

ANNUAL UPDATE TO BONDHOLDERS – 2019

THE OHIO STATE UNIVERSITY

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APPENDIX A

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NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Forward-Looking Statements

Certain statements included or incorporated by reference in this Annual 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 Annual Update to Bondholders. 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 Annual Update to Bondholders 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 Annual Update to Bondholders are cautioned not to place undue reliance on the forward-looking information and preliminary financial data.

ANNUAL 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 August 2019, the University has awarded nearly 781,400 undergraduate and graduate degrees.

The University is one of 14 state-supported universities in Ohio. It is declared by statute to be a body politic and corporate. The University’s main campus is located in the City of Columbus on a 1,666-acre site containing 565 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 located in Lima, Mansfield, Marion, and Newark (collectively, the “Extended Campuses”) housed in 76 buildings on 1,482 acres. The University also operates an Agricultural Technical Institute, 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 10,775 acres and 395 buildings. An additional 235 buildings are located on 405 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 2019 was 61,391 students for the Columbus Campus and 6,871 for the Extended Campuses, bringing the total enrollment for all campuses at that time to 68,262 students. During the academic year ending June 30, 2019, the University awarded a total of 17,145 degrees consisting of 11,478 baccalaureate degrees, 2,750 master’s degrees, 886 doctorate degrees, 802 professional degrees, 1,159 associate degrees, and 70 post-baccalaureate degrees. The University has nearly 500,000 living alumni. The University has one of the largest athletic departments in the country with 36 varsity sports. The Athletics Department is self-supported and generated approximately \$208 million in revenues in Fiscal Year 2019. As of September 30, 2019, the University employed a total of 49,030 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 December 1, 2019, the officers and members of the Board, and the years in which their respective terms expire, are:

| | |
|--|--|
| Gary R. Heminger, Chair (2027) | Marathon Petroleum Corporation and MPLX GP LLC, Chairman of the Board and Chief Executive Officer |
| Timothy P. Smucker, Vice Chair (2020) | The J.M. Smucker Company, Chairman Emeritus |
| Abigail S. Wexner, Vice Chair (2023) | Whitebarn Associates, Chief Executive Officer |
| Alex Shumate (2020) | Squire Patton Boggs (U.S.) LLP, Managing Partner, Columbus Office |
| Michael Kiggin (2021) | Capital Strategy Group, Principal |
| Cheryl L. Krueger (2021) | KRUEGER+CO. Consulting, Inc., Founder and Chief Executive Officer |
| Brent R. Porteus (2022) | Blair Porteus & Sons, Managing Partner |
| Erin P. Hoeflinger (2022) | Aetna, Senior Vice President of Strategy & Consumer Experience |
| Alex R. Fischer (2023) | Columbus Partnership, President and Chief Executive Officer |
| Hiroyuki Fujita (2024) | Quality Electrodynamics, Founder, President, Chief Executive Officer and Chairman of the Board |
| Alan A. Stockmeister (2025) | Foremost Management, Inc., President and Owner |
| John W. Zeiger (2026) | Zeiger, Tigges & Little LLP, Founding Partner |
| Elizabeth P. Kessler (2027) | Jones Day, Partner-in-charge, Columbus Office |
| Lewis Von Thaer (2028) | Battelle Memorial Institute, President and Chief Executive Officer |
| Jeff M.S. Kaplan (2028) | The Ohio State University, Former Secretary and Senior Advisor to the Board |
| Janet Porter, Charter Trustee (2020) | Stroudwater Associates, Senior Advisor |
| Alan VanderMolen, Charter Trustee (2020) | WE Communications, Former President of International and WE+ |
| James D. Klingbeil, Charter Trustee (2021) | Klingbeil Capital Management and The Klingbeil Company, Chairman and Klingbeil Medical Partners, Chief Executive Officer |
| Janice M. Bonsu, Student (2020) | Graduate Student Trustee |
| Anand Shah, Student (2021) | 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 December 1, 2019 is set forth below.

Dr. Michael V. Drake has served as President of the University since 2014. Dr. Drake announced that he will retire from that role next year. He previously served as chancellor of the University of California, Irvine, from July 2005 through June 2014. Prior to Dr. Drake's arrival at UC Irvine, he served for five years as vice president for health affairs for the University of California system, overseeing academic program policy at the system's 15 health sciences schools, located on seven campuses. Dr. Drake earned his bachelor's degree from Stanford University and his medical degree from UC San Francisco. The University will launch a national search for its next president, and trustee Lewis Von Thaer will serve as the chair of the search committee.

Dr. Bruce A. McPheron serves as Executive Vice President and Provost at the University. For the three years prior to serving as Executive Vice President and Provost, Dr. McPheron served as the University's Vice President for Agricultural Administration and dean of the College of Food, Agricultural and Environmental Sciences (CFAES) and

was Interim Executive Vice President and Provost for the six months leading up to his permanent appointment. Prior to joining the University in 2012, he was dean of the College of Agricultural Sciences at Penn State University (PSU) for three years and served 21 years in various other positions with PSU. Dr. McPheron earned his bachelor's degree at the University and his master's and doctorate at the University of Illinois.

Dr. Harold L. Paz serves as Executive Vice President and Chancellor for Health Affairs for the University. In this newly-established position, he manages the Wexner Medical Center, including all seven hospitals. He also oversees the seven health-sciences colleges and more than 20 research institutes at the University in partnership with the Provost. From 2014 until he joined the University, Dr. Paz was executive vice president and chief medical officer of Aetna, and while at Aetna and beginning in 2015, was a professor adjunct of internal medicine at Yale University School of Medicine. Prior to joining Aetna, Dr. Paz held various positions at Penn State University (PSU) including chief executive officer of the PSU Milton S. Hershey Medical Center, senior vice president for health affairs, dean of the College of Medicine and president and chief executive officer of the PSU Hershey Health System from 2006 to 2014. Prior to his tenure at PSU, Dr. Paz served as dean of the Robert Wood Johnson Medical School and chief executive officer of the Robert Wood Johnson Medical Group from 1995 to 2006. Dr. Paz is board certified in internal medicine and pulmonary medicine. He completed his internal medicine residency at Northwestern University and a postdoctoral fellowship in pulmonary and critical care medicine and environmental health sciences at Johns Hopkins University. He earned his bachelor's degree in biology and psychology and his medical degree from the University of Rochester and a master's degree in life sciences engineering from Tufts 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 Garcia serves as interim Vice President and General Counsel for the University replacing Chris Culley who left the University in November 2019. Ms. Garcia currently serves as senior associate general counsel and vice president for legal and compliance for the Wexner Medical Center. An experienced healthcare lawyer, Ms. Garcia came to Ohio State 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. Ms. Garcia earned her J.D. degree from Tulane University School of Law.

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.

Molly Ranz-Calhoun is currently serving as Interim Senior Vice President for Student Life. She started her career with the University as a student employee more than 30 years ago. Most recently, Ms. Calhoun was the Associate Vice President for Student Life. Ms. Calhoun has overseen a number of significant campus projects, including the Ohio Union, RPAC, and the transformation of the North Residential District. She has received the Distinguished Staff Award, the University's highest honor for employees, and was honored as a Glass Breaker by the President and Provost's Council on Women. The University has announced that Melissa Shivers has been appointed to this position effective January 6, 2020. Ms. Shivers most recently 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.

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. Morley O. Stone serves as Senior Vice President for Research. Prior to joining the University in August of 2018, Dr. Stone served as chief technology officer at the Air Force Research Laboratory (AFRL) of Wright-Patterson Air Force Base in Dayton from 2014 to 2018. Dr. Stone also served as chief scientist for AFRL's Human Performance Wing from 2008 to 2014 and as a manager at the Defense Advanced Research Projects Agency (DARPA) from 2003 to 2006. Dr. Stone earned his bachelor's degree in biological sciences from Wright State University and a PhD in biochemistry from Carnegie Mellon University.

Susan McGarry Basso serves as Senior Vice President for Talent, Culture and Human Resources. Prior to joining the University in September of 2017, Ms. Basso served as vice president for human resources at Penn State University from 2010 to 2017. Ms. Basso also served as associate vice president of human resources for Seton Hall University from 2006 to 2010 and various positions at East Stroudsburg University from 1988 to 2006. Ms. Basso earned her bachelor's degree in psychology from Ursinus College and a master's degree in human resources administration from the University of Scranton.

Academic Structure

The academic organization of the University consists of 15 colleges, 7 schools, the Graduate School and the Agricultural Technical Institute. The University offers more than 200 undergraduate majors, 166 programs leading to the master's degree, 120 programs leading to the doctoral degree, and over 12,000 different courses.

The 15 colleges within the University are:

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

The 7 schools within the University's colleges are:

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

University Libraries consists of the Thompson Library and ten department library and special collections locations on the Columbus campus. The libraries on the Ohio State 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 more than 40 specialized accrediting bodies. The University is a member of both the Association of American Universities and the Association of Public and Land-Grant Universities.

Faculty and Employees

As of September 30, 2019, the University had a faculty and non-instructional staff of 49,030 full and part-time employees on all campuses. The numbers of staff members for the Columbus Campus and the Extended Campuses as of September 30, 2019 were as follows:

| | <u>Columbus Campus</u> | <u>Extended Campuses</u> | <u>Total University</u> |
|---------------------------------------|-----------------------------------|-------------------------------------|------------------------------------|
| <u>Instructional Staff</u> | | | |
| Regular Faculty ⁽¹⁾ : | | | |
| Professor | 1,179 | 74 | 1,253 |
| Associate Professor | 787 | 134 | 921 |
| Assistant Professor | 587 | 64 | 651 |
| Instructor | <u>13</u> | <u>1</u> | <u>14</u> |
| Total Regular Faculty | 2,566 | 273 | 2,839 |
| Other Faculty: | | | |
| Clinical Faculty ⁽²⁾ | 1,830 | 6 | 1,836 |
| Auxiliary Faculty ⁽³⁾ | 2,472 | 323 | 2,795 |
| Research Faculty ⁽⁴⁾ | <u>112</u> | <u>1</u> | <u>113</u> |
| Total Other Faculty | 4,414 | 330 | 4,744 |
| Total Instructional | 6,980 | 603 | 7,583 |
| <u>Non-Instructional Staff</u> | | | |
| Unclassified Staff | 21,925 | 924 | 22,849 |
| Classified Civil Service Staff | 4,854 | 386 | 5,240 |
| Professional & Technical Staff | 48 | 0 | 48 |
| Graduate Associates | 4,356 | 75 | 4,431 |
| Other Students | <u>8,411</u> | <u>468</u> | <u>8,879</u> |
| Total Non-Instructional Staff | 39,594 | 1,853 | 41,447 |
| Total Staff | 46,574 | 2,456 | 49,030 |

(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 the following titles: Research Professor, Research Associate Professor, and Research Assistant Professor with at least 50% 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 created 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 2019 is as follows:

| | |
|-------|--------|
| OPERS | 38,060 |
| STRS | 4,834 |
| ARP | 6,321 |

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 and is 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 employer and employee 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, 2019 are as follows (dollars in thousands):

| | <u>STRS-Ohio</u> | <u>OPERS</u> | <u>Total</u> |
|--|------------------|--------------|--------------|
| Net pension liability – all employers | \$21,987,755 | \$27,273,872 | |
| Proportion of the net pension liability – University | 4.6% | 9.9% | |
| Proportionate share of net pension liability | \$1,019,690 | \$2,695,368 | \$3,715,058 |

The collective net OPEB liabilities of the retirement systems and the University's proportionate share of these liabilities as of June 30, 2019 are as follows (dollars in thousands):

| | <u>STRS-Ohio</u> | <u>OPERS</u> | <u>Total</u> |
|---|------------------|--------------|--------------|
| Net OPEB liability – all employers | \$(1,606,898) | \$13,037,639 | |
| Proportion of the net OPEB liability – University | 4.6% | 10.1% | |
| Proportionate share of net OPEB liability | \$(74,520) | \$1,321,019 | \$1,246,499 |

Enrollment

The University attracts students from a variety of backgrounds and geographical locations, with representation in the Autumn Semester of 2019 from all 50 states and 112 foreign countries. Ohio residents represent 74.6% of the University's enrollment, while 15.8% are from other states and 9.6% 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 2015 through 2019 is shown below:

| <u>Academic Year</u> | <u>Columbus Campus</u> | <u>Extended Campuses</u> | <u>Total Enrollment</u> |
|--------------------------|----------------------------|------------------------------|-----------------------------|
| 2015-16 | 58,663 | 6,521 | 65,184 |
| 2016-17 | 59,482 | 6,564 | 66,046 |
| 2017-18 | 59,837 | 6,607 | 66,444 |
| 2018-19 | 61,170 | 6,930 | 68,100 |
| 2019-20 | 61,391 | 6,871 | 68,262 |

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> |
|--------------------------|----------------------|-----------------|---------------------|--------------|---------------------------------|
| 2015-16 | 51,759 | 10,270 | 3,155 | 65,184 | 58,978 |
| 2016-17 | 52,349 | 10,529 | 3,168 | 66,046 | 60,040 |
| 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 |

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 Quarters or Semesters of the academic years indicated.

| Academic Year | Applications Completed | Applicants Accepted | Percent Accepted | Applicants Enrolled | Percent Enrolled | Average ACT | Retention Rate |
|----------------------|-------------------------------|----------------------------|-------------------------|----------------------------|-------------------------|--------------------|-----------------------|
| 2015-16 | 40,220 | 19,851 | 49.4% | 6,978 | 35.2% | 28.9 | 94.2% |
| 2016-17 | 44,821 | 24,240 | 54.1% | 7,885 | 32.5% | 29.1 | 94.2% |
| 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 | N/A |

The average freshman composite scores on the Scholastic Aptitude Test (SAT critical reading and math) for the Columbus Campus was 1,347 for the Autumn Semester 2019; the average ACT Composite was 29.5. These averages have increased dramatically 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 32.3% for Autumn Semester 2019.

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Fees and Charges

The per student instructional and general fees (including the tuition surcharge paid by non-resident students) for the Columbus Campus for academic years 2015-16 through 2019-20 are shown below.

| | | <u>Total Instructional and General Fees for Full-Time Students (Per Academic Year)</u> | | | | |
|--|--|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Columbus Campus | | <u>2015-16</u> | <u>2016-17</u> | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> |
| Resident | Undergraduate Tuition Guarantee 2017-18 ⁽¹⁾ | NA | NA | \$10,170 | \$10,170 | \$10,170 |
| | Undergraduate Tuition Guarantee 2018-19 ⁽¹⁾ | NA | NA | NA | 10,304 | 10,304 |
| | Undergraduate Tuition Guarantee 2019-20 ⁽¹⁾ | NA | NA | NA | NA | 10,662 |
| | Undergraduate-Non-Guarantee | \$9,615 | \$9,615 | 9,615 | 9,615 | 9,615 |
| | Graduate | 11,928 | 11,928 | 11,928 | 11,928 | 11,928 |
| | MHRM (Formerly MLHR) | 16,248 | 16,248 | 16,568 | 16,568 | 16,568 |
| | MBA | 30,120 | 30,120 | 30,120 | 30,120 | 30,120 |
| | Working Professional MBA | 25,512 | 25,512 | 25,512 | 25,512 | 25,512 |
| | EMBA | 48,032 | 64,928 | 48,032 | 64,987 | 48,032 |
| | Masters of Accounting | 31,824 | 31,824 | 31,824 | 31,824 | 31,824 |
| | Masters of Audiology | 12,504 | 12,504 | 12,504 | 12,504 | 12,504 |
| | MSLP | 12,504 | 12,504 | 12,504 | 12,504 | 12,504 |
| | Masters of Health Admin. | 14,336 | 14,336 | 14,336 | 14,336 | 14,336 |
| | Masters of Public Health | 12,760 | 12,760 | 12,760 | 12,760 | 12,760 |
| | Public Health PEP | 12,760 | 12,760 | 12,760 | 12,760 | 12,760 |
| | MPT/DPT | 12,864 | 12,864 | 13,368 | 13,368 | 13,368 |
| | MOT/DOT - Ranks 1-2 | 11,576 | 11,576 | 12,472 | 13,440 | 13,440 |
| | MSW | 12,600 | 12,600 | 12,600 | 12,600 | 12,600 |
| | MBOE | 33,980 | 34,646 | 34,646 | 34,710 | 34,518 |
| | SMB Finance | 55,632 | 55,632 | 55,632 | 55,632 | 55,632 |
| | MBLE | 27,552 | 27,552 | 27,552 | 27,552 | 27,552 |
| | MAEE-DL | 14,712 | 14,712 | 14,712 | 14,712 | 14,712 |
| | GC Med | 19,504 | 19,504 | 19,504 | 19,504 | 19,504 |
| | GMB | 13,020 | 13,020 | 11,828 | 11,828 | 11,828 |
| | MGEL | 17,144 | 17,144 | 17,072 | 17,072 | 17,072 |
| | Non-Resident | SMB-Analytics | NA | NA | NA | 35,189 |
| Undergraduate Tuition Guarantee 2017-18 ⁽¹⁾ | | NA | NA | 29,274 | 30,186 | 31,147 |
| Undergraduate Tuition Guarantee 2018-19 ⁽¹⁾ | | NA | NA | NA | 30,320 | 31,281 |
| Undergraduate Tuition Guarantee 2019-20 ⁽¹⁾ | | NA | NA | NA | NA | 31,639 |
| Undergraduate-Non-Guarantee | | 26,943 | 27,807 | 28,719 | 29,631 | 30,592 |
| Graduate | | 31,400 | 32,376 | 33,400 | 34,432 | 35,512 |
| MHRM (Formerly MLHR) | | 34,152 | 35,048 | 36,312 | 37,256 | 38,250 |
| MBA | | 49,592 | 50,568 | 51,592 | 52,624 | 53,704 |
| Working Professional MBA | | 42,816 | 43,680 | 44,592 | 45,504 | 46,464 |
| EMBA | | 48,042 | 64,938 | 48,042 | 64,997 | 48,042 |
| Masters of Accounting | | 51,296 | 52,272 | 53,296 | 54,328 | 55,408 |
| Masters of Audiology | | 31,976 | 32,952 | 33,976 | 35,008 | 36,088 |
| MSLP | | 31,976 | 32,952 | 33,976 | 35,008 | 36,088 |
| Masters of Health Admin. | | 33,808 | 34,784 | 35,808 | 36,840 | 37,920 |
| Masters of Public Health | | 32,232 | 33,208 | 34,232 | 35,264 | 36,344 |
| Public Health PEP | | 32,232 | 33,208 | 34,232 | 35,264 | 36,344 |
| MPT/DPT | | 30,168 | 31,032 | 31,536 | 32,408 | 33,322 |
| MOT/DOT - Ranks 1-2 | | 28,880 | 29,744 | 30,640 | 31,608 | 32,480 |
| MSW | | 32,072 | 33,048 | 34,072 | 35,104 | 36,184 |
| MBOE | | 33,990 | 34,656 | 34,656 | 34,720 | 34,528 |
| SMB Finance | | 55,642 | 55,642 | 55,642 | 55,642 | 55,642 |
| MBLE | | 44,856 | 45,720 | 46,632 | 47,544 | 48,504 |
| MAEE-DL | | 14,722 | 14,722 | 14,722 | 14,722 | 14,722 |
| GC Med | | 40,504 | 41,552 | 41,552 | 31,552 | 32,130 |
| MGEL | | 17,154 | 17,154 | 17,082 | 17,082 | 17,082 |
| SMB-Analytics | | NA | NA | NA | 35,199 | 35,199 |

| | | <u>2015-16</u> | <u>2016-17</u> | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> |
|---------------------------------|--|----------------|----------------|----------------|----------------|----------------|
| Professional Schools | | | | | | |
| Resident | Law | \$28,632 | \$29,192 | \$29,768 | \$30,352 | \$30,952 |
| | Medicine - Rank 1 | 29,648 | 29,648 | 29,648 | 30,008 | 30,008 |
| | Medicine - Rank 2 | 29,648 | 29,648 | 29,648 | 30,008 | 30,008 |
| | Medicine - Rank 3 | 29,648 | 29,648 | 29,648 | 30,008 | 30,008 |
| | Medicine - Rank 4 | 29,648 | 29,648 | 29,648 | 30,008 | 30,008 |
| | Dentistry - Rank 1 | 32,816 | 33,464 | 34,128 | 35,144 | 36,708 |
| | Dentistry - Ranks 2-4 | 29,104 | 29,680 | 30,264 | 31,168 | 32,248 |
| | Optometry - Ranks 1-2 | 25,512 | 26,264 | 26,264 | 26,776 | 27,304 |
| | Optometry - Ranks 3-4 | 22,648 | 23,320 | 23,320 | 23,776 | 24,240 |
| | Veterinary Medicine - Ranks 1-3 | 29,512 | 30,096 | 30,688 | 31,288 | 31,904 |
| | Veterinary Medicine - Rank 4 | 22,960 | 30,096 | 30,688 | 31,288 | 31,904 |
| | Pharmacy - Ranks 1-3 | 21,168 | 21,168 | 22,000 | 22,864 | 23,760 |
| | Pharmacy Rank 4 | 15,080 | 21,168 | 22,000 | 22,864 | 23,760 |
| | Non-Resident | Law | 43,584 | 44,144 | 44,720 | 45,304 |
| Medicine - Rank 1 | | 49,280 | 50,264 | 51,296 | 52,696 | 53,786 |
| Medicine - Rank 2 | | 49,280 | 50,264 | 51,296 | 52,696 | 53,786 |
| Medicine - Rank 3 | | 49,280 | 50,264 | 51,296 | 52,696 | 53,786 |
| Medicine - Rank 4 | | 49,280 | 50,264 | 51,296 | 52,696 | 53,786 |
| Dentistry - Rank 1 | | 71,248 | 72,664 | 74,112 | 76,328 | 79,128 |
| Dentistry - Ranks 2-4 | | 63,184 | 64,440 | 65,720 | 67,688 | 69,864 |
| Optometry - Ranks 1-2 | | 54,568 | 47,320 | 47,320 | 47,832 | 48,360 |
| Optometry - Ranks 3-4 | | 48,472 | 41,144 | 41,144 | 41,600 | 42,064 |
| Veterinary Medicine - Ranks 1-3 | | 67,136 | 68,472 | 69,064 | 69,664 | 71,240 |
| Veterinary Medicine - Rank 4 | | 52,240 | 68,472 | 69,064 | 69,664 | 71,240 |
| Pharmacy - Ranks 1-3 | | 41,672 | 42,696 | 44,608 | 46,560 | 48,594 |
| Pharmacy Rank 4 | | 30,104 | 42,696 | 44,608 | 46,560 | 48,594 |
| Extended Campuses | | | | | | |
| Resident | Undergraduate Tuition Guarantee 2017-18 ⁽¹⁾ | NA | NA | 7,553 | 7,553 | 7,553 |
| | Undergraduate Tuition Guarantee 2018-19 ⁽¹⁾ | NA | NA | NA | 7,644 | 7,644 |
| | Undergraduate Tuition Guarantee 2019-20 ⁽¹⁾ | NA | NA | NA | NA | 7,912 |
| | Undergraduate (Non-Guarantee) | 7,140 | 7,140 | 7,140 | 7,140 | 7,140 |
| | Graduate | 11,736 | 11,736 | 11,736 | 11,736 | 11,736 |
| | ATI-Tuition Guarantee-2017-18 ⁽¹⁾ | NA | NA | 7,517 | 7,517 | 7,517 |
| | ATI-Tuition Guarantee-2018-19 ⁽¹⁾ | NA | NA | NA | 7,608 | 7,608 |
| | ATI-Tuition Guarantee-2019-20 ⁽¹⁾ | NA | NA | NA | NA | 7,874 |
| | ATI (Non-Guarantee) | 7,104 | 7,104 | 7,104 | 7,104 | 7,104 |
| Non-Resident | Undergraduate Guarantee 2017-18 ⁽¹⁾ | NA | NA | 26,657 | 27,569 | 28,530 |
| | Undergraduate Guarantee 2018-19 ⁽¹⁾ | NA | NA | NA | 27,660 | 28,621 |
| | Undergraduate Guarantee 2019-20 ⁽¹⁾ | NA | NA | NA | NA | 28,889 |
| | Undergraduate (Non-Guarantee) | 24,468 | 25,332 | 26,244 | 27,156 | 28,117 |
| | Graduate | 31,208 | 32,184 | 33,208 | 34,240 | 35,320 |
| | ATI Guarantee 2017-18 ⁽¹⁾ | NA | NA | 26,621 | 27,533 | 28,494 |
| | ATI Guarantee 2018-19 ⁽¹⁾ | NA | NA | NA | 27,624 | 28,585 |
| | ATI Guarantee 2019-20 ⁽¹⁾ | NA | NA | NA | NA | 28,851 |
| | ATI (Non-Guarantee) | 24,432 | 25,296 | 26,208 | 27,120 | 28,081 |

⁽¹⁾ First-year in-state students who started their college careers in the 2017-18, 2018-19, and 2019-20 academic years were enrolled under the Ohio State Tuition Guarantee, which will provide certainty for those students and their families about the cost of in-state tuition, general fees, housing and dining for four years. There is a non-resident surcharge that is not covered by the Tuition Guarantee Program that may result in slight annual increases for non-resident students.

Comparative information concerning the academic year 2019-20 instructional and general fees charged Ohio residents by the University and the other state universities are set forth below.

Instructional and General Fees*
2019-20

| <u>Institution</u> | <u>Undergraduate</u> | <u>Graduate</u> |
|----------------------------------|----------------------|-----------------|
| Bowling Green State University | \$10,938 | \$12,386 |
| Central State University | 6,472 | NA |
| Cleveland State University | 10,077 | 14,727 |
| Kent State University | 10,359 | 11,766 |
| Miami University | 14,548 | 14,370 |
| The Ohio State University | 10,037 | 12,425 |
| Ohio University | 10,810 | 9,510 |
| Shawnee State University | 7,701 | 9,963 |
| University of Akron | 10,270 | 9,136 |
| University of Cincinnati | 11,000 | 14,468 |
| University of Toledo | 9,585 | 15,774 |
| Wright State University | 8,954 | 14,298 |
| Youngstown State University | 8,601 | 12,656 |

* Based on Fall 2019 full-time charges or 15 credit hours and 2 semesters. Amounts shown include both instructional and General Facilities Fees and exclude certain other fees that are not uniform to all state universities.

Source: Ohio Department of Higher Education Fall 2019 Survey of Student Charges. Room and Board expenses are no longer collected as part of this survey.

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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 2019-2020.

Estimated Annual Expenses 2019-20

| <u>Basic Fees</u> | <u>Per Student</u> |
|---|---------------------------|
| Tuition and fees for In-State Residents | \$11,084 |
| Tuition and fees for Out-of-State-Residents* | 32,060 |
| Room and Board** | 12,748 |
| Books and Supplies | 1,082 |
| Miscellaneous Costs, Personal Expenses, Phone, etc. | 2,998 |
| Additional Out-of-State Travel | 834 |
| Total In-State Expenses | \$27,912 |
| Total Out-of-State Expenses | \$49,722 |

* Includes the non-resident tuition surcharge

** Based on the most popular room and board plan

Financial Aid

Approximately 79% 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 2019, students received total assistance amounting to \$1.17 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.

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The following table summarizes the financial aid provided to University students for the five Fiscal Years ended June 30, 2019. 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>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| Scholarships and Grants | | | | | |
| University | \$380,161 | \$401,132 | \$ 423,481 | \$ 442,194 | \$469,848 |
| State Funds | 13,933 | 15,028 | 14,741 | 16,465 | 16,615 |
| Pell Grants | 52,615 | 51,449 | 50,654 | 55,365 | 57,645 |
| Other Federal Grants | 2,831 | 3,076 | 4,551 | 3,717 | 4,661 |
| Other Funds | <u>45,411</u> | <u>50,612</u> | <u>51,138</u> | <u>52,686</u> | <u>54,071</u> |
| Total Scholarships and Grants | \$494,951 | \$521,297 | \$544,565 | \$570,427 | \$602,839 |
| Loan | | | | | |
| University | \$1,247 | \$1,082 | \$885 | \$ 724 | \$818 |
| Federal Perkins | 4,772 | 4,103 | 6,632 | 7,084 | 0 |
| Federal Stafford & PLUS | 351,872 | 345,442 | 347,692 | 343,700 | 338,591 |
| Other Loans | <u>43,582</u> | <u>45,788</u> | <u>46,934</u> | <u>45,089</u> | <u>48,196</u> |
| Total Loans | \$401,473 | \$396,415 | \$402,143 | \$396,596 | \$387,605 |
| Student Employment | | | | | |
| Federal Work-Study | \$2,979 | \$2,614 | \$2,865 | \$ 2,842 | \$3,360 |
| University Student Payroll | <u>160,269</u> | <u>158,655</u> | <u>164,014</u> | <u>168,740</u> | <u>173,282</u> |
| Total Student Employment | \$163,248 | \$161,269 | \$166,879 | \$171,583 | \$176,642 |
| Total Financial Assistance | \$1,059,672 | \$1,078,982 | \$1,113,587 | \$1,138,606 | \$1,167,086 |

Physical Plant

In total the University consists of 1,271 buildings and structures on 16,163 acres. The Columbus Campus programs are housed in 565 structures on the 1,666 acre campus. There are 76 additional structures located on 1,482 acres at the University's Extended Campuses. The OARDC has 363 buildings on 8,677 acres in Wooster, Ohio and eight other research farms throughout Ohio. The Molly Caren Agricultural Center in London, Ohio comprises 32 buildings on 2,092 acres. An additional 235 buildings, including county extension buildings, are located on 602 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 \$15.3 billion. The replacement value of the Columbus Campus alone is nearly \$13.0 billion. 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 2017, the University entered into a 50-year lease and concession agreement with Ohio State Energy Partners pursuant to which, among other things, the University leased its utility facilities (see related discussion in **Recent Developments**).

The Columbus Campus includes 1,666 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 801 acres and has 595 acres of undeveloped land. The Columbus Campus includes numerous academic and laboratory buildings and facilities, a 648 staffed bed University Hospital (does not include 356 staffed beds at the Arthur G. James Cancer Hospital and Richard J. Solove Research Institute or the 200 staffed beds at the University Hospital East), one of the largest academic research libraries in North America, 42 residence hall buildings which can house approximately 14,310 students and a 102,082-seat stadium.

In pursuit of its teaching, research, and public service missions, the University has made significant investments in its facilities. At June 30, 2019, the net book value of the University's land, buildings, improvements, equipment, library books, and construction in progress was \$5.41 billion. In Fiscal Year 2019, total University capital expenditures totaled \$584 million of which \$360 million went toward University projects and \$224 million supported

health system projects. In addition, several major construction projects are under way including new Arts District facilities, the upgrade and expansion of Postle Hall, Koffolt and Fontana Labs, the Wooster laboratory building, and the new health sciences faculty office and optometry clinic. a new terminal at the OSU Airport, various athletic facilities and the relocation of Cannon Drive. The University’s estimated future capital commitments, based on contracts and purchase orders, total approximately \$327 million at June 30, 2019.

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 Ohio State University Comprehensive Cancer Center – Arthur G. James Cancer Hospital and Richard J. Solove Research Institute; and the Ohio State Health System, which includes University Hospital, University Hospital East, 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 Walk-in Care Upper Arlington. The University’s Wexner Medical Center hospitals serve more than 64,000 adult inpatients and more than 1.9 million outpatients a year.

In 2019, *U.S. News & World Report* named the University’s Wexner Medical Center to its list of America’s “Best Hospitals,” based on structure, patient experience, outcomes and reputation, for the 27th 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 ingenuity in research laboratories make unique, effective therapies available to patients months, even years, before other hospitals. One of the nation’s leading academic medical centers, The Ohio State University Wexner Medical Center offers healthcare 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 Ohio State 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>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|----------------------|-------------|-------------|-------------|-------------|-------------|
| Inpatient Admissions | 58,211 | 59,538 | 61,701 | 64,529 | 64,534 |
| Outpatient Visits | 1,664,152 | 1,724,176 | 1,763,707 | 1,815,070 | 1,915,176 |
| Surgeries | 40,951 | 41,852 | 44,090 | 44,888 | 46,703 |

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 Hospital East blends academic medicine with a community-based setting in a comprehensive outpatient facility and a 200-bed hospital on Columbus’s 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 Hospital East 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 mental health and behavioral health services in central Ohio. Programs are available for adolescents, 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 sponsored by the NCI. The OSUCCC – James achieved Magnet® status in 2013.

Ohio State University Physicians, Inc. (OSUP) is a not-for-profit, multispecialty physician practice that has been designated by the Board as the faculty practice plan for the College of Medicine. The University's Faculty Group Practice (FGP) is an organizational 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 rehabilitation inpatient 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. 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 will be focused on three objectives: addressing the opioid epidemic and increasing access to cancer and transplant care.

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 healthcare 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 healthcare 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 13 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.

The Ohio Board of Regents acts as an advisory board to the Chancellor. The Ohio Board of Regents consists of nine voting members appointed to six-year terms by the Governor with the advice and consent of the State Senate. Ex-officio non-voting members are the chairpersons of the respective education committees of the State Senate and the State House of Representatives.

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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, 2019 and 2018.

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 2015 through 2019.

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

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Operating Revenues: | | | | | |
| Tuition and fees, net | \$850,289 | \$884,805 | \$927,317 | \$935,893 | \$969,633 |
| Grants and contracts | 691,209 | 683,809 | 737,060 | 757,036 | 782,234 |
| Auxiliary enterprises sales and services, net | 261,351 | 261,761 | 309,497 | 328,692 | 339,615 |
| OSU Health System sales and services, net | 2,357,824 | 2,625,075 | 2,844,327 | 3,103,891 | 3,432,271 |
| OSU Physicians sales and services, net | 405,619 | 487,429 | 496,364 | 525,796 | 560,322 |
| Departmental sales and other operating revenues | <u>190,225</u> | <u>182,639</u> | <u>213,026</u> | <u>193,292</u> | <u>211,223</u> |
| Total operating revenues | \$4,756,517 | \$5,125,518 | \$5,527,591 | \$5,844,600 | \$6,295,298 |
| Operating Expenses: | | | | | |
| Educational and general | \$2,281,828 | \$2,418,561 | \$2,495,255 | \$2,062,211 | 2,721,044 |
| Auxiliary enterprises | 248,879 | 254,137 | 313,185 | 322,149 | 361,346 |
| OSU Health System | 1,970,124 | 2,242,256 | 2,595,797 | 2,720,988 | 3,109,070 |
| OSU Physicians | 373,658 | 441,333 | 444,361 | 484,132 | 507,366 |
| Depreciation | <u>342,196</u> | <u>358,326</u> | <u>381,753</u> | <u>402,135</u> | <u>420,506</u> |
| Total operating expenses | \$5,216,685 | \$5,714,613 | \$6,230,351 | \$5,991,615 | \$7,119,332 |
| Net operating income (loss) | (\$460,168) | (\$589,095) | (\$702,760) | (\$147,015) | (\$824,034) |
| Non-Operating Revenues (Expenses): | | | | | |
| State share of instruction and line-item appropriations | \$435,824 | \$456,063 | \$473,061 | \$475,593 | \$469,679 |
| Gifts - current use | 163,800 | 156,737 | 181,212 | 168,209 | 160,102 |
| Net investment income (loss) | 173,478 | (10,376) | 543,300 | 440,393 | 232,287 |
| Grants, interest expense and other non-operating | 12,930 | (26,586) | (61,632) | (29,027) | (38,811) |
| Income (loss) before changes in net position | 325,864 | (13,257) | 433,181 | 908,153 | (777) |
| Changes in Net Position: | | | | | |
| State capital appropriations | 40,868 | 36,381 | 68,270 | 83,217 | 64,900 |
| Private capital gifts | 1,688 | 10,422 | 26,761 | 15,470 | 26,565 |
| Additions to permanent endowments | 60,792 | 64,537 | 60,177 | 61,708 | 68,696 |
| Increase (decrease) in net position | 429,212 | 98,083 | 588,389 | 1,068,548 | 159,384 |
| Net Position - beginning of year | \$6,727,831 | \$4,992,309 | \$5,090,392 | \$5,666,558 | \$5,494,631 |
| Effect of GASB 68 Implementation (Pensions)* | (2,164,734) | | | | |
| Effect of GASB 75 Implementation (OPEB)** | | | | (1,225,012) | |
| Effect of GASB 81 (Irrevocable Split Interest Agreements)*** | | | (12,223) | (15,463) | |
| Net Position-end of year | \$4,992,309 | \$5,090,392 | \$5,666,558 | \$5,494,631 | \$5,654,015 |

* In Fiscal Year 2015, the University Implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The cumulative effect of adopting GASB 68 was a reduction in the University’s net position as of July 1, 2014. Balances reported for the year ended June 30, 2014 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.75, Accounting and Financial Reporting for OPEB. The cumulative 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 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.81, Irrevocable Split-Interest Agreements. The cumulative effect of adopting GASB No. 81 was a \$12,223 reduction in the University’s net position as of July 1, 2016.

The following Net Position (Equity) Summary presents net investment in capital assets, restricted – nonexpendable, restricted – expendable and unrestricted net position balances for Fiscal Years 2015 through 2019.

Net Position (Equity) Summary
(dollars in thousands)

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|----------------------------------|----------------|----------------|----------------|----------------|---------------|
| Net Investment in Capital Assets | \$2,396,802 | \$2,382,715 | \$2,364,637 | \$2,488,574 | \$2,749,111 |
| Restricted – Nonexpendable | 1,355,560 | 1,370,064 | 1,473,074 | 1,551,278 | 1,580,115 |
| Restricted – Expendable | 993,000 | 908,953 | 1,190,162 | 1,328,793 | 1,303,269 |
| Unrestricted* | <u>246,947</u> | <u>428,660</u> | <u>638,685</u> | <u>125,986</u> | <u>21,520</u> |
| Total Net Position | \$4,992,309 | \$5,090,392 | \$5,666,558 | \$5,494,631 | \$5,654,015 |

*The decreases in unrestricted net position relate to the implementation of the GASB 68 pension and GASB 75 OPEB standards, as further explained in the notes to the Summary of Revenues, Expenses and Changes in Net Position.

General Receipts of the University

General Receipts pledged to the security of the Bonds 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>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--|--------------------|--------------------|--------------------|--------------------|------------------|
| Tuition, Fees and Other Student Charges | \$1,021,995 | \$1,065,633 | \$1,106,385 | \$1,135,298 | \$1,188,569 |
| Unrestricted Government Grants & Contracts | 76,201 | 76,580 | 82,051 | 84,258 | 89,762 |
| Private Gifts and Grants | 32,985 | 41,468 | 44,167 | 41,310 | 41,206 |
| Unrestricted Endowment Income | 15,332 | 18,272 | 22,859 | 28,792 | 41,291 |
| Dept. & University Sales & Services | 152,328 | 153,560 | 155,779 | 157,841 | 165,638 |
| Auxiliary Sales & Services | 294,586 | 295,554 | 346,260 | 369,891 | 384,556 |
| Hospital Sales & Services | 2,368,952 | 2,625,075 | 2,853,177 | 3,103,891 | 3,432,271 |
| Other Sources | <u>32,156</u> | <u>32,379</u> | <u>53,649</u> | <u>26,687</u> | <u>33,936</u> |
| Total General Receipts | \$3,994,536 | \$4,308,521 | \$4,664,327 | \$4,947,754 | 5,377,229 |

Outstanding General Receipts Obligations

The University's General Receipts Bonds (including Senior Lien Obligations and Special Purpose General Receipts Obligations), as of December 2, 2019 consist of the following:

| <u>General Receipts Bonds</u> | <u>Original Amount</u> | <u>Amount Outstanding</u> |
|------------------------------------|------------------------|---------------------------|
| Series 1997 Bonds | \$ 79,540,000 | \$15,610,000 |
| Series 1999 B1 Bonds | 83,400,000 | 8,200,000 |
| Series 2001 Bonds | 76,950,000 | 49,845,000 |
| Series 2003 C Bonds | 121,295,000 | 44,960,000 |
| Series 2005 B Bonds | 129,990,000 | 62,730,000 |
| Series 2008 B Bonds | 127,770,000 | 77,730,000 |
| Series 2010 A Bonds | 241,170,000 | 6,125,000 |
| Series 2010 C Bonds | 654,785,000 | 654,785,000 |
| Series 2010 D Bonds | 88,335,000 | 84,625,000 |
| Series 2010 E Bonds | 150,000,000 | 150,000,000 |
| Series 2011 A Bonds | 500,000,000 | 500,000,000 |
| Series 2012 A Bonds | 91,165,000 | 58,220,000 |
| Series 2012 B Bonds | 23,170,000 | 12,035,000 |
| Series 2013 A Bonds ⁽¹⁾ | 337,955,000 | 337,955,000 |
| Series 2014 A Bonds | 135,985,000 | 124,250,000 |
| Series 2014 B1 Bonds | 75,000,000 | 75,000,000 |
| Series 2014 B 2 Bonds | 75,000,000 | 75,000,000 |
| Series 2016 A Bonds | 600,000,000 | 600,000,000 |
| Series 2016 B Bonds | 30,875,000 | 20,465,000 |
| Series 2017 Bonds | <u>69,950,000</u> | <u>62,915,000</u> |
| Total: | \$3,692,335,000 | \$3,020,450,000 |

(1) The Series 2013 A Bonds are currently the only outstanding series of Special Purpose General Receipts Obligations issued under the Indenture.

General Operating Budget Procedures

For its Fiscal Year 2020 Operating Budget, the University continued its long-standing approach of adopting a budget that encompasses all 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 academic fees and State appropriations. Over the last decade, student tuition/fees, which tend to be more stable, 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 2020 Budget

The University's Fiscal Year 2020 consolidated budget plan projects revenues of \$7.49 billion (3.8% annual growth) and expenditures of \$7.01 billion (4.5% annual growth) resulting in a Fiscal Year 2020 projected surplus of approximately \$480 million. Revenue growth is driven primarily by the health system with University revenue growing a more modest 3.3%. Expenditure growth is driven primarily by personnel expenses including strategic growth in health system physicians and personnel. Fiscal Year 2020 interim financial reports for each quarter are presented to the Audit, Compliance, and Finance Committee at each meeting of the Board of Trustees and are available following those meetings in the Investor Relations section of the University Treasurer's 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 Annual Report 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 student enrollment FTE multiplied by legislated subsidy allowances that vary by program. The following table shows historical State operating appropriations to the University for Fiscal Years 2015 through 2019 and estimated receipts for Fiscal Year 2020.

| <u>Fiscal Year</u> | <u>State Operating Appropriations*</u> |
|--------------------|--|
| 2015 | 435,824,000 |
| 2016 | 456,063,000 |
| 2017 | 478,847,000 |
| 2018 | 478,444,000 |
| 2019 | 473,126,000 |
| 2020** | 473,126,000 |

* Total University, including all campuses.

** Budget

State Capital Appropriations

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 appropriations 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.

Beginning in 2012, the State transitioned its capital funding model for higher education from a formulaic approach to a more collaborative strategic model that reflects consensus recommendations of the State's universities and community colleges. This strategic model has been continued for all recent State capital biennia. The following table shows capital spending funded, and for Fiscal Year 2020 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> |
|----------------------------|---|
| 2011-12 | 104,920,000 |
| 2013-14 | 129,935,000 |
| 2015-16 | 77,249,000 |
| 2017-18 | 151,487,000 |
| 2019-20 | 169,761,900 |

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 as will prevent their expenditures and incurred obligations from exceeding such revenue receipts and balances.

Recent Developments

Total State of Ohio General Revenue Fund appropriations are \$33.96 billion for Fiscal Year 2020 (a 1.5% increase over Fiscal Year 2019). The budget included total General Revenue Fund appropriation for higher education of \$2.72 billion in Fiscal Year 2020 (an increase of 1.5% from Fiscal Year 2019). As of September 2019, the unemployment rate for the State of Ohio was 4.2% and 3.5% for Franklin County. Through October 31, 2019, total General Revenue Fund tax receipts were above expectations by 1.3% driven by sales tax receipts which were above expectations by 2.3% while personal income tax receipts were even with the estimate. For the same period, spending from the state’s General Revenue Fund was below estimate by 1.0%, with below estimate spending occurring across all programmatic categories.

The University continues to make significant investments in access and affordability, increasing its commitment to need-based financial aid by more than \$100 million over the past four years and via the Ohio State Tuition Guarantee (introduced in Autumn 2017) which provides first-year, in-state students with predictability about the cost of tuition, general fees, housing and dining for four years. The University has continued its tuition guarantee for a third cohort of first year, in-state students in Autumn 2019. Tuition and fees now support 76% of the cost of instruction with the remainder funded through State Share of Instruction. The University has focused new and expanded financial aid programs on Ohio students who demonstrate financial need. With another \$25 million committed to President’s Affordability Grants this fiscal year, the University has dedicated \$110 million over five years to support low-and moderate-income Ohio students. The University also 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 a new endowment created from proceeds of the Comprehensive Energy Management partnership.

In support of its Digital Flagship program, the University has integrated learning technology throughout the Ohio State experience. In Autumn 2019, the second cohort of incoming first-year students at all campuses received an iPad Pro as part of their academic toolkit. Faculty members have ramped up courses specifically designed to take advantage of widespread access to this technology. Additionally, the University continues to expand its investments in programs that support teaching excellence, such as the University Institute for Teaching and Learning. The Institute works with faculty throughout the University to extend best practices and instruction.

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 projects. The University’s Board of Trustees approved capital improvement

projects to the University's utility system to be commenced in Fiscal Year 2020 in an aggregate amount of \$362 million. Certain projects require additional Board and regulatory approval. The variable rate portion of the utility fee for Fiscal Year 2019 was \$1.2 million.

In April 2018, after receiving a complaint from a former student-athlete, the University initiated an independent investigation into allegations of sexual misconduct by a former OSU 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. Civil actions related to this investigation allege Title IX violations by the University. It is possible that additional lawsuits could be filed. The case is in mediation. 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 liability, if any, of 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.

Ohio State University President Michael V. Drake, MD, who has served as president of the University since June 2014, has announced that he will retire from that role next year. President Drake's career in higher education spans four decades, including the last 15 as a university president or chancellor. The University will launch a national search for its next president, and trustee Lewis Von Thayer will serve as the chair of the search committee. President Drake said he has always envisioned that the University would begin a search while he still served as president in order to provide continuity in leadership. President Drake will lead the University through at least the end of the academic year.

In October 2019, the University launched its most ambitious community-building and fundraising endeavor in history. Known as *Time and Change: The Ohio State Campaign*, the campaign celebrates the University's 150th year and strives to engage a record one million supporters with a financial goal of \$4.5 billion. The campaign is centered on three core areas of focus: i) student success; ii) research and discovery; and iii) healthy, vibrant communities.

The University remains committed to protecting and growing student financial aid and to increasing the compensation of University faculty to enhance the ability of the University to attract and retain outstanding faculty. The University will reallocate resources if necessary to meet these goals. The University will continue to plan for and budget the amount of its General Receipts required for the payment of debt service. It is the judgment of the University that while there will always be some uncertainty in the level of continued State support it receives, the level of State funding will not materially impair the University's ability to either satisfy its debt service obligations or carry out the educational mission of the University.

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Grants and Contracts

During Fiscal Year 2019, the University's expenditures on research totaled \$931 million. Over half of these expenditures (\$498 million) came from various federal agencies. The National Institutes of Health (\$241 million), the National Science Foundation (\$51 million), the Department of Energy (\$27 million), the Department of Defense (\$40 million), and the Department of Agriculture (\$34 million) were the primary federal sponsors. The remaining \$433 million came from non-federal sources (industry, state, other non-governmental entities and institutional funds) with institutional funds (\$138 million) and industrial sponsors (\$158 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 2019 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 2015-2019 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.

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

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---|------------------|------------------|------------------|------------------|------------------|
| OSU Research Foundation | \$539,717 | \$515,613 | \$534,629 | \$539,660 | \$582,492 |
| Ohio Agricultural R&D Center | 31,937 | 30,719 | 31,525 | 30,278 | 30,178 |
| Research Institute at Nationwide Children's Hospital | 66,621 | 63,873 | 74,003 | 74,911 | 88,887 |
| Transportation Research Center | 32,528 | 39,161 | 45,515 | 48,240 | 38,633 |
| Institutional Funds | 236,336 | 144,158 | 127,297 | 128,966 | 138,213 |
| Other | 54,858 | 53,569 | 51,358 | 52,959 | 52,713 |
| Totals | \$961,997 | \$847,093 | \$864,327 | \$875,014 | \$931,116 |

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

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---|------------------|------------------|------------------|------------------|------------------|
| OSU Research Foundation | \$515,775 | \$549,747 | \$571,910 | \$575,470 | \$621,174 |
| Ohio Agricultural R&D Center | 35,026 | 33,790 | 35,279 | 33,723 | 32,013 |
| Research Institute at Nationwide Children's Hospital | 95,160 | 66,308 | 72,552 | 51,480 | 103,824 |
| Transportation Research Center | 32,528 | 39,161 | 45,515 | 48,240 | 39,125 |
| Other | 71,440 | 72,049 | 82,623 | 85,925 | 94,411 |
| Totals | \$749,929 | \$761,055 | \$807,879 | \$794,838 | \$890,547 |

The following table shows grant and contract expenditures for Fiscal Years 2015-2019 by source of funds.

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

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---|------------------|------------------|------------------|------------------|------------------|
| Federal Sponsors | | | | | |
| National Institutes of Health | \$196,794 | \$204,530 | \$217,471 | \$221,833 | \$241,206 |
| National Science Foundation | 52,197 | 53,077 | 50,740 | 50,971 | 51,067 |
| Department of Education | 36,653 | 22,124 | 17,221 | 13,096 | 11,912 |
| Department of Defense | 34,604 | 31,672 | 31,139 | 34,579 | 39,550 |
| Department of Energy | 18,452 | 19,104 | 21,563 | 25,163 | 26,718 |
| Department of Labor | 3,784 | 15,369 | 12,047 | 12,489 | 12,600 |
| Department of Agriculture | 31,120 | 31,461 | 32,136 | 34,553 | 33,905 |
| National Aeronautics and Space Administration | 6,157 | 7,330 | 7,288 | 8,721 | 10,014 |
| Other Federal Agencies | 87,985 | 72,186 | 74,706 | 73,589 | 70,740 |
| Total Federal Sources | \$467,746 | \$456,853 | \$464,311 | \$474,994 | \$497,712 |
| Industry | | | | | |
| State of Ohio | \$119,272 | \$127,738 | \$146,317 | \$138,916 | \$158,151 |
| Other Non-Federal Agencies | 70,593 | 52,637 | 54,591 | 58,211 | 61,167 |
| Institutional funds | 68,050 | 65,706 | 71,811 | 73,927 | 75,873 |
| Total Non-Federal Sources | \$236,336 | \$144,159 | \$127,297 | \$128,966 | \$138,213 |
| Total All Sources | \$494,251 | \$390,240 | \$400,016 | \$400,020 | \$433,404 |
| Total All Sources | \$961,997 | \$847,093 | \$864,327 | \$875,014 | \$931,116 |

The following table shows total grant and contract awards for Fiscal Years 2015-2019 by source of funds.

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

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---|------------------|------------------|------------------|------------------|------------------|
| Federal Sponsors | | | | | |
| National Institutes of Health | \$222,706 | \$217,585 | \$237,513 | \$226,048 | \$298,983 |
| National Science Foundation | 62,233 | 56,925 | 59,359 | 54,139 | 52,607 |
| Department of Education | 19,200 | 20,666 | 16,105 | 12,239 | 11,923 |
| Department of Defense | 34,759 | 31,537 | 33,149 | 44,116 | 50,235 |
| Department of Energy | 19,323 | 25,098 | 26,685 | 32,505 | 30,061 |
| Department of Labor | 9,583 | 9,005 | 13,926 | 13,266 | 12,298 |
| Department of Agriculture | 35,291 | 30,017 | 34,255 | 34,020 | 46,859 |
| National Aeronautics and Space Administration | 7,292 | 8,991 | 7,095 | 10,793 | 9,493 |
| Other Federal Agencies | 69,685 | 77,283 | 78,663 | 71,627 | 81,359 |
| Total Federal Sources | \$480,072 | \$477,107 | \$506,750 | \$498,753 | \$594,448 |
| Industry | | | | | |
| State of Ohio | \$122,616 | \$128,163 | \$140,469 | \$144,421 | \$136,818 |
| Other Non-Federal Agencies | 75,251 | 76,394 | 53,241 | 57,421 | 46,165 |
| Total Non-Federal Sources | \$71,990 | \$79,391 | \$107,419 | \$94,243 | \$113,116 |
| Total All Sources | \$269,857 | \$283,948 | \$301,129 | \$296,085 | \$296,099 |
| Total All Sources | \$749,929 | \$761,055 | \$807,879 | \$794,838 | \$890,547 |

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> |
|--------------------|--------------|------------------------------------|----------------------------------|--------------|
| 2015 | \$163,800 | \$60,792 | \$1,688 | \$226,280 |
| 2016 | \$156,737 | \$64,537 | \$10,422 | \$231,696 |
| 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 |

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> |
|--------------------|---------------------|
| 2015 | \$1,047,984,898 |
| 2016 | \$977,172,750 |
| 2017 | \$1,062,320,663 |
| 2018 | \$1,104,235,903 |
| 2019 | \$1,070,008,194 |

As of September 30, 2019, the estimated market value of the fund was \$1,074,434,408.

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> |
|--------------------|---------------------|
| 2015 | \$757,158,186 |
| 2016 | \$763,331,888 |
| 2017 | \$877,261,330 |
| 2018 | \$958,749,667 |
| 2019 | \$969,428,976 |

As of September 30, 2019, the estimated market value of the fund was \$989,027,758.

The Long-Term Investment Pool

The University's Long-Term Investment Pool (which includes the University Endowment Fund, Foundation Endowments and certain Operating Funds) is the sixth largest endowment fund of any public university or college in the United States based on information from the 2018 National Association of College and University Business Officers endowment study. 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> |
|--------------------|---------------------|
| 2015 | \$3,659,386,806 |
| 2016 | \$3,616,562,386 |
| 2017 | \$4,253,459,135 |
| 2018 | \$5,211,434,116 |
| 2019 | \$5,256,758,783* |

* LTIP market value was impacted by a combination of below benchmark performance across asset classes and a \$101 million reduction in the fair value of certain natural resources and oil and gas investments.

As of September 30, 2019, the estimated market value of the LTIP was \$5,319,940,484 consisting of the following investment types and market values:

| <u>Investment Type</u> | <u>Market Value</u> |
|------------------------|------------------------|
| Equity | \$2,523,449,871 |
| Private Equity | 956,311,558 |
| Real Assets | 533,904,307 |
| Absolute Return/Hedge | 534,705,806 |
| Fixed Income | 710,626,269 |
| Cash | <u>60,942,673</u> |
| Total | \$5,319,940,484 |

The total returns on the long-term portfolio net of investment fees for the period ending September 30, 2019 were:

| | |
|------------|-------|
| One year | 1.37% |
| Three year | 6.82% |
| Five year | 4.67% |

The University distributed approximately \$220.0 million and \$204.0 million of endowment funds for operations in fiscal years ending June 30, 2019 and 2018, 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> |
|--------------------|---------------------|
| 2015 | \$1,949,304,734 |
| 2016 | \$2,621,075,390 |
| 2017 | \$2,695,253,693 |
| 2018 | \$3,354,477,321 |
| 2019 | \$3,552,872,175 |

As of September 30, 2019, the estimated market value of the Short and Intermediate-Term Pool was \$3,708,733,107 and the pool consisted of the following investment types and market values:

| <u>Investment Type</u> | <u>Market Value</u> |
|---------------------------|------------------------|
| Bank Accounts | \$1,255,747,826 |
| Money Market Funds | \$877,540,311 |
| U.S. Gov't & Agency Bonds | \$348,045,553 |
| Asset Backed Securities | \$258,948,302 |
| Corporate Bonds | \$934,984,173 |
| Municipal Bonds | \$8,559,694 |
| Other Fixed Income | \$24,907,248 |
| Total | \$3,708,733,107 |

Insurance Coverage

All real and business property (buildings and their contents) of the University are insured under a blanket (all risk) insurance policy. The policy insures all buildings and their contents on a replacement cost basis. The policy also includes business interruption, boilers and machinery breakdown. The University self-funds all deductibles. Buildings under construction are insured under Builders Risk policies obtained by the individual contractors or in some cases by Builders Risk policies owned by the University.

With limited exceptions, all owned, leased, rented or borrowed motor vehicles are self-insured for property damage with liability coverage provided by the University's Excess Liability Program, including Auto are subject to a self-insured retention. All owned or leased aircraft are also insured with liability coverage covered under a separate aviation policy.

The University maintains a self-insurance program for potential medical malpractice liabilities arising from operations of the University's Medical Center.

The University has purchased a high deductible Cyber Liability insurance policy, and our property policy includes some cyber coverage. Subject to the deductible and the policy limits, the policies will reimburse costs for corrupted, erased and altered electronic data arising out of cyber peril or other covered loss worldwide. It will pay for covered equipment, electronic devices and storage media that was rendered useless for its intended purpose, due to the introduction of malicious code. Coverage also includes reimbursement from Denial of Service attacks.

Workers' Compensation is self-insured by the University with the purchase of excess insurance for a catastrophic loss.

Capital Programs and Additional Financing

The University has an on-going capital improvement program consisting of new construction and the remodeling/rehabilitation of existing facilities. Capital improvement projects are expected to be funded from a variety of sources, including gifts, state appropriations, debt financing and University funds. As of June 30, 2019, the University had authorization for the following projects:

| <u>Project Status</u> | <u>Number</u> | <u>Total Project Cost (dollars in thousands)</u> |
|-----------------------|---------------|--|
| In Design | 85 | \$484,500 |
| Under Construction | 164 | 826,100 |
| Emerging Projects* | 78 | 79,400 |
| Total | 327 | \$1,390,000 |

* Projects not yet hired or designed