

**QUARTERLY UPDATE TO BONDHOLDERS
SEPTEMBER 30, 2022**

THE OHIO STATE UNIVERSITY

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NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Forward-Looking Statements

Certain statements included or incorporated by reference in this Quarterly Update to Bondholders constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “intend,” “projection” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information in this update. A number of important factors, including factors affecting the University’s financial condition and factors which are otherwise unrelated thereto could cause actual results to differ materially from those stated in such forward-looking statements. **THE OHIO STATE UNIVERSITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.**

Projections and Financial Data

The projections set forth in this update were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to forward-looking information and preliminary financial data, but, in the view of the University’s management, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of management’s knowledge and belief, the expected course of action and the expected future financial performance of the University. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this update to Bondholders are cautioned not to place undue reliance on the forward-looking information and preliminary financial data.

Impact of COVID-19 on Forward-Looking Statements, Projections, and Financial Data

In addition to other factors, certain information in this update may be impacted by the ongoing effects of the COVID-19 pandemic as described herein under “**COVID-19 Pandemic.**” The impact of COVID-19 on University finances and operations may continue for at least the current fiscal year, depending on vaccination rates and whether the COVID-19 virus or variations of the virus continue to spread in the United States and around the world. SEE “**COVID-19 Pandemic**” herein for additional information concerning the current status of the COVID-19 outbreak and its potential effect on the University’s financial position and operations.

QUARTERLY UPDATE TO BONDHOLDERS

THE OHIO STATE UNIVERSITY

GENERAL

The Ohio State University (the “University”) was founded in 1870 by the Ohio General Assembly under provisions of the Morrill Act as the Ohio Agricultural and Mechanical College (the “College”). The College was located on 331 acres of land approximately two miles north of Columbus. In 1878, the General Assembly designated the College a university and changed its name to The Ohio State University. That same year, the University graduated its first class. Through Summer 2021, the University has awarded 829,943 undergraduate and graduate degrees.

The University is one of 14 state-supported universities in Ohio and is declared by statute to be a body politic and corporate. The University’s main campus is in the City of Columbus on a 1,693-acre site containing 549 buildings (the “Columbus Campus”). Also in Columbus, the University owns two 18-hole regulation golf courses and the Don Scott Airport. In addition to the Columbus Campus, the University operates educational programs at Extended Campuses within the state located in Lima, Mansfield, Marion, and Newark (collectively, the “Extended Campuses”) housed in 81 buildings on 1,481 acres. The University also operates the Ohio Agricultural Research and Development Center (“OARDC”) in Wooster, Ohio and the Molly Caren Agriculture Center in London, Ohio, along with various other research farms throughout Ohio collectively comprising 10,755 acres and 414 buildings. An additional 315 buildings are located on 394 acres at various other locations across Ohio.

The Columbus Campus is the third largest individual campus of any public university or college in the United States in terms of both head count enrollment and full-time equivalent (FTE) enrollment. The enrollment for Autumn 2021 was 61,677 students for the Columbus Campus and 6,095 for the Extended Campuses, bringing the total enrollment for all campuses at that time to 67,772 students. During the academic year ending June 30, 2021, the University awarded a total of 17,807 degrees consisting of 11,919 baccalaureate degrees, 2,828 master’s degrees, 900 doctorate degrees, 823 professional degrees, 1,067 associate degrees, and 270 post-baccalaureate degrees. The University has more than 500,000 living alumni. The University has one of the largest athletic departments in the country with 36 varsity sports. As of September 30, 2021, the University employed a total of 49,332 faculty and staff (including student employees) among its campuses.

The Board of Trustees

The University is governed by a Board of Trustees (the “Board”) which, under Ohio law, is directed and granted authority to do all things necessary for the proper maintenance and successful and continuous operation of the University. Two of the Trustees must be students at the University. The Trustees, other than charter Trustees and student Trustees, are appointed by the Governor with the advice and consent of the State Senate for overlapping nine-year terms. The student Trustees are appointed by the Governor with the advice and consent of the State Senate for overlapping two-year terms. The charter Trustees, who are not residents of Ohio, are appointed by the other members of the Board for three-year terms. There may be up to three charter Trustees. Charter Trustees have no voting privileges on the Board and are not considered as members of the Board when determining whether a quorum is present.

As of November 1, 2022, the officers and members of the Board and the years in which their respective terms expire are:

Hiroyuki Fujita, Chair (2024)	Quality Electrodynamics, Founder and Chief Executive Officer CT-MR Division, Canon Medical Systems Corporation, Chief Technology Officer
Abigail S. Wexner, Vice Chair (2023)	Whitebarn Associates, Chief Executive Officer
Alex R. Fischer (2023)	Former President and Chief Executive Officer, The Columbus Partnership
Alan A. Stockmeister (2025)	Foremost Management, Inc., President and Owner
John W. Zeiger (2026)	Zeiger, Tigges & Little LLP, Founding Partner
Gary R. Heminger (2027)	Former Chairman of the Board and Chief Executive Officer, Marathon Petroleum Corporation and MPLX GP LLC
Elizabeth P. Kessler (2027)	Jones Day, Partner-in-charge, Columbus Office
Lewis Von Thaeer (2028)	Battelle Memorial Institute, President and Chief Executive Officer
Jeff M.S. Kaplan (2028)	Former Secretary and Senior Advisor to the Board, The Ohio State University
Elizabeth A. Harsh (2029)	Ohio Cattlemen’s Association and Ohio Beef Council, Executive Director
Reginald A. Wilkinson (2029)	Connecting the Dots, LLC, President
Michael F. Kiggin (2030)	Capitol Strategy Group, Principal
Tom B. Mitevski (2030)	DGD Group, Inc., Executive Vice President
James D. Klingbeil, Charter Trustee (2024)	Klingbeil Capital Management and The Klingbeil Company, Chairman Emeritus
Tanner R. Hunt (2023)	Undergraduate Student Trustee

The secretary of the Board is Jessica A. Eveland.

Senior Management

Biographical information regarding certain individuals who are part of or have been approved to serve as the senior management of the University as of November 1, 2022 is set forth below.

Dr. Kristina M. Johnson serves as President of the University. Prior to joining the University in September 2020, Dr. Johnson served as chancellor of the State University of New York (SUNY) and served in that role since 2017. As SUNY’s chancellor, Dr. Johnson led a system of 64 public colleges and universities, including five academic health centers and three hospital systems, with 1.3 million students, 30,000 faculty and 90,000 employees. Prior to that, she founded and served as CEO of several successful science and technology companies. Dr. Johnson also served as undersecretary of energy at the U.S. Department of Energy and held academic leadership positions at institutions such as Johns Hopkins University where she was provost and senior vice president for academic affairs, Duke University where she was dean of the Pratt School of Engineering and the University of Colorado at Boulder where she served as a professor in the electrical and computer engineering department. Dr. Johnson has published nearly 150 referenced papers and proceedings and holds more than 100 U.S. and international patents. She has received the John Fritz Medal, one of the most prestigious honors in engineering, the Society of Women Engineers Lifetime Achievement Award and the Woman of Vision Award for Leadership. She earned her bachelor’s degree, master’s degree and doctorate in electrical engineering at Stanford University.

Dr. Melissa L. Gilliam serves as Executive Vice President and Provost for the University. Prior to joining the University in August 2021, Dr. Gilliam served as the vice provost, the Ellen H. Block distinguished service professor of health justice and professor of obstetrics and gynecology and pediatrics at the University of Chicago. As vice provost at the University of Chicago since 2016, Dr. Gilliam led efforts focused on faculty development, chair development, recruitment and retention, graduate student mentoring, inclusive pedagogy, and diversity and inclusion. Her research and scholarship have resulted in over 100 peer-reviewed publications. Prior to her role as vice provost, she served in

several roles at University of Chicago, including at the Center for Interdisciplinary Inquiry and Innovation in Sexual and Reproductive Health and at the University of Chicago Medicine. She began her higher education career as a faculty member at the University of Illinois Chicago, where she served as director of the Center for Reproductive Health, director of the fellowship in family planning and co-director, research and clinical cores, for the National Institutes of Health Center of Excellence in Women's Health. She earned her bachelor's degree in English literature from Yale University, her master's degree in philosophy and politics from the University of Oxford, a medical degree from Harvard University, and a master's degree in public health from the University of Illinois Chicago.

Jay Anderson serves as interim co-leader, focusing on finance and operations, and Chief Operating Officer of the Wexner Medical Center. As Chief Operating Officer, Mr. Anderson is responsible for leading the execution of the vision, strategy and overall performance for all clinical enterprise operations – including all seven hospitals, as well as the ambulatory services division – and ensuring alignment, collaboration and consistent implementation across the Wexner Medical Center. Prior to joining the Wexner Medical Center in July 2021, Mr. Anderson served as the president of Kishwaukee & Valley West Hospitals, responsible for integrating a community health system into Northwestern Medicine's \$6.2 billion academic system, with over 200 sites across the greater Chicago region, including 11 hospitals. He also served as Northwestern Medicine's senior executive responsible for COVID-19 pandemic testing strategy and execution across the academic health system. During his 20 years at Northwestern Medicine, he advanced to serve in increasingly senior executive operating roles across the clinical enterprise, overseeing areas including quality, analytics, performance and information technology. Earlier in his career, Mr. Anderson served as a naval officer on the USS Mississippi from 1994-1997. He earned his master's degree in business administration from the University of Chicago.

Dr. Andrew Thomas serves as interim co-leader, focusing on clinical affairs and external relations, and Chief Clinical Officer of the Wexner Medical Center and Senior Associate Vice President for Health Sciences. In his role as Chief Clinical Officer, Dr. Thomas is responsible and has authority for all patient care services (inpatient, outpatient and emergency department services), outpatient clinics, specialized care facilities and medical staff administration. Dr. Thomas has been at the forefront of the University's and the State of Ohio's response to the COVID-19 pandemic. Previously, Dr. Thomas served as medical director of University Hospital from 2010-2013, assistant medical director for University Hospital from 1999-2010 and assistant dean for Graduate Medical Education from 2001-2010. Dr. Thomas earned a bachelor's degree in history and science from Harvard University, and a medical degree and a master's in business administration from the University. The University has launched a national search for the next leader of the Wexner Medical Center, and Executive Vice President and Provost Dr. Melissa Gilliam and Chief Administrative Officer, Hospital Division, Elizabeth Seeley are serving as co-chairs of the search committee.

Dr. "Grace" Jinliu Wang serves as Executive Vice President for Research, Innovation and Knowledge Enterprise for the University. In this newly established position, Dr. Wang plays a lead role in expanding the University's research, creative expression and scholarship as well as in building strategic partnerships. Dr. Wang has consolidated and leveraged a number of existing offices and programs into one unit, including the Office of Research, Corporate Engagement and Technology Commercialization Offices, the Keenan Center for Entrepreneurship and the West Campus Innovation District. Prior to joining the University in December 2020, Dr. Wang held dual roles as senior vice chancellor for research and economic development at the State University of New York (SUNY) System and interim president of SUNY Polytechnic Institute. Prior to joining SUNY, Dr. Wang served as acting assistant director for engineering at the National Science Foundation. Dr. Wang began her career at IBM/Hitachi Global Storage Technologies, focusing on research and development of magnetic thin film and carbon overcoat for data storage. Dr. Wang earned her doctorate in materials science and engineering at Northwestern University.

Michael Papadakis serves as Senior Vice President for Business and Finance and Chief Financial Officer for the University. Mr. Papadakis joined the University in June of 2011 as Treasurer and Vice President of Financial Services, was subsequently elevated to Deputy Chief Financial Officer, Treasurer and Vice President of Financial Services & Innovation, and served as Interim Senior Vice President for Business and Finance and Chief Financial Officer for a year prior to his permanent appointment. Prior to joining the University, he served as a Director of energy investment banking at KeyBanc Capital Markets. Additionally, Mr. Papadakis held previous roles in corporate tax at Deloitte & Touche, strategic business valuation at Arthur Andersen and is a Certified Public Accountant. He earned his master's in finance from the Fisher College of Business at the University and a bachelor's of business administration in accounting from the University of Cincinnati and has completed the General Management Program at Harvard Business School.

Anne K. Garcia serves as Senior Vice President and General Counsel for the University. Ms. Garcia serves as the chief legal adviser to the president, Board of Trustees, and the University, including the Wexner Medical Center. In addition, Ms. Garcia oversees the Office of University Compliance and Integrity, which is responsible for compliance efforts across the University, including the Wexner Medical Center. As an attorney for a state university of the State of Ohio, she is also an Assistant Attorney General for the State of Ohio. Prior to her current appointment in September 2020, Ms. Garcia served as Interim Vice President and General Counsel for almost a year and prior to that as senior associate

general counsel and Vice President for Legal and Compliance for the Wexner Medical Center. An experienced healthcare and higher education attorney, Ms. Garcia came to the University in 2016 from Saint Louis University, where she worked for six years and most recently served as senior associate general counsel and executive director of compliance. While there, she led the team that negotiated the reinvestment of the university hospital into a new joint venture with SSM Healthcare. She also served in private practice, defending physicians, nurses and hospitals involved in medical malpractice litigation. Ms. Garcia earned her J.D. degree from Tulane University School of Law and her bachelor's degree from the University of Notre Dame.

Jay Kasey serves as Senior Vice President for Administration and Planning at the University. Prior to his appointment to this post, Mr. Kasey had management responsibility for elements of the OSU Health System hospitals. He has also been instrumental in leading the medical center expansion project. Mr. Kasey has worked in senior level healthcare positions since 1985. After serving as the COO or CEO of two different five-hundred bed community hospitals, Mr. Kasey joined The Hunter Group, a consulting firm specializing in hospital and health systems operations.

Michael Eicher was named Senior Vice President for Advancement in September 2012. He oversees the full integration of the University's fundraising, alumni relations, and communications efforts. He joined the University from Johns Hopkins University, where he served as senior vice president for external affairs and development. Prior to working at Johns Hopkins, Mr. Eicher was vice chancellor at the University of California, Los Angeles. Mr. Eicher graduated from the University of California, San Diego.

Eugene D. Smith serves as Senior Vice President and Wolfe Foundation Endowed Athletics Director. Mr. Smith was named the University's Director of Athletics in March of 2005 and was elevated to his current position in May of 2016. Prior to joining the University, Mr. Smith served as athletic director at Arizona State University from 2000 to 2005, athletic director at Iowa State University from 1993 to 2000 and athletic director at Eastern Michigan University from 1986 to 1993. Mr. Smith earned his bachelor's degree in business administration from the University of Notre Dame in 1977.

Dr. Melissa Shivers serves as Senior Vice President for Student Life. Dr. Shivers joined the University as Vice President for Student Life in January 2020 and was elevated to her current position as of December 1, 2020. Prior to joining the University, Dr. Shivers served as Vice President for Student Life at the University of Iowa where she focused on strategic initiatives related to student life and student success, especially those with a focus on health, safety, and well-being. Prior to that, Dr. Shivers spent seven years at the University of Tennessee where she held various roles, including associate vice chancellor for student life and dean of students. Dr. Shivers also held positions at the University of Georgia, Clemson University and Georgia Southern University. Dr. Shivers earned her bachelor's degree in communication arts from Georgia Southern University, her master's degree in education, counseling and guidance services from Clemson University and her PhD in counseling and student personnel services from the University of Georgia.

Dr. Jeff Risinger serves as Senior Vice Present of Talent, Culture and Human Resources. Dr. Risinger provides leadership across the University to support the University's values, help advance its diversity and inclusion efforts, and continue to foster a Buckeye culture that positively impacts our entire community. Prior to joining the University in August 2021, Dr. Risinger was vice president for human resources and organizational effectiveness at Texas A&M since April 2019. At Texas A&M, Dr. Risinger led efforts to increase diverse recruitment for faculty and staff, created new leadership development and coaching programs, and established human resources as a university-wide strategic partner. From 2014 until April 2019, he served as chief human resources officer and vice chancellor of the University of Arkansas for Medical Sciences, a 12,000-employee academic medical center. Prior to that, he was chief human capital officer at the Federal Housing Finance Agency, and chief human capital officer at the U.S. Securities and Exchange Commission. Dr. Risinger received his bachelor of science degree in psychology from East Texas State University—Texarkana (now Texas A&M University—Texarkana), his master of business administration from Texas A&M, his master of arts degree in human resource management from Louisiana Tech University—Ruston and his Ph.D. in human resource development from the University of Texas-Tyler.

Elizabeth Parkinson serves as Senior Vice President for Marketing and Communications. In this newly created position, Ms. Parkinson has consolidated the University's marketing and communications efforts into one unit responsible for brand, marketing and communications strategy and implementation. She leads an integrated team of strategic marketing and communications leaders focused on centralized centers of expertise, as well as college and unit-based professionals who support the distinct needs of their organizations. Prior to joining the University in March 2021, Ms. Parkinson served as assistant vice president for marketing communications at the University of Michigan for five years, where she was responsible for the overall marketing and brand strategy for the university with direct oversight of creative, photography and video, digital media and brand management. Prior to joining the University of Michigan, Ms. Parkinson served as senior vice president of marketing and partnerships for the Detroit Lions, where she led a 30-person team. She

previously served as senior vice president of marketing and communications for the Michigan Economic Development Corporation, led marketing and public relations for Ann Arbor SPARK and worked for the public relations agency Edelman. Ms. Parkinson earned her bachelor's degree from Alma College.

Academic Structure

The academic organization of the University consists of 15 colleges, seven schools, the Graduate School and the Agricultural Technical Institute. The University offers more than 200 undergraduate majors, 162 programs leading to the master's degree, 105 programs leading to a doctoral degree, nine programs leading to a professional degree and more than 12,000 different courses.

The 15 colleges within the University are:

Arts and Sciences	Food, Agricultural and Environmental Sciences	Pharmacy
Business	Law	Public Affairs
Dentistry	Medicine	Public Health
Education and Human Ecology	Nursing	Social Work
Engineering	Optometry	Veterinary Medicine

The seven schools within the University's colleges are:

Architecture	Environment and Natural Resources
Biomedical Science	Health and Rehabilitation Sciences
Communication	Music
Earth Sciences	

University Libraries consists of the Thompson Library and ten department library and special collections locations on the Columbus campus. The libraries on the Columbus campus have a combined collection size of over 5.8 million volumes. The University Libraries website provides access to more than 11.5 million books and journal volumes in print and microformat, as well as an extensive collection of electronic databases.

Accreditations and Memberships

The Ohio State University has been accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools (NCA) since 1913, and in 2017, the University underwent its decennial reaffirmation of accreditation. Additionally, the University has programs, departments and colleges that are accredited by 38 specialized accrediting bodies. The University is a member of both the Association of American Universities and the Association of Public and Land-Grant Universities.

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Faculty and Employees

As of September 30, 2021, the number of university faculty and non-instructional staff, including full and part-time employees, for the Columbus and Extended Campuses were as follows:

	Columbus Campus	Extended Campuses	Total University
<u>Instructional Staff</u>			
Regular Faculty ⁽¹⁾ :			
Professor	1,174	77	1,251
Associate Professor	753	155	908
Assistant Professor	549	54	603
Instructor	3	<u>1</u>	<u>4</u>
Total Regular Faculty	2,479	287	2,766
Other Faculty:			
Clinical Faculty ⁽²⁾	2,162	5	2,167
Auxiliary Faculty ⁽³⁾	2,506	253	2,759
Research Faculty ⁽⁴⁾	<u>106</u>	<u>1</u>	<u>107</u>
Total Other Faculty	4,774	259	5,033
Total Instructional Staff	7,253	546	7,799
<u>Non-Instructional Staff</u>			
Executives	174	4	178
Unclassified Staff	21,884	791	22,675
Classified Civil Service Staff	4,750	261	5,011
Graduate Associates	4,258	65	4,323
Other Students	<u>8,939</u>	<u>407</u>	<u>9,346</u>
Total Non-Instructional Staff	40,005	1,528	41,533
Total Staff	47,258	2,074	49,332

(1) Regular faculty are tenure track with at least 50% FTE.

(2) Clinical faculty includes the following titles: Professor-Clinical, Associate Professor-Clinical, Assistant Professor-Clinical, and Instructor Clinical with at least (>10% FTE).

(3) Auxiliary faculty includes all other instructional staff including Lecturers, House Staff and Visiting Faculty.

(4) Research faculty includes: Research Professor, Research Associate Professor, and Research Assistant Professor with >10% FTE.

The University faculty membership in distinguished academic societies includes the National Academy of Sciences (10 members), the National Academy of Engineering (9 members), and the Institute of Medicine (7 members). The faculty also includes 20 members of the American Academy of Arts and Sciences and more than 100 fellows of the American Association for the Advancement of Science. Many Fulbright Fellowships have been awarded to University faculty and graduate students each year.

The University is a party to collective bargaining agreements with the Communications Workers of America, the Fraternal Order of Police and the Ohio Nurses Association, which agreements cover only some of its employees. The remaining University employees, including faculty and other instructional staff, have not elected to join a bargaining unit.

Retirement Plans

The University participates in contributory retirement plans administered by the State Teachers Retirement System of Ohio (“STRS”) and the Ohio Public Employees Retirement System (“OPERS”). As an alternative to STRS and OPERS, eligible employees may elect to participate in the University’s Alternative Retirement Plan (“ARP”). The ARP was approved by the University’s Board of Trustees in February 1999. The number of OSU employees who contributed to the various retirement plans during calendar year 2021 is as follows:

OPERS	43,176
STRS	5,809
ARP	7,118

STRS and OPERS are two of five statewide public employee retirement systems created by and operating pursuant to Ohio law, all of which currently have unfunded actuarial accrued liabilities. The Ohio General Assembly has the power to amend the format of those systems and to revise rates and methods of contributions to be made by public employers and their employees and eligibility criteria, benefits or benefit levels for members.

STRS and OPERS both offer three separate retirement plans: a defined benefit plan, a defined contribution plan, and a combined plan.

- The STRS and OPERS defined benefit plans are cost-sharing multiple-employer defined benefit pension plans. Subject to eligibility requirements, the defined benefit plans currently provide for retirement benefits, disability benefits, postretirement health care coverage, and death benefits.
- The STRS and OPERS defined contribution plans are plans in which the member selects where both member and employer contributions are invested.
- The STRS and OPERS combined plans have features of both a defined contribution plan and a defined benefit plan. Subject to eligibility requirements, the combined plans currently provide for retirement benefits, disability benefits, postretirement health care coverage, and death benefits.

Ohio law requires the University to offer the ARP to certain employees. The ARP is a tax-qualified, defined contribution plan under Section 401(a) of the Internal Revenue Code maintained for eligible full-time faculty and staff.

STRS, OPERS and the ARP are funded by both employee and employer contributions at rates established under Ohio law. Currently, the statutory employee contribution rate is 10% of eligible compensation for OPERS and 14% of eligible compensation for STRS and the employer contribution rate is 14% of eligible compensation for both OPERS and STRS. Law enforcement employees contribute 13% of eligible compensation to OPERS and the University contributes 18.1%. Employee and employer contributions to the ARP are equal to the amount the University would have contributed to STRS or OPERS, as applicable to the employee, less any amount required to be paid by the University to the applicable state retirement system (“mitigating rate”). The mitigating rate is charged independently by OPERS and STRS and may differ between OPERS and STRS. A mitigating rate also applies to the OPERS and STRS defined contribution plans and can differ from the rate applied to the ARP. Contributions to STRS, OPERS and the ARP are subject to limits under the Internal Revenue Code.

The University also maintains a tax-qualified retirement plan and a related Section 415(m) plan for eligible employees whose contributions to STRS, OPERS or the ARP are limited under the Internal Revenue Code. Contributions may be funded from both employee and employer contributions. In addition, optional supplemental retirement programs (403(b) and 457(b) plans) are available for eligible employees.

Federal law requires University employees hired after March 31, 1986, to participate in the federal Medicare program. The current rate for Medicare is 1.45% of covered wages for both the employer and the employee. Otherwise, University employees do not currently contribute to the federal Social Security system.

In accordance with GASB Statement Nos. 68 and 75, employers participating in cost-sharing multiple-employer plans are required to recognize a proportionate share of the collective net pension and other post-employment benefit (OPEB) liabilities of the plans. Although changes in net pension and OPEB liabilities generally are recognized as expense in the current period, GASB 68 and 75 require certain items to be deferred and recognized as expense in future periods. Deferrals for differences between projected and actual investment returns are amortized to pension expense over five years. Deferrals for employer contributions subsequent to the measurement date are amortized in the following period (one year). Other deferrals are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 3 to 9 years).

The collective net pension liabilities of the retirement systems and the University’s proportionate share of these liabilities as of June 30, 2021 are as follows (dollars in thousands):

	<u>STRS-Ohio</u>	<u>OPERS</u>	<u>Total</u>
Net pension liability – all employers	\$24,196,442	\$14,500,930	-
Proportion of the net pension liability – University	4.9%	10.4%	-
Proportionate share of net pension liability	\$1,175,836	\$1,503,497	\$2,679,333

The collective net OPEB assets of the retirement systems and the University’s proportionate share of these assets as of June 30, 2021, are as follows (dollars in thousands):

	<u>STRS-Ohio</u>	<u>OPERS</u>	<u>Total</u>
Net OPEB assets – all employers	\$(1,757,498)	\$(1,781,580)	-
Proportion of the net OPEB assets – University	4.9%	10.7%	-
Proportionate share of net OPEB assets	\$(85,406)	\$(189,776)	\$(275,182)

Enrollment

The University attracts students from a variety of backgrounds and geographical locations, with representation in the Autumn Semester of 2021 from all 50 states and 121 foreign countries. Ohio residents represent 74.4% of the University's enrollment, while 17.4% are from other states and 8.3% are international students. The head count enrollment (full-time and part-time students) for each of the Columbus Campus and the Extended Campuses of the University for the Autumn Semesters of 2017 through 2021 is shown below:

<u>Academic Year</u>	<u>Columbus Campus</u>	<u>Extended Campuses</u>	<u>Total Enrollment</u>
2017-18	59,837	6,607	66,444
2018-19	61,170	6,930	68,100
2019-20	61,391	6,871	68,262
2020-21	61,369	6,588	67,957
2021-22	61,677	6,095	67,772

The following table shows the total Autumn head count enrollment for undergraduate and graduate students for all campuses, and for students enrolled in professional programs, as well as the aggregate FTE enrollment for all campuses.

<u>Academic Year</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Professional</u>	<u>Total</u>	<u>Full-Time Equivalent</u>
2017-18	52,517	10,708	3,219	66,444	60,427
2018-19	53,734	11,113	3,253	68,100	61,654
2019-20	53,669	11,305	3,288	68,262	61,631
2020-21	53,557	11,110	3,290	67,957	61,179
2021-22	53,189	11,278	3,305	67,772	60,768

In 1969, the General Assembly, upon recommendation of the Ohio Board of Regents, set enrollment limitations for several of the larger state universities. The limitation for the Columbus Campus is 42,000 FTE resident undergraduate enrollment. Excluded from this enrollment calculation is the FTE enrollment in certain categories, including Medical Sciences (Medicine, Dentistry, Veterinary Medicine, Nursing, Allied Medicine and Optometry) and Agriculture programs, and part-time commuter students in evening courses. With these exclusions, the FTE enrollment for the Columbus Campus is substantially below the enrollment limitation.

Prior to 1987, the University practiced open admissions for freshmen, accepting applications on a first-come, first-served basis. Admissions would "close" when the number of applications received reached the FTE enrollment limitation. Because of increased demands for the Columbus Campus, the University adopted a selective admissions policy beginning with applications for Autumn Quarter 1987.

The application deadline is fixed at February 1st of each year. All resident and nonresident applicants are considered within a competitive process. Primary criteria for admission are the applicant's high school college preparatory program and performance as measured by class rank, and standardized test scores. Other factors include courses exceeding the minimum in mathematics, natural sciences and foreign languages, competitiveness of high school, leadership, special talents, or special circumstances. In addition, special consideration is given to students who will provide cultural, racial, economic, and geographic diversity to the University.

Admissions

The table below sets forth, for the Columbus Campus, the number of completed freshman applications received and accepted, the percentage of applicants accepted for admission, the number of freshmen enrolled, the percentage of accepted applicants who enrolled and the average ACT scores and retention rates of enrollees in the Autumn Semesters of the academic years indicated.

<u>Academic Year</u>	<u>Applications Completed</u>	<u>Applicants Accepted</u>	<u>Percent Accepted</u>	<u>Applicants Enrolled</u>	<u>Percent Enrolled</u>	<u>Average ACT</u>	<u>Retention Rate</u>
2017-18	47,758	22,939	48.0%	7,136	31.1%	29.2	94.5%
2018-19	48,033	24,943	51.9%	7,851	31.5%	29.3	94.1%
2019-20	47,675	25,606	53.7%	7,630	29.8%	29.5	93.9%
2020-21	49,068	33,598	68.5%	8,602	25.6%	28.8	94.0%
2021-22	58,162	33,247	57.2%	8,350	25.1%	28.6	TBD

The average freshman composite scores on the Scholastic Aptitude Test (SAT critical reading and math) for the Columbus Campus was 1,336 for the Autumn Semester 2021; the average ACT Composite was 28.6. With the exception

of the 2020-21 and 2021-22 academic years, which were impacted by the COVID-19 pandemic, these averages have steadily increased over the past decade as the University invested in strategic recruitment initiatives. Per the goals of the University Strategic Enrollment Plan, the composition of the freshman class has become increasingly more diverse. Non-Ohio resident freshman enrollment was 30.9% for Autumn Semester 2021.

Tuition Guarantee Program / Fees and Charges

The Ohio State Tuition Guarantee Program continued into its sixth year in Fiscal Year 2023. The Tuition Guarantee Program freezes the cost of tuition, housing and dining, and general fees for four years for each incoming freshman cohort on the Columbus and Extended Campuses. Continuing undergraduate students who are part of Tuition Guarantee cohorts will not see an increase in their tuition and fees. Approved tuition increases for the 2022-23 academic year include a 4.6% increase in resident tuition for incoming undergraduate students in the Tuition Guarantee Program and a 5.0% increase in the non-resident surcharge for out-of-state undergraduate students. The international student surcharge will not increase in the 2022-23 academic year. The tuition increases for Master’s and Ph.D. students include a 4.6% increase in resident tuition and a 2.5% increase in non-resident surcharge. Tuition and fees support approximately 75% of the cost of instruction with the remainder funded through State Share of Instruction.

Instructional and general fees per full-time undergraduate and graduate student (including the tuition surcharge paid by non-resident students) for the Columbus and Extended Campuses for academic years 2018-19 through 2022-23 are shown below. Instructional fees for graduate and professional programs vary based on market demand and pricing. All graduate and professional program fee schedules for the current and for prior academic years can be accessed here: [University Registrar Graduate and Professional Students Program Fee Tables*](#)⁽¹⁾

* This website contains additional data concerning fees and charges for specific graduate and professional degree programs, but the website is not incorporated into and does not constitute a part of this update to Bondholders.

Columbus Campus		2018-19	2019-20	2020-21	2021-22	2022-23
Resident	Undergraduate Tuition Guarantee 2018-19 ⁽²⁾	10,224	10,224	10,224	10,224	10,224
	Undergraduate Tuition Guarantee 2019-20 ⁽²⁾	NA	10,582	10,582	10,582	10,582
	Undergraduate Tuition Guarantee 2020-21 ⁽²⁾	NA	NA	11,016	11,016	11,016
	Undergraduate Tuition Guarantee 2021-22 ⁽²⁾	NA	NA	NA	11,434	11,434
	Undergraduate Tuition Guarantee 2022-23 ⁽²⁾	NA	NA	NA	NA	11,983
	Undergraduate-Non-Guarantee	9,540	9,540	9,540	9,540	9,741
	Graduate	11,928	11,928	11,928	11,928	12,500
Non-Resident	Undergraduate Tuition Guarantee 2018-19 ⁽²⁾	30,240	31,201	32,208	33,307	34,461
	Undergraduate Tuition Guarantee 2019-20 ⁽²⁾	NA	31,559	32,566	33,665	34,819
	Undergraduate Tuition Guarantee 2020-21 ⁽²⁾	NA	NA	33,000	34,099	35,253
	Undergraduate Tuition Guarantee 2021-22 ⁽²⁾	NA	NA	NA	34,517	35,671
	Undergraduate Tuition Guarantee 2022-23 ⁽²⁾	NA	NA	NA	NA	36,220
	Undergraduate-Non-Guarantee	29,556	30,517	31,524	32,623	33,978
	Graduate	34,432	35,512	36,644	37,880	39,101
Extended Campuses						
Resident	Undergraduate Tuition Guarantee 2018-19 ⁽²⁾	7,644	7,644	7,644	7,644	7,644
	Undergraduate Tuition Guarantee 2019-20 ⁽²⁾	NA	7,912	7,912	7,912	7,912
	Undergraduate Tuition Guarantee 2020-21 ⁽²⁾	NA	NA	8,237	8,237	8,237
	Undergraduate Tuition Guarantee 2021-22 ⁽²⁾	NA	NA	NA	8,550	8,550
	Undergraduate Tuition Guarantee 2022-23 ⁽²⁾	NA	NA	NA	NA	8,944
	Undergraduate (Non-Guarantee)	7,140	7,140	7,140	7,140	7,283
	Graduate	11,736	11,736	11,736	11,736	12,276
Non-Resident	Undergraduate Guarantee 2018-19 ⁽²⁾	27,660	28,621	29,628	30,727	31,881
	Undergraduate Guarantee 2019-20 ⁽²⁾	NA	28,889	29,896	30,995	32,149
	Undergraduate Guarantee 2020-21 ⁽²⁾	NA	NA	30,221	31,320	32,474
	Undergraduate Guarantee 2021-22 ⁽²⁾	NA	NA	NA	31,633	32,787
	Undergraduate Guarantee 2022-23 ⁽²⁾	NA	NA	NA	NA	33,181
	Undergraduate (Non-Guarantee)	27,156	28,117	29,124	30,223	31,520
	Graduate	34,240	35,320	36,452	37,888	38,877

⁽¹⁾ Note, the format of the table has been modified to include this reference to data presented at the University Registrar’s website due to the proliferation of graduate and professional degrees available at the University and the varying levels at which those degree programs assess tuition and fees. Annual tuition can be estimated by multiplying the per credit hour total of instructional and general fees by 16 credit hours (reflecting two semesters and a maximum fee based on 8 credit hours per semester), plus any flat rate program fee (if applicable).

⁽²⁾ First-year students who started their college careers on or after the 2018-19 academic year were enrolled under the Ohio State Tuition Guarantee, which provides certainty for those students and their families about the cost of in-state tuition, general fees, and housing and dining for four years. A non-resident surcharge not covered by the Tuition Guarantee Program may result in annual increases for non-resident students.

Comparative information concerning the academic year 2021-22 instructional and general fees charged Ohio residents by the University and the other state universities are set forth below.

Instructional and General Fees 2021-22*

<u>Institution</u>	<u>Undergraduate</u>	<u>Graduate</u>
Bowling Green State University	\$12,975	\$12,791
Central State University	7,262	14,300
Cleveland State University	11,690	15,312
Kent State University	11,923	11,766
Miami University	16,704	14,951
The Ohio State University	11,936	12,425
Ohio University	12,840	9,510
Shawnee State University	8,906	10,156
University of Akron	11,880	9,362
University of Cincinnati	12,598	14,902
University of Toledo	11,463	16,429
Wright State University	10,390	14,298
Youngstown State University	10,021	13,204

* Based on Fall 2021 full-time charges for 15 credit hours and 2 semesters for incoming students. Amounts shown include both Instructional and General Fees and certain other fees that are not uniform to all state universities.

Source: Ohio Department of Higher Education Fall 2021 Survey of Student Charges.

The following student budget has been used by the University’s Office of Financial Aid and represents estimated average undergraduate student costs at the Columbus Campus for academic year 2021-22.

Estimated Annual Expenses 2021-22

<u>Basic Fees</u>	<u>Per Student</u>
Tuition and fees for In-State Residents	\$11,936
Tuition and fees for Out-of-State-Residents*	35,018
Room and Board**	13,392
Books and Supplies	1,012
Miscellaneous Costs, Personal Expenses, Phone, etc.	2,682
Additional Out-of-State Travel	818
Total In-State Expenses	\$29,022
Total Out-of-State Expenses	\$52,922

* Includes the non-resident tuition surcharge

** Based on the most popular room and board plan

Financial Aid

Approximately 80% of the students of the University receive some form of financial assistance. The primary responsibility for this function is placed with the Office of Student Financial Aid. During Fiscal Year 2021, students received total assistance amounting to \$1.30 billion. The primary sources included the Pell Grant Program, Ford Federal Direct Student Loan Programs, Federal Work Study, Federal Supplemental Educational Opportunity Grants, Ohio College Opportunity Grants, and the University scholarships, loans, employment, and graduate student fee waivers.

The following table summarizes the financial aid provided to University students for the five fiscal years ended June 30, 2021. A portion of funds provided are derived from sources outside the University. All programs assisted by the federal and state governments are subject to appropriation and funding by those governments.

**Student Financial Aid
(dollars in thousands)**

<u>Source</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Scholarships and Grants					
University	\$ 423,481	\$ 442,194	\$469,848	\$502,355	\$631,397*
State Funds	14,741	16,465	16,615	20,062	19,937
Pell Grants	50,654	55,365	57,645	58,688	58,433
Other Federal Grants	4,551	3,717	4,661	9,079	29,628
Other Funds	<u>51,138</u>	<u>52,686</u>	<u>54,071</u>	<u>50,174</u>	<u>45,065</u>
Total Scholarships and Grants	\$544,565	\$570,427	\$602,839	\$640,358	\$784,460
Loan					
University	\$885	\$ 724	\$818	\$904	\$891
Federal Perkins	6,632	7,084	0	0	0
Federal Stafford & PLUS	347,692	343,700	338,591	332,629	310,496
Other Loans	<u>46,934</u>	<u>45,089</u>	<u>48,196</u>	<u>50,056</u>	<u>43,026</u>
Total Loans	\$402,143	\$396,596	\$387,605	\$383,589	\$354,413
Student Employment					
Federal Work-Study	\$2,865	\$ 2,842	\$3,360	3,392	2,129
University Student Payroll	<u>164,014</u>	<u>168,740</u>	<u>173,282</u>	<u>171,151</u>	<u>155,933</u>
Total Student Employment	\$166,879	\$171,583	\$176,642	\$174,543	\$158,062
Total Financial Assistance	\$1,113,587	\$1,138,606	\$1,167,086	\$1,198,490	\$1,296,934

* Increased University scholarships and grants funding in FY 2021 due to federal COVID relief funding for higher education.

Physical Plant

In total the University consists of 1,359 buildings and structures on 16,147 acres. The Columbus Campus programs are housed in 549 structures on the 1,693-acre campus. There are 81 additional structures located on 1,481 acres at the University's Extended Campuses. The OARDC has 380 buildings on 8,663 acres in Wooster, Ohio and eight other research farms throughout Ohio. The Molly Caren Agricultural Center in London, Ohio comprises 34 buildings on 2,092 acres. An additional 315 buildings, including county extension buildings, are located on 394 acres across Ohio. The total estimated replacement value of the University's buildings and infrastructure, all of which are either owned by the University or by the State for the use and benefit of the University is \$17.2 billion. The replacement value of the Columbus Campus alone is nearly \$14.5 billion.

The Columbus Campus includes 1,693 acres comprising the east and west academic campuses, two 18-hole golf courses across 485-acres, and the 1,338-acre Don Scott Field. The Don Scott Field area contains the airport and experimental and demonstration farms and research areas on 743 acres and has 595 acres of undeveloped land. The Columbus Campus includes numerous academic and laboratory buildings and facilities, a number of hospital facilities (University Hospital – 654 beds, Arthur G. James Cancer Hospital and Richard J. Solove Research Institute – 350 beds, University Hospital East – 210 beds, Ross Heart Hospital – 150, and the Brain & Spine Hospital – 87 beds), one of the largest academic research libraries in North America, 42 residence hall buildings which can house approximately 14,750 students and a 102,780-seat stadium.

In 2013, the University entered into a 50-year lease and concession agreement with QIC Global Infrastructure pursuant to which the University, among other things, leased its parking lots and garages. In July 2017, the University entered into a 50-year agreement to lease the University's utility system to Ohio State Energy Partners LLC (the "Concessionaire") and granted the Concessionaire the exclusive right to operate, maintain and make capital investments in the utility system and to charge the University a utility fee in connection therewith, which includes fixed, variable, and operating and maintenance components. The variable rate portion of the utility fee reflects the University's obligation to reimburse the Concessionaire over time for costs incurred by the Concessionaire in completing approved capital projects. The University's Board of Trustees has approved capital projects for the University's utility system through Fiscal Year 2022 in an aggregate amount of \$611.0 million. Certain of those projects require additional Board approval. The variable rate portion of the utility fee for Fiscal Year 2021 was \$16.8 million.

In pursuit of its teaching, research, and public service missions, the University continues to make significant investments in its facilities. As of June 30, 2021, the net book value of the University’s land, buildings, improvements, equipment, library books, and construction in progress was \$6.27 billion. In Fiscal Year 2021, additions to university capital assets totaled \$1.03 billion, of which \$532 million went toward University projects and \$500 million supported health system projects. Several major construction projects are under way including new Arts District facilities, the Interdisciplinary Research facility, the Interdisciplinary Health Sciences center, various athletic facilities, and the relocation of Cannon Drive. Major health system capital projects include a new 820-bed inpatient hospital (and associated parking garage and central sterile supply building) and three outpatient care facilities (one on west campus and two regional facilities). The University’s estimated future capital commitments, based on contracts and purchase orders, total approximately \$1.74 billion at June 30, 2021.

The Ohio State University Wexner Medical Center

Part of one of the most comprehensive health sciences campuses in the country, The Ohio State University Wexner Medical Center includes the College of Medicine and its School of Health and Rehabilitation Sciences; the Office of Health Sciences, including the OSU Faculty Group Practice; various research centers, programs and institutes; the Arthur G. James Cancer Hospital and Richard J. Solove Research Institute; and the Ohio State Health System (the “Health System”), which includes University Hospital, East Hospital, Ohio State Harding Hospital, the Richard M. Ross Heart Hospital, Dodd Rehabilitation Hospital, the Ohio State Brain and Spine Hospital, the Ohio State Primary Care Network, Outpatient Care multispecialty facilities and Ohio State Same-Day Care locations. The University’s Wexner Medical Center hospitals served more than 62,900 adult inpatients and more than 2.1 million outpatients in Fiscal Year 2021.

In 2021, *U.S. News & World Report* named the Wexner Medical Center to its list of America’s “Best Hospitals,” based on structure, patient experience, outcomes, and reputation, for the 29th consecutive year. The Wexner Medical Center was also among the 9% of hospitals in the U.S. to receive the highest rating of five stars in the most recent update to the Centers for Medicare and Medicaid Services’ Hospitals Compare website.

The Ohio State University Wexner Medical Center is at the forefront of medicine, where discovery and innovation in research laboratories make unique, effective therapies available to patients months, even years, before other hospitals. One of the nation’s leading academic health centers, The Ohio State University Wexner Medical Center offers health care services in virtually every specialty and subspecialty in medicine. Thousands of patients come to the Wexner Medical Center each month for treatments and services they cannot find anywhere else. The Wexner Medical Center is dedicated to improving health in Ohio and across the world through innovation in research, education and patient care.

A comparative summary of The Ohio State University Wexner Medical Center patient activity statistics for the five years ended June 30 is as follows:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Inpatient Admissions	61,701	64,529	64,534	62,352	62,921
Outpatient Visits	1,763,707	1,815,070	1,915,176	1,868,222	2,116,454
Surgeries	44,090	44,888	46,703	44,741	50,740

University Hospital specialties include organ and tissue transplantation, women and infants, digestive diseases, bariatric surgery and minimally invasive surgery. In addition to having a Level I Trauma Center as designated by the American College of Surgeons, University Hospital is also home to a Level III Neonatal Intensive Care Unit, central Ohio’s only adult burn center and the only adult solid organ transplant program in central Ohio. University Hospital has been re-designated a Magnet® hospital by the American Nurses Credentialing Center, one of the highest awards a hospital can receive for outstanding nursing services.

Ohio State East Hospital blends academic medicine with a community-based setting in a comprehensive outpatient facility and a 200-bed hospital on Columbus’ East Side. The hospital provides a full range of medical and surgical services to patients throughout central Ohio, including orthopedics, general surgery, vascular surgery, plastic surgery, ENT, cardiovascular and pulmonary care, family medicine, general internal medicine, and emergency medicine. Additionally, patients at East Hospital have access to central Ohio’s leading alcohol and drug addiction recovery services, a comprehensive wound-healing center with limb preservation program, digestive disease treatment, a full-range of diagnostic services, a sleep disorders center and outpatient oncology services.

The Ohio State Heart and Vascular Center comprises the Richard M. Ross Heart Hospital and Dorothy M. Davis Heart and Lung Research Institute (DHLRI) and is dedicated to advancing the field of cardiovascular medicine and surgery. The University's Ross Heart Hospital is a 150-inpatient-bed facility that offers comprehensive heart and vascular care spanning every specialty from open heart surgery to electrophysiology, vascular surgery, advanced heart failure care and emergency cardiac care. The DHLRI is one of the nation's few free-standing facilities devoted entirely to the research of diseases affecting the heart, lungs and blood vessels.

Ohio State Harding Hospital offers counseling services along with the most comprehensive inpatient and outpatient behavioral health services in central Ohio. Programs are available for adults and older adults with complex psychiatric disorders. Ohio State Harding Hospital's team includes psychiatrists, psychologists, social workers, registered nurses, occupational therapists, recreational therapists, chaplains and licensed counselors. Treatment for anxiety disorders, panic attacks, post-traumatic stress disorders, depression, bipolar disorder, schizophrenia, ADHD, and trauma occurs in a supportive environment emphasizing family participation and a return to independent living.

The only free-standing cancer hospital in central Ohio and the first in the Midwest, the University's Comprehensive Cancer Center – Arthur G. James Cancer Hospital and Richard J. Solove Research Institute (OSUCCC – James) is an international leader in cancer prevention, detection, and treatment. The OSUCCC – James is a 356-bed cancer hospital, one of only 51 comprehensive cancer centers designated by the National Cancer Institute (NCI) and one of only a few institutions nationally funded by the NCI to conduct both phase I and phase II clinical trials on novel anticancer agents provided by the NCI. The OSUCCC – James achieved Magnet[®] status in 2013.

Ohio State University Physicians, Inc. (OSUP) is a physician-led affiliated entity of The Ohio State University established in 2002 designated by the Board as the faculty practice plan for the College of Medicine. The University's Faculty Group Practice (FGP) is a business unit of the Office of Health Sciences that represents the majority of the physicians delivering care to patients at The Ohio State University Wexner Medical Center. Both OSUP and FGP physicians have an employment relationship with the College of Medicine in support of its teaching, patient care and research mission areas.

The Ohio State Brain and Spine Hospital has 116 beds, bringing together a multidisciplinary team of physicians, nurses and scientists committed to meeting the specialized needs of patients with brain and spine disorders by restoring function, optimizing recovery and providing hope. The hospital includes more than 60,000 square feet of space with dedicated units for stroke care, neurotrauma and traumatic brain injuries, spinal cord injuries and spine surgery, epilepsy, chronic pain, acute rehabilitation, neurosurgery, and sleep medicine.

Dodd Rehabilitation Hospital is home to Ohio State's high-performing and nationally accredited inpatient rehabilitation program specializing in stroke, brain and spinal cord rehabilitation. The program was the first in Ohio and is dedicated to physical medicine and rehabilitation research, training and treatment. Our Department of Physical Medicine and Rehabilitation works to restore function for a person who has been disabled as a result of a disease, disorder or injury.

On November 14, 2018, the Wexner Medical Center and Mercy Health launched Healthy State Alliance. Healthy State Alliance brings together two organizations with complementary missions, capabilities, and talents to leverage their respective strengths, significantly expand access to life-changing care and improve the health of all those they serve. Early efforts have focused on addressing the opioid epidemic and increasing access to cancer and transplant care. As new critical health issues have emerged such as COVID-19, Healthy State Alliance has evolved and adapted to meet the needs of the communities and our internal teams.

As part of its strategic planning and development process, the University and its Wexner Medical Center are continually evaluating opportunities that may involve the addition or acquisition of, or affiliation with, other organizations and enterprises including acute care hospital facilities, long-term care entities and other health care enterprises, or the divestiture of enterprises, operations, or facilities that the University's Wexner Medical Center currently owns or operates. In addition, the University's Wexner Medical Center may engage in such discussions with health insurers, HMOs, preferred provider organizations, third-party administrators, and other health insurance-related businesses. Because the health care field is rapidly evolving, the Wexner Medical Center is often simultaneously discussing or evaluating a variety of potential acquisitions, divestitures, combinations, affiliations, expansions, and joint ventures. Many of those discussions and evaluations never progress to an actual agreement, and the University does not typically disclose such discussions or evaluations unless and until a definitive agreement is reached.

Other Public Institutions

Publicly owned higher education institutions in Ohio now include 14 state universities (with a total of 24 branches), one freestanding medical college (in addition to five at state universities) and 23 community and technical colleges. Those institutions all receive State assistance and conduct full-time educational programs in permanent facilities.

Ohio Department of Higher Education

The Ohio Department of Higher Education (formerly known as the Ohio Board of Regents) is a cabinet-level agency for the Governor of the State of Ohio that oversees higher education for the State. The Chancellor of the Ohio Department of Higher Education is an appointee of the Governor, with the advice and consent of the State Senate. The current Chancellor is Randy Gardner. The Chancellor has statewide coordinating, recommendatory, advisory, and directory powers with respect to state-supported and state-assisted institutions of higher education. Among the Chancellor's powers and responsibilities are to formulate and revise a state master plan for higher education; to make recommendations to the Governor and General Assembly concerning the development of state-financed capital plans for higher education; to prepare a state plan for and be the state agency responsible for participation in federal programs relative to the construction of higher education academic facilities; to approve or disapprove the establishment of technical colleges, state institutions of higher education, community colleges and new branches or academic centers of state universities; to approve or disapprove all new degree programs at higher education institutions; to review and recommend the elimination of graduate and professional programs; to approve increases in fees and fee pledges of higher education institutions related to the issuance of new debt, and to review appropriation requests of those institutions and make recommendations to the General Assembly concerning the biennial higher education operating and capital appropriations.

FINANCIAL OPERATIONS OF THE UNIVERSITY

General

The financial statements of the University are prepared in a "business type activity" format in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities - an amendment of GASB Statement No. 34*. GASB Statement No. 35 defines business type activities as those financed in whole or in part by fees charged to external parties for goods and services. Most public colleges and universities have elected to use the business type activity format. For further information see the audited financial statements of the University as of June 30, 2021 and 2020.

Summary of Revenues, Expenses, and Other Changes in Net Position

It should be noted that the required subtotal for net operating income or loss will generally reflect a "loss" for state-supported colleges and universities such as the University. This is primarily due to the way operating and non-operating items are defined under GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating expenses include virtually all University expenses, except for interest on long-term debt. Operating revenues, however, exclude certain significant revenue streams that the University and other public institutions have traditionally relied upon to fund current operations, including state instructional support, current-use gifts, and investment income.

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The following "Summary of Revenues, Expenses and Other Changes in Net Position" presents summary financial information for Fiscal Years 2017 through 2021.

Summary of Revenues, Expenses and Changes in Net Position
(dollars in thousands)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Operating Revenues:					
Tuition and fees, net*	\$927,317	\$935,893	\$969,633	\$953,569	\$869,740
Grants and contracts	737,060	757,036	789,873	796,229	840,451
Auxiliary enterprises sales and services, net	309,497	328,692	339,615	298,064	175,961
OSU Health System sales and services, net	2,844,327	3,103,891	3,432,271	3,449,681	3,952,605
OSU Physicians sales and services, net	496,364	525,796	560,322	584,222	647,601
Departmental sales and other operating revenues	<u>213,026</u>	<u>193,292</u>	<u>211,223</u>	<u>196,443</u>	<u>215,958</u>
Total operating revenues	\$5,527,591	\$5,844,600	\$6,302,937	\$6,278,208	\$6,702,316
Operating Expenses:					
Educational and general	\$2,495,255	\$2,062,211	2,724,436	2,867,230	2,306,176
Auxiliary enterprises	313,185	322,149	361,346	320,392	206,123
OSU Health System	2,595,797	2,720,988	3,109,070	3,345,167	2,733,141
OSU Physicians	444,361	484,132	507,366	563,200	603,324
Depreciation	<u>381,753</u>	<u>402,135</u>	<u>421,816</u>	<u>435,284</u>	<u>470,704</u>
Total operating expenses	\$6,230,351	\$5,991,615	\$7,124,034	\$7,531,273	\$6,319,468
Net operating income (loss)	(\$702,760)	(\$147,015)	(\$821,097)	(\$1,253,065)	\$382,848
Non-Operating Revenues (Expenses):					
State share of instruction and line-item appropriations	\$473,061	\$475,593	\$469,679	\$461,838	\$486,115
Gifts - current use	181,212	168,209	160,102	157,511	129,723
Net investment income (loss)	543,300	440,393	232,287	233,115	1,860,126
CARES Act assistance**	-	-	-	169,863	150,037
Grants, interest expense and other non-operating	<u>(61,632)</u>	<u>(29,027)</u>	<u>(39,464)</u>	<u>4,528</u>	<u>(20,631)</u>
Total non-operating revenues(expenses)	\$1,135,941	\$1,055,168	\$822,604	\$1,026,855	\$2,606,170
Income (loss) before changes in net position	433,181	908,153	1,507	(226,210)	2,989,018
Changes in Net Position:					
State capital appropriations	68,270	83,217	64,900	69,905	63,988
Private capital gifts	26,761	15,470	26,565	77,425	78,942
Additions to permanent endowments	60,177	61,708	68,696	88,273	71,021
Increase (decrease) in net position	588,389	1,068,548	161,668	9,393	3,202,969
Net Position - beginning of year	\$5,090,392	\$5,666,558	\$5,494,631	\$5,672,928	\$5,682,321
Effect of GASB 81 (Irrevocable Split Interest Agreements)***	(12,223)				
Effect of GASB 75 (OPEB)****		(1,225,012)			
Effect of GASB 83 (Certain Asset Retirement Obligation) *****		(15,463)			
Change in Financial Reporting Entity (Sci Tech)			16,629		
Net Position-end of year	\$5,666,558	\$5,494,631	\$5,672,928	\$5,682,321	\$8,885,290

* Net of scholarship allowances of \$179,071, \$199,405, \$218,936, \$238,920, and 234,727, respectively.

** See **COVID-19 Pandemic** below for a discussion concerning CARES Act assistance.

*** In Fiscal Year 2017, the University implemented GASB Standard No.81, Irrevocable Split-Interest Agreements.

**** In Fiscal Year 2018, the University implemented GASB Standard No.75, Accounting and Financial Reporting for OPEB. The effect of adopting GASB 75 was a reduction in the University's net position as of July 1, 2017. Balances reported for the year ended June 30, 2017 and all prior fiscal years presented have not been restated due to limitations on the information available from the retirement systems.

*****In Fiscal Year 2018, the University implemented GASB Standard No. 83, Certain Asset Retirement Obligation. The cumulative effect of adopting GASB No. 83 was a \$15,463 reduction in the University's net position as of July 1, 2017.

The following Total Net Position (Equity) Summary presents net investment in capital assets, restricted – nonexpendable, restricted – expendable and unrestricted net position balances for Fiscal Years 2017 through 2021.

Net Position (Equity) Summary
(dollars in thousands)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Net Investment in Capital Assets	\$2,364,637	\$2,488,574	\$2,764,692	\$3,226,206	\$3,742,876
Restricted – Nonexpendable	1,473,074	1,551,278	1,580,115	1,622,782	1,789,304
Restricted – Expendable	1,190,162	1,328,793	1,303,269	1,125,359	2,030,928
Unrestricted	<u>638,685</u>	<u>125,986</u>	<u>24,852</u>	<u>(292,026)</u>	<u>1,322,182</u>
Total Net Position	\$5,666,558	\$5,494,631	\$5,672,928	\$5,682,321	\$8,885,290

General Receipts of the University

General Receipts pledged to the security of the Bonds and to the University’s payment obligations under its swaps/derivative agreements (including termination payments if any) include virtually all the receipts of the University, excepting only receipts expressly excluded by the Indenture. Among receipts expressly excluded are State appropriations and any grants, gifts, donations and pledges, and receipts therefrom, which under restrictions imposed in the grant or promise or as a condition of the receipt are not available for payment of Debt Service Charges.

General Receipts for the five most recent fiscal years were as follows:

General Receipts of the University
(dollars in thousands)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Tuition, Fees and Other Student Charges	\$1,106,385	\$1,135,298	\$1,188,569	\$1,192,489	\$1,104,466
Unrestricted Government Grants & Contracts	82,051	84,258	89,762	95,394	54,261
Private Gifts and Grants	44,167	41,310	41,206	46,994	24,171
Unrestricted Endowment Income	22,859	28,792	41,291	37,515	4,707
Department and University Sales & Services	155,779	157,841	165,638	146,963	168,707
Auxiliary Sales & Services	346,260	369,891	384,556	344,870	202,336
Hospital Sales & Services	2,853,177	3,103,891	3,432,271	3,449,681	3,952,605
Other Sources	<u>53,649</u>	<u>26,687</u>	<u>33,936</u>	<u>36,004</u>	<u>21,681</u>
Total General Receipts	\$4,664,327	\$4,947,968	\$5,377,229	\$5,349,910	\$5,532,934

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Outstanding General Receipts Obligations

The University's General Receipts Bonds (including Senior Lien Obligations and Special Purpose General Receipts Obligations) as of September 30, 2022, consist of the following:

<u>General Receipts Bonds</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Series 2010 C Bonds	\$654,785,000	\$654,785,000
Series 2010 D Bonds	88,335,000	68,315,000
Series 2010 E Bonds	150,000,000	125,000,000
Series 2011 A Bonds	500,000,000	500,000,000
Series 2012 A Bonds	91,165,000	33,250,000
Series 2012 B Bonds	23,170,000	7,410,000
Series 2013 A Bonds*	337,955,000	337,955,000
Series 2014 A Bonds	135,985,000	118,735,000
Series 2014 B1 Bonds	75,000,000	75,000,000
Series 2014 B2 Bonds	75,000,000	75,000,000
Series 2016 A Bonds	600,000,000	600,000,000
Series 2016 B Bonds	30,875,000	14,665,000
Series 2017 Bonds	69,950,000	47,955,000
Series 2020 A Bonds	185,995,000	178,800,000
Series 2021 A Bonds	<u>600,000,000</u>	<u>600,000,000</u>
Total:	\$3,618,215,000	\$3,436,870,000

* The Series 2013 A Bonds are the only outstanding series of Special Purpose General Receipts Obligations backed by a pledge of the gross revenues of Special Purpose Revenue Facilities (i.e., all housing, dining, and recreation facilities owned by the University). Special Purpose General Receipts pledged to the Series 2013A bonds totaled \$125.4 million in Fiscal Year 2021.

Interest Rate Swaps

As part of its debt management, the University is also party to the following forward-starting floating-to-fixed interest rate swap agreements with a total notional amount of \$328,800,000:

<u>Outstanding Notional Amount</u>	<u>Related Bond Series¹</u>	<u>University Pays</u>	<u>University Receives</u>	<u>Counterparty</u>	<u>Effective Date</u>	<u>Termination Date</u>
\$164,400,000	Series 2013 A	1.188%	SIFMA ²	Barclays	6/1/2023	6/1/2043
\$164,400,000	Series 2013 A	1.264	SIFMA ²	Wells Fargo	6/1/2023	6/1/2043

¹ The forward-starting swaps were entered into to allow the University to lock in favorable fixed swap rates in connection with the planned refunding of the Series 2013 A Bonds in June 2023.

² Securities Industry and Financial Markets Association (SIFMA) weekly variable rate index.

The University's obligations with respect to its interest rate swap agreements, including any obligation to make termination payments, are secured by a pledge of the University's General Receipts on a parity with other General Receipts Obligations.

Operating Budget Procedures

For its Fiscal Year 2023 Financial Plan, the University continued its long-standing approach of adopting a budget that encompasses all operating funds of the University. This approach affords a holistic view of all operations of the University in an easily understood format that enables the University to highlight the evolution of funding sources which allows leadership to make informed strategic decisions in a timely manner.

The University divides its operating funds budget into a general fund budget (Columbus Campus and, separately, Extended Campuses and the Agricultural Technical Institute), an earnings fund budget, and a restricted fund budget. The general fund budget includes instruction and departmental research, separately budgeted research, public service, student services, general administration, plant operation and maintenance, student aid, and reserves.

General fund operating revenues are derived from two primary sources: student tuition/fees and State appropriations. Over the last decade, student tuition/fees have increased at a faster pace than State appropriations and have become the University's largest source of general fund revenue. The earnings fund budget includes all expenditures supported by the hospitals and student-generated revenues, including room and board, bookstore, intercollegiate athletics, and related income. The restricted fund budget includes all expenditures supported by revenues from grants, contracts, gifts, and donations, and appropriations from the State intended for specific purposes.

The University adopts a general fund operating budget for each fiscal year by allocating to the colleges the increases (or decreases) in State Share of Instruction, student tuition/fees, and indirect cost recoveries collected on research projects. These allocations are based on the enrollments and research efforts adjusted for each college's share of administrative, space, research, and student services costs. Recommendations concerning fees, salaries, benefits, other revenues and expenditures, as well as budget requests for the colleges and support units are developed by the President and senior staff in consultation with the Council of Deans, Senate Fiscal Committee, and other University constituencies and are subject to review and approval by the Board of Trustees.

Fiscal Year 2022 Preliminary Unaudited Financial Results

The University's overall financial position is strong, driven by the post-pandemic rebound. Fall, spring, and summer semesters were characterized by a return to near-normal university operations and a full college experience for university students. Fiscal Year 2022 preliminary unaudited financial results show total university revenues of \$7.99 billion, a decrease of \$1.53 billion from Fiscal Year 2021 driven by a \$2.15 billion decrease in net investment income. The university's Long Term Investment Pool returned 0.98% in Fiscal Year 2022, down from 27.03% in Fiscal Year 2021. Total revenue excluding net investment income grew \$647 million (8.3%) over Fiscal Year 2021. Operating revenues increased \$592 million in Fiscal Year 2022 reflecting strong growth in Health System patient volumes and the return of athletic events and in-person classes for students. Operating expenses, on a preliminary unaudited basis, totaled \$7.29 billion in Fiscal Year 2022, an increase of \$971 million over the prior year. This year-over-year increase was driven by an increase in non-cash pension and OPEB expenses, the return to in-person instruction, increased occupancy in student housing and dining, and at the Health System, increased outpatient volumes, a stronger service mix, and increased labor costs. Taken together, preliminary unaudited results indicate a \$704 million increase in total net position for Fiscal Year 2022. Fiscal Year 2022 interim financial reports for each quarter are presented to the Finance & Investment Committee at each meeting of the Board of Trustees and are available following those meetings on the University's Office of Business and Finance website: <https://busfin.osu.edu/university-business/debt-management/investor-relations-continuing-disclosure>.*

** Such interim financial reports are not incorporated into and do not constitute a part of this update to Bondholders*

Fiscal Year 2023 Financial Plan

The University's Fiscal Year 2023 Financial Plan reflects an estimated \$8.80 billion of revenues and \$8.24 billion of spending resulting in an operating margin (sources less uses) of \$572 million. The University's budget presentation is based on a modified cashflow approach for both revenues and spending that removes the impact of non-cash accruals and depreciation. The Fiscal Year 2023 Financial Plan projects total revenue growth of 3.1% driven primarily by increases in the health system and OSU Physicians attributable to a combination of estimated increases in patient volumes and rate increases. Fiscal Year 2023 uses are projected to increase by 6.6% reflecting compensation and benefit increases and strategic hiring across the enterprise.

The University also approved a final \$2.87 billion Fiscal Years 2023-2027 Capital Investment Plan which includes \$511 million for new projects beginning in FY 2023 and \$2.36 billion of remaining spending for projects approved in prior fiscal years. Major capital projects approved in prior capital budgets that are in various stages of construction include: the Arts District facility, the Interdisciplinary Research Facility, the Wexner Medical Center Inpatient Hospital, three outpatient care facilities, and the Interdisciplinary Health Sciences Center. New projects approved for Fiscal Year 2023 include phase 2 of the College of Engineering's Biomedical and Materials Engineering Complex, design of a regional outpatient care facility in Powell and other smaller projects and equipment purchases within the Health System. Capital projects are funded from a variety of sources including gifts, state appropriations, debt financing, and University funds. The following table summarizes estimated spending by fiscal year for projects included in the Fiscal Years 2023-2027 Capital Investment Plan.

(\$ in millions)	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>Total</u>
Prior Commitment Remaining Spend	\$1,047.8	\$655.5	\$362.0	\$227.3	\$64.2	\$2,356.7
New FY 2023 Projects	<u>\$269.7</u>	<u>\$128.4</u>	<u>\$72.8</u>	<u>\$36.5</u>	<u>\$3.4</u>	<u>\$510.7</u>
Total Estimated Capital Spend	\$1,317.5	\$783.9	\$434.8	\$263.8	\$67.6	\$2,867.4

The Fiscal Year 2023 Financial Plan is available on the University's Office of Business and Finance website: <https://busfin.osu.edu/university-business/financial-planning-analysis/university-operating-budget>.*

* The Fiscal Year 2023 financial plan is not incorporated into and does not constitute a part of this update to Bondholders.

State Operating Appropriations

All State universities in Ohio receive financial assistance for both operations and designated capital improvements through appropriations by the Ohio General Assembly. These appropriations constitute a portion of the University's annual operating budget and contribute substantially to the successful operation and maintenance of the University. State operating appropriations are allocated across State universities based on their share of enrollment and degree completions, indexed for financially and academically at risk resident undergraduate students, medical and doctoral subsidy as well as other criteria intended to advance the goals of the state. The following table shows historical State operating appropriations to the University (all campuses) for Fiscal Years 2018 through 2022.

<u>Fiscal Year</u>	<u>State Operating Appropriations</u>
2018	478,443,500
2019	473,125,900
2020	466,540,100
2021	491,065,200
2022	498,160,699

State Capital Appropriation

Every year the University updates its five-year capital investment plan. Administrators work with colleges and central offices to prioritize capital needs, based on standing criteria and areas of emphasis. This provides the basis for a State capital appropriation request which is submitted every other year to the Chancellor of the Ohio Department of Higher Education. The request identifies the projects proposed to be financed with State appropriations by the General Assembly and the purpose, priority, amount, and source of funds for those projects. The Chancellor of the Ohio Department of Higher Education may approve, modify, or disapprove aspects of the University's capital appropriation request. The following table shows capital spending funded, and for Fiscal 2021-2022 expected to be funded, from State capital appropriations to the University for the past five fiscal biennia.

<u>Fiscal Biennium</u>	<u>State Capital Appropriations</u>
2013-14	\$129,935,000
2015-16	77,249,000
2017-18	151,487,000
2019-20	134,805,000
2021-22	143,988,000

State appropriations constitute a portion of the University's annual operating and capital budgets. Under the Ohio Constitution, an appropriation may not be made for more than a two-year period. There can be no assurance that State appropriated funds for operating, or capital improvement purposes will be made available in the amounts requested or required by the University. The General Assembly has the responsibility of determining such appropriations biennially and is not under a legal obligation to make appropriations in accordance with the budget requests of the University. State income and budget constraints may from time to time compel a stabilization or reduction of the level of State assistance and support for higher education in general and the University in particular. In addition, such appropriations (and other similar appropriations) are subject to subsequent limitations pursuant to an Ohio Revised Code section, implemented by the Governor from time to time in the past, which provides in part that if the Governor ascertains that the available revenue receipts and balances for the current fiscal year will in all probability be less than the appropriations for the year, he shall issue such orders to the State agencies to prevent their expenditures and incurred obligations from exceeding such revenue receipts and balances.

Recent Developments

The State ended Fiscal Year 2022 with a General Revenue Fund (GRF) fund balance of \$5.66 billion, an increase of \$1.63 billion over Fiscal Year 2021. GRF tax receipts came in \$2.74 billion over the estimate driven by the performance of the personal income tax and the sales tax which ended the year above estimate by \$1.85 billion (20.8%) and \$715 million (5.8%), respectively. Personal income tax performance was broad based as every payment category significantly exceeded estimate, led by annual returns, and followed by withholding, refunds (which were below estimate) and estimated payments, respectively. Sales tax performance continues to benefit from a market shift in consumption from services (most of which are excluded from the sales tax) to taxable goods/products including automobiles. Notably, non-tax GRF revenues exceeded estimate by \$1.62 billion for the fiscal year, with \$1.28 billion of that overage occurring in federal grants and attributable to the enhanced Federal Medical Assistance Percentage which was originally expected to end in December 2021 but continued through June 2022.

On the expenditure side, Fiscal Year 2022 GRF disbursements exceeded the estimate by \$679 million, driven entirely by Medicaid spending that exceeded estimate by \$1.12 billion that was offset by underspending occurring across all other functional categories. The overspending in Medicaid reflects the federal portion of Medicaid spending that resulted in the \$1.28 billion overage in federal grant revenue noted above. Taken together, Medicaid revenue and spending across Fiscal Year 2022 was slightly favorable to budget. The State's enacted budget for FY 2023 projects revenues and transfers-in totaling \$41.80 billion that together with the \$5.66 billion beginning fund balance supports \$39.89 billion of current year spending plus encumbrances and \$1.79 billion of largely one-time transfers-out, resulting in an FY 2023 projected ending fund balance of \$5.78 billion.

The University continues to make significant investments in access and affordability through both merit and needs-based financial aid programs and through the Ohio State Tuition Guarantee. The University has focused its financial aid programs on Ohio students who demonstrate financial need and has increased financial aid for low to moderate income Ohio students by \$210 million over the last five fiscal years. The University established the Buckeye Opportunity Program in Autumn 2018, ensuring that Ohio students who qualify for Pell Grants receive an aid package that covers the full cost of tuition and mandatory fees. The program supports an estimated 4,200 students per year and is funded through an endowment created from proceeds of the Comprehensive Energy Management partnership.

In October 2019, the University launched its most ambitious community-building and fundraising endeavor in history. *Time and Change: The Ohio State Campaign* strives to engage a record one million supporters with a financial goal of \$4.5 billion. The campaign focuses on three core areas: i) student success; ii) research and discovery; and iii) healthy, vibrant communities. Since the start of the campaign, more than \$3.4 billion has been raised from more than 660,000 supporters.

The University remains committed to protecting and enhancing student affordability and to attracting and retaining outstanding faculty. The University has several long-term strategic initiatives in place to achieve its objectives in this area, including: i) a goal of hiring 350 new tenure-track faculty members, including a substantially larger number of faculty from underrepresented groups, ii) substantial investments in cutting edge research and innovation, particularly in emerging scientific, medical and engineering disciplines, and iii) a goal of being able to provide debt-free undergraduate degrees to all students within the next ten years.

Pursuant to this last goal of being able to provide debt-free undergraduate degrees, the University launched its Scarlet & Gray Advantage™ program in September 2022. The program will enable participating students to cover the full cost of attendance through federal, state, and university aid, work opportunities, and financial contributions from their family. The program will provide scholarships and grants, coupled with paid work opportunities, and programs on financial literacy, career coaching and other topics. Participating students will commit to graduate within four years, take advantage of work opportunities, participate in financial literacy programs, and join a cohort of students focused on a debt-free education. The University intends to raise at least \$800 million, including \$500 million in endowments, over the next decade to expand undergraduate scholarships and is establishing a \$50 million program to match private donations of \$100,000 or more that create new or support existing endowments for undergraduate scholarships. In addition to on-campus work opportunities, the University will expand its network of paid jobs and internships with employers throughout the state of Ohio and the country. The University launched the pilot program September 2022 by selecting 125 low- and middle-income first-year students to participate. Sixty percent of the first 125 participants in the program are first generation college students. In Fiscal Year 2022, the University raised \$99 million for the Scarlet & Gray Advantage™ program, exceeding its first-year goal of \$58 million.

Envisioned by the University's comprehensive strategic plan, the University continues to advance development of its West Campus Innovation District (or Innovation District). The Innovation District will bring

together the academic and research synergy of the University with strong corporate industry partnerships in innovation and entrepreneurship and is a collaborative economic initiative with the City of Columbus. The Innovation District encompasses 270 acres on the western edge of the University's main campus with development planned to occur in three general phases over many years. Phase I of the Innovation District is anchored by the current construction of the Interdisciplinary Research Facility, a co-located Energy Advancement and Innovation Center, and the West Campus Outpatient Care Center. Continued development of Phase I and future phases will align with the University's broader strategic planning. On September 29, 2022, the University announced that the Innovation District will be named "Carmenton". The name derives from the University's alma mater, "Carmen Ohio".

After receiving a complaint from a former student-athlete in April 2018, the University initiated an independent investigation into allegations of sexual misconduct by a former University physician, Dr. Richard Strauss. Strauss was employed from 1978-1998 and died in 2005. In May 2019, the University released a report from the independent investigators that detailed acts of sexual abuse against at least 177 former students by Strauss during his employment with the University.

The University first reached settlements totaling \$46.7 million with 185 individual claimants. Then, on May 7, 2021, the University launched an individual settlement program for eligible plaintiffs in five active legal cases with the program closing on September 4, 2021, with 47 eligible enrollees with resolutions totaling \$11.1 million. To date, the federal court has granted the University's motions to dismiss in all cases and plaintiffs have appealed those decisions to the Sixth Circuit Court of Appeals. The appellate court recently reversed and remanded the first two appellate cases back to the trial court for further development of the record on the issue of statute of limitations. Since the trial court dismissal of cases, the University has reached settlements with 62 additional individual claimants. In total, the University has settled with 296 survivors for approximately \$60 million. No taxpayer, tuition or donor funds are being or will be utilized to pay any settlement amounts for the settled actions. All funds to be paid as part of the settlement will be drawn from existing institutional discretionary funding.

It is possible that additional lawsuits could be filed. While litigation is inherently unpredictable and the outcome of the pending and potential litigation cannot be determined at this time, management of the University is of the opinion that the aggregate amount that may ultimately be paid by the University with respect to these legal actions will not have a material adverse effect on the University's ability to meet its obligations to holders of General Receipts Obligations or to satisfy its other financial commitments.

COVID-19 Pandemic

The information set forth below is current as of the date of this Update to Bondholders. Due to the evolving nature of the circumstances described below, it is likely those circumstances will continue to change.

COVID-19 in Ohio

As widely reported, the outbreak of COVID-19, a new strain of coronavirus that can result in severe respiratory disease, was first detected in December of 2019 and subsequently spread across six continents impacting many countries, including the United States. The COVID-19 outbreak has altered the behavior of businesses and people in a manner that has had and is expected to continue to have effects on global and local economies, including the State of Ohio.

The University's Response

On March 13, 2020, the University announced that it would suspend face-to face instruction and transition to remote instruction for the remainder of the spring semester. On April 1, 2020, the University announced that the suspension of face-to-face instruction would extend through the summer semester. With limited exceptions, all University events scheduled to occur during the summer months of 2020, including summer camps and sports camps, were cancelled. Nearly all University housing and dining facilities were closed on March 22, 2020 and remained closed through the summer 2020 semester. The University provided students housing and dining reimbursement and reimbursement of certain fees (i.e., recreational fees) on a pro rata basis from March 16, 2020 through the end of spring semester. The approximate cost of the housing, dining, and recreational fee refunds were \$22 million, \$10 million, and \$2.4 million, respectively. Class action lawsuits were brought against the University seeking refunds for tuition and fees for the spring 2020 semester after the University closed its campus and transitioned to online classes due to the COVID-19 pandemic. The complaints allege that the University breached its agreement with students by failing to provide in-person educational services and access to facilities and assert, alternatively, claims for unjust enrichment. It is possible that additional lawsuits could be filed. While litigation is inherently unpredictable and the outcome of the pending and potential litigation cannot be determined at this time, management of the University is of

the opinion that the aggregate amount that may ultimately be paid by the University with respect to these legal actions will not have a material adverse effect on the University's ability to meet its obligations to holders of General Receipts Obligations or to satisfy its other financial commitments.

In accordance with the policy of the University's Office of Human Resources relating to disaster preparedness, on March 22, 2020, the President of the University declared a "University State of Emergency" that allowed flexibility for employees to continue to telework while enabling University senior leadership and college deans to make determinations of who may work on campus to maintain critical services and research. This declaration applied to the Columbus campus, Extended Campuses and the Wexner Medical Center. A weekly determination was made concerning the continuation of the declaration and based on those determinations the declaration remained in place from March 22, 2020, until the declaration was lifted effective July 1, 2021.

During the 2020-2021 academic year, the University implemented certain cost containment measures to address expected and potential revenue losses. These measures included a hiring pause with exceptions for essential services and key faculty and research positions, a pause in merit-based compensation increases, restrictions on University travel, limited furloughs within select departments, and greater stringency around non-essential procurement and other operating expenditures. Merit-based compensation increases resumed for the 2021-2022 academic year, and certain travel restrictions have been lifted.

The Coronavirus Aid, Relief and Economic Security Act (CARES Act) was a \$2.2 trillion stimulus bill signed into law on March 27, 2020. Approximately \$14 billion was designated for higher education through the Higher Education Emergency Relief Fund (HEERF). The University's share of the CARES Act allocation to higher education institutions was \$42.9 million (with 50% of such allocation required to be provided to students in the form of emergency financial aid grants). The CARES Act also established a \$175 billion allocation for a health care provider relief fund with distributions to health care systems occurring across six rounds. Initial round distributions were based on percentages of total Medicare payments received in federal Fiscal Year 2019 and prior year net patient revenue, with later rounds based on COVID-19 patient volumes and levels of disproportionate low-income patients or uncompensated care costs. The University hospital system and the James Cancer Hospital have received total funding of \$178 million. The U.S. Department of Health and Human Services also provided accelerated advance payments of Medicare reimbursements to health systems that, in effect, provide an interest free loan for one year, with repayments set to occur by netting the advanced amount against future Medicare claim amounts. The University and its affiliates received a total of \$287 million in accelerated advance payments of Medicare reimbursements. The recoupment of this temporary advance started in April 2021 and \$266 million has been recouped as of September 30, 2022. Additional stimulus support was provided by the State of Ohio by way of the Coronavirus Relief Fund which was a \$150 billion fund established for state, local and tribal governments by the CARES Act. The State of Ohio awarded the University \$27 million in August and another \$15 million in October of 2020 for a total of \$42 million. Finally, the University received nearly \$3 million in stimulus for various other aspects of its operation and services.

The Coronavirus Response and Relief Supplemental Appropriations Act 2021 (CRRSAA) was signed into law on December 27, 2020. This act authorized \$82 billion in support for education through HEERF II, which allocated \$65 million to the University, comprised of \$21 million for direct student aid and \$44 million allocated to the institution. The American Rescue Plan Act (ARP Act) was signed into law on March 11, 2021. This act authorized an additional \$40 billion to higher education institutions with the University's allocation totaling \$115 million, with that amount split nearly equally between direct student aid and institutional support. This fund is being administered by the National Association of Student Financial Aid Administration (NASFAA).

In total, the University and its hospital system have been awarded \$734 million in stimulus funding (\$287 million is considered temporary) of which just \$104,185 has yet to be drawn (as of September 30, 2022). The University expects to fully draw down all remaining funds as it incurs qualifying expenses during the applicable time period.

On August 3, 2021, the University announced that all faculty, staff, students and other healthcare personnel working or studying at the Wexner Medical Center, the College of Medicine and OSU Physicians, Inc. who are required to receive the influenza vaccine would be required to receive the first dose of the COVID-19 vaccine, or obtain an approved exemption from the vaccine requirement, by October 15, 2021.

On August 24, 2021, in response to news that the U.S. Food and Drug Administration had granted full approval to the Pfizer vaccine, the University announced a requirement that every student, faculty and staff member would be required to be vaccinated against COVID-19 or obtain an approved exemption from the vaccine requirement.

The deadline for the first dose of the vaccine for those individuals receiving a two-dose sequence was October 15, 2021. The second dose deadline was November 15, 2021.

As vaccination rates increased, the University announced on February 1, 2022, that it was scaling back some of the health and safety protocols for the campus. The adjustments included transitioning back to in-person student meetings and events, restoring seating to full capacity in on-campus dining areas and expanding group activities at campus recreation centers. The University also announced it was reinstating concessions at athletic events.

On March 8, 2022, the University announced that its seven-day average positivity rate was 0.6% (down from 8.5% on January 19, 2022) and that starting March 11, 2022, masks would be optional in most indoor spaces on campus including residence halls, dining facilities, classroom facilities, offices, and the Ohio Union. On May 3, 2022 the University announced that mandatory COVID testing would no longer be required effective May 9, 2022. The University community's vaccination rate has remained steady at just above 93.0%.

Potential Future Impact of COVID-19 Pandemic on the University's Financial Position

The impact of COVID-19 on University finances and operations may continue for at least the current fiscal year, depending on vaccination rates and whether the COVID-19 virus or variations of the virus (including the Omicron variant) continue to spread in the United States and around the world. Future adverse consequences of the COVID-19 pandemic may include, but are not limited to: a decline in enrollment (including a disproportional decline in enrollment by international students); a decline in demand for University housing; a decline in demand for University programs that involve travel or that have international connections; cancellation, postponement and/or reduced attendance for athletic events; and an increase in costs associated with purchasing of personal protective equipment and implementing community-wide testing programs.

Investments and Liquidity

Financial markets have experienced increased turbulence attributable in part to the impact of COVID-19 on world economies, global inflation and the war in Ukraine. This may in turn result in greater variability in the University's investment returns. As of September 30, 2022, the University had total operating fund cash and investments valued at approximately \$4.67 billion, of which \$2.52 billion can be converted to cash on a same-day or next-day basis and \$2.15 billion can be converted to cash in 2-7 days.¹ As of September 30, 2022, based on projected Fiscal Year 2023 average daily spending, the University has liquid assets on hand to cover 203 days of spending.

Grants and Contracts

During Fiscal Year 2021, the University's expenditures on research totaled \$1.01 billion.² Over half of these expenditures (\$560 million) came from various federal agencies. The National Institutes of Health (\$286 million), the National Science Foundation (\$49 million), the Department of Energy (\$27 million), the Department of Defense (\$43 million), and the Department of Agriculture (\$37 million) were the primary federal sponsors. The remaining \$451 million came from non-federal sources (industry, state, other non-governmental entities and institutional funds) with institutional funds (\$200 million) and industrial sponsors (\$130 million) being the primary sources.

The University's total research expenditures, as reported to the National Science Foundation, are managed by a number of administrative units. The primary administrative unit for external funding awarded to the University's investigators in Fiscal Year 2021 was the Ohio State University Office of Sponsored Programs, which managed the majority of the awards to academic units. In addition, some funds (primarily block grants from the U.S. Department of Agriculture) are administered by the OARDC. Research expenditures by the University's investigators at the Research Institute at Nationwide Children's Hospital and the Transportation Research Center are also included in the University's total research expenditures. Institutional funds reflect the University's investment in the research enterprise and include cost-sharing on grants for items such as facilities, equipment and graduate associate tuition.

The following tables show grant and contract expenditures for sponsored projects for Fiscal Years 2017-2021 by administering unit and grant and contract awards for the same time period. Note that total awards and total expenditures will not precisely match, because awards often include multiple years of funding, whereas expenditures reflect activity in a single fiscal year. In addition, institutional contributions are not included in the awards table.

¹ The preliminary financial data included in this update has been prepared by, and is the responsibility of, the University's management.

² This measure is calculated on a cash-basis and is not defined by generally accepted accounting principles. As a result, it may not be comparable to similarly titled measures used by other organizations.

**Grant and Contract Expenditures by Administering Unit
(dollars in thousands)**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Office of Sponsored Programs	\$534,629	\$539,660	\$582,492	\$591,971	\$587,783
Ohio Agricultural R&D Center	31,525	30,278	30,178	28,962	-- ³
Research Institute at Nationwide Children's Hospital	74,003	74,911	88,887	87,442	98,672
Transportation Research Center Institution	45,515	48,240	38,633	35,445	34,817
	127,297	128,966	138,213	151,627	199,993
Others	51,358	52,959	52,713	72,813	89,242
Total	\$864,327	\$875,014	\$931,116	\$968,260	\$1,010,507

**Grant and Contract Awards by Administering Unit
(dollars in thousands)**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Office of Sponsored Programs	\$571,910	\$575,470	\$621,174	\$684,121	\$700,834
Ohio Agricultural R&D Center	35,279	33,723	32,013	32,912	-- ³
Research Institute at Nationwide Children's Hospital	72,552	51,480	103,824	100,245	131,854
Transportation Research Center	45,515	48,240	39,125	35,445	36,683
Others	82,623	85,925	94,411	119,826	192,024
Total	\$807,879	\$794,838	\$890,547	\$972,549	\$1,061,395

The following table shows grant and contract expenditures for Fiscal Years 2017-2021 by source of funds.

**Grant and Contract Expenditures by Source
(dollars in thousands)**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Federal Sponsors					
National Institutes of Health	\$217,471	\$221,833	\$241,206	\$265,890	\$285,785
National Science Foundation	50,740	50,971	51,067	57,879	48,648
Department of Education	17,221	13,096	11,912	10,626	10,353
Department of Defense	31,139	34,579	39,550	38,504	42,934
Department of Energy	21,563	25,163	26,718	27,688	26,674
Department of Labor	12,047	12,489	12,600	12,173	13,998
Department of Agriculture	32,136	34,553	33,905	37,563	37,042
National Aeronautics and Space Administration	7,288	8,721	10,014	9,913	8,438
Other Federal Agencies	74,706	73,589	70,740	79,123	85,925
Total Federal Sources	\$464,311	\$474,994	\$497,712	\$539,359	\$559,797
Industry	146,317	138,916	158,151	150,200	129,914
State of Ohio	54,591	58,211	61,167	47,997	43,601
Other Non-Federal Agencies	71,811	73,927	75,873	79,076	77,202
Institutional funds	127,297	128,966	138,213	151,628	199,993
Total Non-Federal Sources	\$400,016	\$400,020	\$433,404	\$428,901	\$450,710
Total All Sources	\$864,327	\$875,014	\$931,116	\$968,260	\$1,010,507

³ Due to system change in 2021, the awards and expenditures for OARDC are reported in the Others category.

The Office of University Advancement

The Ohio State University Foundation (the “Foundation”) is a not-for-profit organization formed in April 1985 which operates exclusively for the benefit of the University. The Ohio State University Foundation is the primary fundraising and gift receiving organization for the University. Through the Foundation and the Office of University Advancement, contributions to the University can be made for current use or to the Endowment Fund. The University will accept gifts and bequests of cash, securities, real estate, tangible and intangible property, life insurance, and life income programs such as pooled income funds, charitable remainder annuity trusts, or charitable remainder unitrusts and gift annuities.

The following table shows gifts and bequests to the University from individuals, businesses, and other organizations during each of the fiscal years listed below (dollars in thousands):

<u>Fiscal Year</u>	<u>Gifts</u>	<u>Endowment Contributions</u>	<u>Private Capital Gifts</u>	<u>Total</u>
2017	\$181,212	\$52,458	\$26,761	\$260,431
2018	\$168,209	\$55,579	\$15,470	\$239,258
2019	\$160,102	\$45,533	\$26,565	\$232,200
2020	\$157,511	\$63,695	\$77,425	\$298,631
2021	\$129,723	\$63,157	\$78,492	\$271,822

The University Endowment Fund

The University Endowment Fund is comprised of 2,742 individual funds and contains all endowment funds that were established before April 1985. The Fund is invested in the Long-Term Investment Pool and is comprised of a diversified portfolio consisting of equity, fixed income and alternative investments. The market value of the Fund at June 30 of each of the past five fiscal years was:

<u>Fiscal Year</u>	<u>Market Value</u>
2018	\$1,104,235,903
2019	\$1,070,008,194
2020	\$1,038,113,170
2021	\$1,333,835,897*
2022	\$1,261,195,485

* Includes \$43.1 million of fourth quarter market value increase in certain alternative investments. In prior fiscal years, these fourth quarter market value changes were captured on up to a three-month lag.

As of September 30, 2022, the preliminary market value of the fund was \$1,214,134,148.⁴

The Ohio State University Foundation

The Foundation administers Unrestricted, Restricted, Endowment and Trusts and Pooled Income Funds for the benefit of the University. The market value of the 3,195 endowment funds held by the Foundation that are invested in the Long-Term Investment Pool at June 30 for the past five fiscal years was:

<u>Fiscal Year</u>	<u>Market Value</u>
2018	\$958,749,667
2019	\$969,428,976
2020	\$996,177,321
2021	\$1,345,059,383*
2022	\$1,344,732,358

* Includes \$43.5 million of fourth quarter market value increase in certain alternative investments. In prior fiscal years, these fourth quarter market value changes were captured on up to a three-month lag.

As of September 30, 2022, the preliminary market value of the fund was \$1,302,395,909.⁴

⁴ The preliminary financial data included in this update has been prepared by, and is the responsibility of, the University’s management. Preliminary market value does not reflect fourth quarter changes in certain alternative investments.

The Long-Term Investment Pool

The University's Long-Term Investment Pool (which includes the University Endowment Fund, Foundation Endowments, certain operating funds and designated quasi endowments) is the sixth largest endowment fund of any public university or college in the United States based on information reported for Fiscal Year 2020 as part of the 2020 NACUBO-TIAA Study of Endowments. The market value of the Long-Term Investment Pool at June 30 for the past five fiscal years was:

<u>Fiscal Year</u>	<u>Market Value</u>
2018	\$5,211,434,116
2019	\$5,256,758,783
2020	\$5,287,131,203
2021	\$7,041,973,254*
2022	\$6,960,782,423

* Includes \$227.6 million of fourth quarter market value increase in certain alternative investments. In prior fiscal years, these fourth quarter market value changes were captured on up to a three-month lag.

As of September 30, 2022, the preliminary market value of the LTIP was \$6,794,138,110 consisting of the following investment types and market values:⁴

<u>Investment Type</u>	<u>Market Value</u>
Equity	\$2,368,895,119
Private Equity	2,236,884,162
Real Assets	901,322,279
Absolute Return/Hedge	748,979,111
Fixed Income	475,003,242
Cash	<u>63,054,197</u>
Total	\$6,794,138,110

Total returns on the LTIP net of investment fees through the month ending June 30, 2022 (excluding the \$227.6 million of fourth quarter market value increase in certain alternative investments) were:

One-year	0.98%
Three-year	9.67%
Five-year	7.53%

The University distributed approximately \$259.2 million and \$246.8 million of endowment funds for operations in Fiscal Years ending June 30, 2022 and 2021, respectively.

The Short- and Intermediate-Term Pool

The University's Short and Intermediate-Term Pool represents funds available for operating and capital purposes. The market value of the Short and Intermediate-Term Investment Pool at June 30 for the past five fiscal years was:

<u>Fiscal Year</u>	<u>Market Value</u>
2018	\$3,354,477,321
2019	\$3,552,872,175
2020	\$3,811,323,351
2021	\$3,386,481,976
2022	\$2,603,630,816

As of September 30, 2022, the preliminary market value of the Short and Intermediate-Term Pool was \$2,518,433,103 and the pool consisted of the following investment types and market values:⁵

⁵ The preliminary financial data included in this update has been prepared by, and is the responsibility of, the University's management.

<u>Investment Type</u>	<u>Market Value</u>
Bank Accounts	\$110,973,225
Money Market Funds	105,594,132
U.S. Gov't & Agency Bonds	476,629,573
Asset Backed Securities	466,661,837
Corporate Bonds	963,869,147
Municipal Bonds	19,2834,686
Other Fixed Income	<u>375,420,502</u>
Total	\$2,518,433,103

Insurance Coverage

All real and business property (buildings and their contents) of the University is insured under an all-risk commercial property insurance policy, with some exclusions via concession agreements. The policy insures all buildings and contents on a replacement cost basis and provides coverage for business interruption, boilers, equipment, and machinery breakdown. The University self-funds all policy deductibles. Buildings under construction are insured under builder's risk policies placed by awarded contractors or the University. Property excluded from the University's all-risk commercial property insurance policy and insured by the applicable concessionaire includes all parking garages and all utility facilities leased by the University to Ohio State Energy Partners.

With limited exceptions, all owned, leased, rented, or borrowed motor vehicles are self-insured for property damage. Liability coverage is provided by the University's excess liability program, which includes automobiles subject to a self-insured retention. All owned or leased aircraft are insured under an aviation hull and liability policy.

Workers' Compensation is self-insured by the University with the purchase of an excess policy to provide coverage for catastrophic losses. The University maintains a self-insurance program for medical malpractice liabilities arising from operation of the University's Medical Center and also purchases a separate human clinical trials liability insurance policy.

The University purchases cyber liability insurance, which provides coverage for cyber extortion, forensics, data restoration, business interruption and Payment Card Industry fines and penalties, subject to policy terms and conditions.