companies, vendors and other organizations that work with the medical center have been notified.

The name change will have minimal impact on finance.

## Campus Campaign

The 2012 Campus Campaign is ending with a big bang! Our B&F coordinators have planned a department-wide cook out event to support the Campus Campaign on **Monday, April 30** at the Stores & Receiving Building.

Business & Finance has shown strong support for the campaign and early reports show that our staff members "Believe in Ohio State."



### Inside this issue:

The Wexner Medical Center	1
Campus Campaign	1
From the Desk of Geoff Chatas	2
Streamlining Workgroups	2
Long-Term Investment Pool	3
Employee Spotlight	4
Green Buckeye	4
Continuations	5

### FOOD FOR THOUGHT

Courage is what it takes to stand up and speak; courage is also what it takes to sit down and listen.

— Winston Churchill



## From the Desk of Geoff Chatas

Our lead article provides additional insight to the renaming of the Medical Center in February honoring Les Wexner – someone who embodies the values and mission of the university. Personal commitments to this university, such as Les Wexner’s, are truly inspirational. This act has certainly encouraged me to examine my role in, and my commitment to, our vision, mission and values. Our collective commitment will create a solid foundation for successfully implementing our strategic plan over the next ten years. As an example, the article on the Long Term Investment Pool describes one way that B&F is focusing on resource stewardship.



Earlier this month, Provost Alutto presented “From Excellence to Eminence: The Future of The Ohio State University” to the Board of Trustees, reflecting that Ohio State’s future will be defined and driven by the university’s move from excellence to eminence. To this end, over the past two years we have been engaged in long-term planning exercises based on Ohio State’s common vision, mission and values. This underscores the importance of everyone understanding our long term aspirations. I hope each of you will take some time to reflect on how your role within B&F relates to the vision, mission and values statements below. The work that we do today builds our infrastructure to support fiscal growth and sustain the university for years to come.

**Our Vision:** The Ohio State University will be the world’s pre-eminent public comprehensive university, solving problems of world-wide significance.

**Our Mission:** We exist to advance the wellbeing of the people of Ohio and the global community through the creation and dissemination of knowledge.

**Our Values:** Shared values are the commitments made by the OSU community regarding how work will be conducted. Our values include:

- Commitment to Excellence
- Collaboration as One University
- Acting with Integrity
- Personal Accountability
- Diversity in People and Ideas
- Change and Innovation
- Simplify in our Supporting Processes
- Openness and Trust

# Long-Term Investment Pool

The Office of Investments was established in September of 2008 under the leadership of Chief Investment Officer, Jonathan D. Hook, to manage the Long-Term Investment Pool (LTIP) for the university. The Investment Office is part of Business & Finance with advisory oversight by an Investment Working Group (IWG) appointed by the University Board of Trustees. The IWG consists of outside investment professionals and the Senior Vice President for Finance & CFO of the university. The IWG reviews asset allocation targets, strategic directions of investment decisions, and evaluates the performance of the Investment Office's investments and professionals.

This asset allocation model allows the endowment to be more opportunistic and flexible, and to focus on risks. The ranges within each category allow for the endowment to invest or not invest with some tactical ability inside the broader strategic plan.

**Traditional Model**

Global Equities  
Long/Short Equities

Fixed Income  
Absolute Return

Private Equity  
Distressed Debt  
Opportunistic

**TIPS**

Real Estate  
Natural Resources and Commodities  
Infrastructure

**Thematically Driven Model**

**MARKET EXPOSURE**

Range (10–50%)

**RISK REDUCERS**

Range (25–50%)

**RETURN ENHANCERS**

Range (10-25%)

**INFLATION HEDGES**

Range (10-25%)

The Office of Investments has adopted an asset allocation model that groups assets into four broad thematic categories. This model enables the investment team to be responsive to changing market conditions. We implement the asset allocation model by partnering with external managers. This allows the Office of Investments to build a portfolio of specialized investment teams from around the world to implement our strategic allocation. The investment portfolio includes traditional public equity and fixed income managers, as well as alternative strategies such as hedge funds, private equity, real estate, natural resources and other types of limited partnerships. While generating strong real returns over market cycles is important, we also believe active risk management is a critical part of our investment process.

The Office of Investments, with assistance from the IWG and the Board of Trustees, actively manages

the LTIP by selecting third-party investment managers to whom we deploy the LTIP capital. The brand name of The Ohio State University and the reputation of the investment office help to enable us to gain access to some of the best third-party managers in the world.

Within each asset class we strive to place capital with a diversified set of managers across investment strategies, geographies, and time horizons. We actively look to seize opportunities from drivers of economic growth through a diversified and risk-controlled portfolio that is less likely to suffer large draw-downs than the LTIP portfolio construction used in the past.

The Office of Investments utilizes its extensive and varied resources to identify the best possible investment managers for each of the asset classes. Professional networks, databases, software, consultants, and other research materials are utilized by staff to identify the best potential managers. Due diligence is performed on each manager which includes numerous meetings, on-site visits, operational reviews, reference checks, background checks, as well as other analytical reviews and comparisons.

# Spotlight on B&F employee: Bernie Gehlmann

Bernie Gehlmann, Director of the Office of Investments, enjoys his job for many reasons. One of them is that he works in a "collegial, **collaborative team** environment focused on the same goals." Additionally, he likes the "**challenges and opportunities** in the ever-changing investment world."

Bernie completed his undergrad here at The Ohio State University. Before he began working here, he worked as an Investment Officer for the Ohio School Employees Retirement System.

In his free time, Bernie enjoys spending time with his wife and chasing after their 5-year old son. Additionally, he likes to play sports and attend sporting events like **basketball** and **softball**. Bernie and his family have 2 dogs and 3 cats. They also **volunteer for a local animal shelter**.

## JOB TITLE

Director

## DEPARTMENT

Office of Investments

## TIME AT THE UNIVERSITY

5 years

## JOB RESPONSIBILITIES

- ◆ Help produce consistent long-term, risk-adjusted returns to support the university's objectives
- ◆ Co-manage the illiquid portion of the Long-Term Investment Pool (real assets and private equity)
- ◆ Source, evaluate, analyze and complete investments in illiquid strategies (such as private equity and real assets)
- ◆ Perform on-site due diligence of prospective investment opportunities and existing investment managers
- ◆ Collaborate on portfolio allocation decisions and actively monitor portfolio and relationships
- ◆ Represent OSU on various limited partner advisory committees



**Fun Fact:** Bernie's family fosters pit bull puppies prior to them being adopted.

## Green Buckeye

Can Buckeyes be Scarlet, Gray, and GREEN? A hot topic here at the university, going green is an initiative being taken on not only by students, but by offices on campus as well. The Digital Union, of the OCIO, officially became the first Green Buckeye Certified office on campus during late 2011. What is the Green Buckeye certification you may ask? It is a program created by Sustainability here at Ohio State. The certification involves the use of an application in order to certify that an office is taking as many steps as possible to be Green in 5 key areas: communication, energy efficiency, recycling and waste reduction, water conservation, and purchasing. See link for the [certification form](#). Going green is a fast-growing topic here on campus. See the following links for more information: [footprint.osu.edu](http://footprint.osu.edu) , [sustainabil-](#)

**Suggestions for going green? Is your office taking special green initiatives or already Green Buckeye certified? We would love to hear all about it! E-mail us at [bfbrick@osu.edu](mailto:bfbrick@osu.edu).**

## Long-Term Investment Pool, continued

While staff leads the process, specialized consultants are utilized for assistance with alternative investments, which include hedge funds and limited partnerships. Consultants assist with evaluating potential investment managers and conducting independent reviews of their operations and investment process.

Once the best managers are selected and added to the LTIP, the process of on-going monitoring begins. Each manager in the portfolio is actively monitored by staff and consultants for appropriate and consistent investment process, as well as appropriate operational controls. Staff meets with each manager routinely to review investment process, performance and operational issues. Consultants also perform independent investment and operational reviews.

Given the perpetual nature of the University and its mission, the investment horizon for the LTIP is long-term. Our objective is to generate an optimal risk-adjusted total return such that we can fulfill our mission of consistently funding the University to assist in achieving its goals. The asset allocation of the LTIP was reconfigured at the end of fiscal 2009 in accordance with the updated investment policy and asset allocation. The underlying principles of the new thematic asset allocation are to provide consistent positive returns to the University, which over time, provide exceptional long-term growth and capital appreciation.

Follow this link for a list of [New Hires and Recent Retirements](#) for B&F since January 2012.

