

**INVITATION TO TENDER BONDS**  
**(the “Invitation”)**  
**made by**  
**THE OHIO STATE UNIVERSITY**  
**(the “University”)**

*All terms used below with initial capitalization where not required by the rules of grammar and not otherwise defined have the meanings given to them in this Invitation.*

**The University invites Bondholders to offer to sell to the University  
for cash its selected General Receipts Bonds (Multiyear Debt Issuance Program) Series 2016 A  
(Federally Taxable) (the “Target Bonds”)  
held by Bondholders with the following CUSIP numbers:**

<b>CUSIP Base: 677632</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Outstanding Par Amount</b>	<b>Maximum Principal Amount to be Accepted for Purchase</b>	<b>Benchmark Treasury Security</b>	<b>Fixed Spread (Basis Points)</b>
G88	3.798%	12/01/2046	\$350,000,000	\$122,500,000	UST 3.625% due 5/15/2053 CUSIP: 912810TR9	70
G96	4.048%	12/01/2056	250,000,000	87,500,000	UST 3.625% due 5/15/2053 CUSIP: 912810TR9	78

**Key Dates and Times**

*All of these dates and times are subject to change and to all conditions described in this Invitation  
and related tender materials. All times are New York City time.*

*Notices of changes will be sent in the manner provided for in this Invitation.*

Launch Date and 2023 C Bonds Preliminary Official Statement Posting .....	August 31, 2023
Offer Expiration Time (unless extended as described herein) .....	5:00 p.m., September 8, 2023
Preliminary Notice of Results.....	September 11, 2023
Determination of Target Bonds Purchase Price .....	10:00 a.m., September 12, 2023
Notice of Target Bonds Purchase Price .....	At or around 5:00 p.m., September 12, 2023
Notice of Acceptance of Target Bonds Tendered for Purchase .....	At or around 5:00 p.m., September 13, 2023
Settlement Date (unless extended as described herein) .....	September 26, 2023

**To make an informed decision as to whether, and how, to offer Target Bonds, beneficial owners of Target Bonds (“Bondholders”) must read this Invitation to Tender Bonds carefully and should consult their brokers, account executives, financial advisors and/or other professionals.**

*The Dealer Managers for this Invitation are:*

**Goldman Sachs & Co. LLC**

**RBC Capital Markets**

The date of this Invitation is August 31, 2023.

## IMPORTANT INFORMATION

*This Invitation to Tender and other information with respect thereto are and will be available from Goldman Sachs & Co. LLC (“**Goldman Sachs**”) and RBC Capital Markets, LLC (“**RBC**”) (together, the “**Dealer Managers**”) and Globic Advisors (the “**Information and Tender Agent**”) at <http://emma.msrb.org>, using the CUSIP numbers for the Target Bonds listed on the cover of this Invitation, and <http://globic.com/theosu>. Bondholders wishing to tender their Target Bonds for purchase pursuant to this Invitation should follow the procedures described in this Invitation. The University reserves the right to cancel or modify this Invitation at any time at or prior to the Expiration Time as provided herein and reserves the right to issue a future invitation or tender offer for Target Bonds on terms different than those described herein in its sole discretion. The University will have no obligation to accept tendered Target Bonds for purchase or to purchase Target Bonds tendered and accepted for purchase if this Invitation is cancelled or the University fails to accept offers or the University is unable to issue the 2023 C Bonds (as defined herein) or any other conditions set forth herein are not satisfied. The University further reserves the right to accept nonconforming offers and tenders or waive irregularities in any offer or tender. The University also reserves the right in the future to defease or refund any Untendered Bonds (as defined herein). The consummation of this Invitation is subject to certain other conditions, including, without limitation to the conditions that are anticipated to occur after the Expiration Time (as defined herein) but prior to the Settlement Date.*

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THIS INVITATION OR PASSED UPON THE FAIRNESS OR MERITS OF THIS INVITATION OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS INVITATION. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

This Invitation is not being extended to, and offers and Target Bonds tendered in response to this Invitation will not be accepted from or on behalf of, Bondholders in any jurisdiction in which this Invitation or such offer or acceptance would not be in compliance with the laws of such jurisdiction. In any jurisdictions where the securities, “blue sky” or other laws require this Invitation to be made through a licensed or registered broker or dealer, this Invitation shall be deemed to be made on behalf of the University through the Dealer Managers or one or more registered brokers or dealers licensed under the laws of that jurisdiction.

References to website addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not a part of, this Invitation.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Invitation, and, if given or made, such information or representation may not be relied upon as having been authorized by the University.

The delivery of this Invitation shall not under any circumstances create any implication that any information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachment hereto or materials delivered herewith or in the affairs of the University since the date hereof. The information contained in this Invitation is as of the date of this Invitation only and is subject to change, completion, and amendment without notice.

The Dealer Managers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein, including the Preliminary Official Statement attached hereto as **Appendix A**. The Dealer Managers have not independently verified any of the information contained herein, and assume no responsibility for the accuracy or completeness of any such information.

The University, the Dealer Managers and the Information and Tender Agent are not responsible for (i) making or transmitting any offer to sell Target Bonds nor (ii) the DTC process and Bondholders interactions with DTC and the DTC participants.

Certain statements contained in or incorporated by reference into this Invitation are “forward-looking statements.” Forward-looking statements are based on the University’s current expectations, estimates, beliefs, assumptions and projections of future performance, taking into account the information currently available to the University. These statements may be identified by the use of words like “expects,” “intends,” “plans,” “aims,” “projects,” “believes,” “anticipates,” “estimates,” “will,” “should,” “could” and other expressions that indicate future events and trends. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such statements. Inevitably, some assumptions used in connection with the forward-looking statements will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between such statements and actual results, and those differences may be material.

Forward-looking statements speak only as of the date of the document in which they are made or as otherwise specified therein. The University disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statement to reflect any change in the University’s expectations or any change in events, conditions or circumstances on which the forward-looking statement is based.

This Invitation contains important information which should be read before any decision is made with respect to this Invitation.

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**INVITATION TO TENDER BONDS**  
**made by**  
**THE OHIO STATE UNIVERSITY**

**to the Bondholders described herein of its**  
**General Receipts Bonds (Multiyear Debt Issuance Program) Series 2016 A**  
**(Federally Taxable)**

**INTRODUCTION**

**General**

This Invitation to Tender Bonds, dated August 31, 2023 (as it may be amended or supplemented as provided herein, including the cover page and attachment hereto, this “*Invitation*”), is issued by The Ohio State University (the “*University*”), with the assistance of Goldman Sachs & Co. LLC (“*Goldman Sachs*”) and RBC Capital Markets, LLC (“*RBC*”), as dealer managers (together, the “*Dealer Managers*”), to the beneficial owners (the “*Bondholders*”) of the above-captioned bonds of the University with the maturities and CUSIP numbers identified on the cover page of this Invitation (collectively, the “*Target Bonds*”), and invites Bondholders to offer to sell Target Bonds for purchase by the University at the purchase prices as described below.

Each Bondholder is invited by the University to offer (an “*Offer*”) to sell to the University, for payment in cash, all or part of its beneficial ownership interests in the Target Bonds in authorized denominations, as set forth herein. The University may decide to purchase less than all (or none) of the Target Bonds offered to the University. (See **Section 10—Determination of Amounts to be Purchased; Purchase Prices** herein). Offers must be submitted by the Expiration Time specified on the cover page or such later date or time to which it may be extended as herein provided (the “*Expiration Time*”). Target Bonds which the University purchases pursuant to this Invitation will be cancelled. Bondholders will not be obligated to pay any brokerage commissions or solicitation fees to the University, the Dealer Managers or the Information and Tender Agent in connection with this Invitation. Bondholders should consult with their brokers, account executives, banks, financial institutions or financial advisors to determine whether they will charge any commissions or fees.

The purchase prices (the “*Purchase Prices*”) for Target Bonds which the University decides to purchase, if any, will be paid on the Settlement Date specified on the cover page or such later date to which settlement may be deferred as herein provided (the “*Settlement Date*”). (See **Section 12—Settlement Date; Purchase of Target Bonds** herein). The Purchase Prices for the Target Bonds will be based on a fixed spread added to the yield on a benchmark United States Treasury Security, plus accrued interest on the Target Bonds tendered for purchase up to but not including the Settlement Date (“*Accrued Interest*”).

Target Bonds which the University does not purchase pursuant to this Invitation will be returned to the Bondholders that offered such Target Bonds and will remain outstanding. The Bondholders whose Target Bonds are not purchased pursuant to this Invitation will continue to bear the risk of ownership of such Target Bonds. The purchase of a significant portion of Target Bonds of a particular CUSIP pursuant to this Invitation may have an adverse effect on the liquidity for the remaining Target Bonds of such CUSIP. (See “**ADDITIONAL CONSIDERATIONS**” herein).

Among other conditions, the University’s obligation to purchase tendered Target Bonds will be subject to the sale and delivery of the University’s General Receipts Refunding Bonds (Multiyear Debt Issuance Program II), Series 2023 C (the “**2023 C Bonds**”) as described in the University’s Preliminary Supplemental Official Statement and the accompanying Official Statement (collectively, the “*Preliminary*”).

*Official Statement*”) dated the same date of this Invitation, relating to such bonds, a copy of which is attached hereto as **Appendix A**.

The University is soliciting Offers to sell Target Bonds and intends to issue the 2023 C Bonds in order to purchase and cancel the Target Bonds and reduce associated debt service requirements. The University intends, but is not obligated to, accept Offers that will enable it to purchase up to a maximum principal amount of \$210,000,000 of Target Bonds with proceeds of the 2023 C Bonds on the Settlement Date.

**BONDHOLDERS WHO DO NOT TENDER THEIR TARGET BONDS, AS WELL AS BONDHOLDERS WHO TENDER TARGET BONDS FOR PURCHASE THAT THE UNIVERSITY, IN ITS DISCRETION, DOES NOT ACCEPT FOR PURCHASE, WILL CONTINUE TO HOLD SUCH TARGET BONDS (COLLECTIVELY, THE “UNTENDERED BONDS”) AND SUCH UNTENDERED BONDS WILL REMAIN OUTSTANDING. ANY UNTENDERED BONDS ARE NOT EXPECTED TO BE REFUNDED ON THE DATE OF ISSUANCE OF THE 2023 C BONDS. HOWEVER, THE UNIVERSITY RESERVES THE RIGHT TO, AND MAY DECIDE TO, DEFEASE OR REFUND SOME OR ALL OF THE UNTENDERED BONDS AT A LATER DATE.**

**The University reserves the right, subject to applicable law, to amend or waive any conditions to this Invitation and its obligations under accepted Offers, in whole or in part, at any time prior to the Expiration Time as provided herein, in its sole discretion. This Invitation may be withdrawn by the University at any time prior to the Expiration Time.**

**TO MAKE AN INFORMED DECISION AS TO WHETHER, AND HOW, TO TENDER TARGET BONDS FOR SALE IN RESPONSE TO THIS INVITATION, BONDHOLDERS SHOULD READ THIS INVITATION CAREFULLY.**

**Neither the University nor the Dealer Managers nor the Information and Tender Agent makes any recommendation that any Bondholder offer, or refrain from offering, all or any portion of such Bondholder’s Target Bonds for sale. Bondholders must make these decisions and should read this Invitation and consult with their brokers, account executives, financial advisors and/or other professionals in doing so.**

### **Purpose**

This Invitation is being issued as part of a plan of finance to use proceeds from the sale of the 2023 C Bonds that includes the retirement of the Target Bonds by purchasing them pursuant to this Invitation. Further, as described herein, the University’s purchase of Target Bonds pursuant to this Invitation is contingent upon receipt of sufficient proceeds for such purpose from the issuance of the 2023 C Bonds. There can be no assurance that the 2023 C Bonds will be issued or when the 2023 C Bonds will be issued, or that the proceeds thereof will be sufficient to enable the University to purchase any or all of the Target Bonds validly tendered for purchase.

### **Consideration for Tender Offer**

The applicable fixed spread identified on the cover page of this Invitation (the “*Fixed Spread*”) for each CUSIP for the Target Bonds represents the yield, expressed in basis points, above the yield on the 30 Year Benchmark Treasury Security at which the University will purchase the Target Bonds. The applicable Fixed Spread for each CUSIP will be added to the yield on the 30 Year Benchmark Treasury Security. The 30 Year Benchmark Treasury Security is identified on the cover of this Invitation.

The yield on the 30 Year Benchmark Treasury Security (the “**Treasury Security Yield**”) will be determined at 10:00 AM on September 12, 2023, based on the bid-side price of the U.S. Benchmark Treasury as quoted on the Bloomberg Bond Trading FIT1 series of pages and calculated in accordance with standard market practice. The Fixed Spread for each maturity will be added to the Treasury Security Yield to arrive at a yield (the “**Purchase Yield**”). The Treasury Security Yield and the Purchase Yield will be contained in the Notice of Target Bonds Purchase Price described below.

The Purchase Yield will be used to calculate the Purchase Prices for the Target Bonds. The Purchase Prices for the Target Bonds will be the sum of the present value of all remaining scheduled principal and interest on the applicable Target Bonds on the Settlement Date, as determined on September 12, 2023 (the “**Determination of Purchase Price Date**”), discounting each such scheduled principal and interest payment from the date that each such payment would have been payable but for the purchase of the applicable Target Bonds to the Settlement Date at a discount rate equal to the Purchase Yield on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months), minus Accrued Interest up to but not including the Settlement Date, in accordance with standard market practice. The University will publish a Notice of Target Bonds Purchase Price that contains this information at or around 5:00 p.m. on September 12, 2023. In addition to the Purchase Prices of the Target Bonds accepted for purchase by the University, Accrued Interest on such Target Bonds will be paid by, or on behalf of, the University to the tendering Bondholders on the Settlement Date.

The Notice of Target Bonds Purchase Price will be made available: (i) at the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at <http://emma.msrb.org> (“**EMMA**”), using the CUSIP numbers for the Target Bonds listed in the table on the cover of this Invitation; and (ii) by posting electronically on the website of the Information and Tender Agent at <http://globic.com/theosu>.

### **Binding Contract to Sell**

If a Bondholder’s Offer to sell Target Bonds is accepted by the University by the time specified in Section 11 below, the Bondholder will be obligated to sell, and the University will be obligated to purchase, such Target Bonds on the Settlement Date at the Purchase Price for such Target Bonds plus Accrued Interest to the Settlement Date, subject to the conditions described herein. See **Section 14—Conditions to Purchase** herein.

### **Brokerage Commissions and Solicitation Fees**

Bondholders will not be obligated to pay any brokerage commissions or solicitation fees to the University, the Dealer Managers, or the Information and Tender Agent in connection with this Invitation, Offers, or consummation of accepted Offers. However, Bondholders should check with their brokers, banks, account executives or other financial institutions which maintain the accounts in which their Target Bonds are held (“**Financial Representatives**”) to determine whether they will charge any commissions or fees as described in Section 5.

### **Dealer Managers and Information and Tender Agent**

Goldman Sachs and RBC are the Dealer Managers for this Invitation. Investors with questions about this Invitation should contact the Dealer Managers or Globic Advisors, which serves as the Information and Tender Agent, at the addresses and telephone numbers set forth on the last page of this Invitation. See “**DEALER MANAGERS**” and “**INFORMATION AND TENDER AGENT**” herein.

## TERMS OF THE INVITATION

### 1. Expiration Time

The University's invitation to submit Offers will expire at the Expiration Time, unless this Invitation is earlier terminated or extended as provided herein.

Offers submitted after the Expiration Time will not be considered.

See **Section 15 – Extension, Termination and Amendment of Invitation; Changes to Terms** below for a discussion of the University's right to defer the Expiration Time and to terminate or amend this Invitation.

### 2. Offers Only Through the University's ATOP Accounts

The Target Bonds are all held in book-entry-only form through the facilities of The Depository Trust Company, New York, New York ("**DTC**") through banks, brokers and other institutions that are participants in DTC.

The University, through the Information and Tender Agent, will establish an Automated Tender Offer Program Account (an "**ATOP Account**") at DTC for the Target Bonds to which this Invitation relates promptly after the date of this Invitation. Bondholders who wish to tender Target Bonds pursuant to this Invitation may do so through the University's ATOP Account.

ALL OFFERS TO SELL AND TENDERS OF TARGET BONDS MUST BE THROUGH THE APPLICABLE ATOP ACCOUNT. THE UNIVERSITY WILL NOT ACCEPT ANY OFFER OR TENDER OF TARGET BONDS THAT IS NOT SUBMITTED THROUGH ITS ATOP ACCOUNT. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THIS INVITATION.

Bondholders who are not DTC participants can make offers to sell their Target Bonds only through the financial institution which maintains the DTC account in which their Target Bonds are held.

Any financial institution that is a participant in DTC may make an Offer and book-entry tender of Target Bonds by submitting a Voluntary Offering Instruction to DTC and causing DTC to transfer such Target Bonds into the applicable ATOP Account in accordance with DTC's procedures for such instructions and transfers. Bondholders who are not DTC participants can submit Offers and tender Target Bonds in response to this Invitation only by making arrangements with and instructing their Financial Representative to do so (or to cause their DTC participant to do so) through the applicable ATOP Account. To ensure that Offers are made and Target Bonds are tendered to the applicable ATOP Account by the Expiration Time, Bondholders must provide instructions to their Financial Representatives in sufficient time for the Financial Representatives to do so (or cause their DTC participants to do so) by the Expiration Time. Bondholders should contact their Financial Representatives for information as to when they need instructions in order to submit Offers and tender Target Bonds to the applicable ATOP Account by the Expiration Time. See **Section 6—Tender of Target Bonds by Financial Institutions; ATOP Accounts** herein.

Neither the University nor the Dealer Managers nor the Information and Tender Agent is responsible for the submission of Offers or the transfer of tendered Target Bonds to the ATOP Accounts or for any mistakes, errors or omissions in submissions and transfers of any Target Bonds.

### 3. Information to Bondholders

The University may give information about this Invitation to the market and Bondholders by delivering the information to the following institutions: Bloomberg Financial Market Systems and the Municipal Securities Rulemaking Board through EMMA. These institutions, together with the Information and Tender Agent, are collectively referred to herein as the “**Information Services**.” The Information and Tender Agent will deliver information provided to it by the University through its website, <http://globic.com/theosu>. Any delivery of information by the University to the Information Services will be deemed to constitute delivery of the information to each Bondholder.

Neither the University nor the Dealer Managers nor the Information and Tender Agent has any obligation to ensure that a Bondholder actually receives any information given to the Information Services.

Bondholders who would like to receive information transmitted by or on behalf of the University to the Information Services may receive such information from the Dealer Managers or the Information and Tender Agent by contacting them using the contact information on the last page of this Invitation or by making appropriate arrangements with their account executives or directly with the Information Services.

Any updates to this Invitation will be distributed through the Information Services. The final Official Statement with respect to the 2023 C Bonds will be posted to the EMMA Website subsequent to the acceptance of Offers and prior to the Settlement Date.

### 4. Minimum Authorized Denominations

A Bondholder may submit one or more Offers to sell Target Bonds of one or more maturities in an amount of its choosing, but only in a principal amount equal to an authorized denomination of Target Bonds (\$1,000 or any integral multiple thereof) (“**Minimum Authorized Denominations**”).

### 5. Provisions Applicable to All Offers

**Need for Advice.** Bondholders should ask their Financial Representatives or financial advisors for help in determining (a) whether to offer to sell and tender Target Bonds of a particular CUSIP and (b) the principal amount of such Target Bonds to be offered. Bondholders also should inquire as to whether their Financial Representatives or financial advisors will charge a fee for submitting Offers or tenders if the University purchases tendered Target Bonds. Neither the University nor the Dealer Managers nor the Information and Tender Agent will charge any Bondholder for submitting Offers or tendering or selling Target Bonds.

**Need for Specificity of Offer.** Neither an Offer nor an accompanying tender of Target Bonds of any CUSIP may exceed the principal amount of Target Bonds of such CUSIP owned by the tendering Bondholder, and each Offer must include the following information: (1) the CUSIP number(s) of the Bond(s) being tendered and (2) the principal amount of Target Bonds with each CUSIP number being tendered. The principal amount must be specified in integral multiples of \$1,000 and, if not so specified, will be reduced to the nearest integral multiple of \$1,000.

“All or none” offers are not permitted. No alternative, conditional or contingent Offers or tenders will be accepted.

**ALL OFFERS FOR AND TENDERS OF TARGET BONDS MUST BE MADE THROUGH THE APPLICABLE ATOP ACCOUNTS. THE UNIVERSITY WILL NOT ACCEPT ANY OFFERS OR TENDERS THAT ARE NOT MADE THROUGH THE APPLICABLE ATOP ACCOUNTS.** See Section 6—**Tender of Target Bonds by Financial Institutions; ATOP Accounts** herein.

**General.** Bondholders may offer to sell and tender only Target Bonds that they own or control. By offering to sell and tendering Target Bonds in response to this Invitation, Bondholders will be deemed to have represented and agreed with the University as set forth below under – **Representations by Tendering Bondholders**. All Offers and tenders shall survive the death or incapacity of the tendering Bondholder.

#### **6. Tender of Target Bonds by Financial Institutions; ATOP Accounts**

The University, through the Information and Tender Agent, will establish an ATOP Account at DTC for the Target Bonds of each CUSIP to which this Invitation relates for purposes of this Invitation within three business days after the date of this Invitation. Offers to sell Target Bonds may be made to the University only through the applicable ATOP Account. Any financial institution that is a participant in DTC may make a book-entry Offer of the Target Bonds by (a) causing DTC to transfer such Target Bonds into the applicable ATOP Account in accordance with DTC's procedures and (b) concurrently transferring an agent's message in connection with such book-entry transfer to the applicable ATOP Account, in each case by not later than the Expiration Time. In order to ensure accurate receipt of each Bondholder's intended Offer and any subsequent dissemination of funds, participants in DTC must submit an individual Voluntary Offering Instruction for each Beneficial Owner wishing to submit one or more Offers in response to this Invitation. The date and the time of submission of Target Bonds for purchase will be determined by the date and time at which Target Bonds are submitted into the applicable ATOP Account.

**ALL OFFERS AND TENDERS OF TARGET BONDS MUST BE MADE THROUGH THE APPLICABLE ATOP ACCOUNT. THE UNIVERSITY WILL NOT ACCEPT ANY OFFERS OR TENDERS THAT ARE NOT MADE THROUGH THE APPLICABLE ATOP ACCOUNT.**

Bondholders who are not DTC participants can submit Offers and tender Target Bonds in response to this Invitation only by making arrangements with their Financial Representatives, instructing them to submit and tender (or cause their DTC participant to submit and tender) such Offers and Target Bonds through the applicable ATOP Account. To ensure that Offers are submitted and Target Bonds are tendered to the applicable ATOP Account by the Expiration Time, Bondholders must provide instructions to their Financial Representatives in sufficient time to enable them to do so by the Expiration Time. Bondholders should contact their Financial Representatives for information as to when instructions are needed in order to submit Offers and tender Target Bonds to the applicable ATOP Account by the Expiration Time.

#### **7. Determinations as to Form and Validity; Right of Waiver and Rejection**

All questions as to the validity, form, eligibility and acceptance of Offers (including the tender of Target Bonds through the ATOP Accounts) will be determined by the University in its sole discretion, and such determination will be final, conclusive and binding.

The University reserves the right to waive any irregularities or defects in any Offer or tender or to reject any nonconforming Offer or tender. Neither the University nor the Dealer Managers nor the Information and Tender Agent is obligated to give notice of any defect or irregularity in Offers or tenders of Target Bonds, and they will have no liability for failing to give such notice.

The University reserves the absolute right to reject any and all offers, whether or not they comply with the terms of this Invitation.

#### **8. Withdrawals of Offers and Tenders Prior to Expiration Time**

Offers and tenders of Target Bonds may be withdrawn by causing a withdrawal message to be received at the applicable ATOP Account prior to the Expiration Time.

Bondholders who have tendered their Target Bonds for purchase will not receive any information from the University, the Dealer Managers or the Information and Tender Agent concerning offers by other Bondholders. Bondholders will not be afforded an opportunity to amend their offers after the Expiration Time.

**9. Irrevocability of Offers**

All offers to sell Target Bonds will become irrevocable at the Expiration Time.

**10. Determination of Amounts to be Purchased; Purchase Prices**

Subject to the terms and conditions set forth in this Invitation, the University intends to purchase validly tendered Target Bonds in amounts expected to result in sufficient economic benefit as determined by the University in its sole and absolute discretion. Completion of the intended purchase of validly tendered Target Bonds by the University is subject to the successful completion of the sale and delivery of the 2023 C Bonds and the University's determination of a satisfactory and sufficient economic benefit as a result of the consummation of the tender offer made pursuant to this Invitation when taken together with the terms of the 2023 C Bonds. The University may determine not to purchase Target Bonds of one or more CUSIPs. With respect to a particular Target Bond CUSIP, the University will determine the portion of the aggregate amount of tenders received for such Target Bond CUSIP to purchase, if any. In no event will the amount of such Target Bond CUSIP purchased by the University exceed the amounts shown on the cover of this Invitation under the header "Maximum Principal Amount to be Accepted for Purchase". The University reserves the right to make different decisions for Target Bonds of different CUSIPs. After the Expiration Time, the University will determine the aggregate amount of tendered Target Bonds to purchase for each CUSIP based on such factors, including those disclosed above, as the University in its sole discretion deems relevant.

Should the University choose to purchase some but not all of the Target Bonds of a particular CUSIP or should the University receive tendered Target Bonds of a particular CUSIP that exceeds the "Maximum Principal Amount to be Accepted for Purchase" for such CUSIP, the University will accept those tendered Target Bonds on a pro rata basis reflecting the ratio of (a) the principal amount, if any, the University determines to purchase, where applicable up to the "Maximum Principal Amount to be Accepted for Purchase" of such CUSIP to (b) the aggregate principal amount of valid offers to sell received. In such event, should the principal amount of any individual tender offer, when adjusted by the pro rata acceptance, result in an amount that is not a multiple of the Minimum Authorized Denomination, the principal amount of such offer will be rounded up to the nearest multiple of \$1,000.

Any Target Bonds not accepted for purchase as a result of the procedures described herein will be returned to offering institutions promptly in accordance with DTC's procedures.

The Purchase Prices for the Target Bonds will be determined in the manner set forth under the caption **INTRODUCTION—Consideration for Tender Offer** above.

The University will publish a Notice of Target Bonds Purchase Price at or around 5:00 p.m. on September 12, 2023. In addition to the Purchase Prices of the Target Bonds accepted for purchase by the University, Accrued Interest on such Target Bonds will be paid by, or on behalf of, the University to the tendering Bondholders on the Settlement Date.

The aggregate par amounts of these offers cannot exceed the par amount of the Target Bonds of that CUSIP owned by that Bondholder.

## **11. Acceptance of Offers; Notice of Results**

Notice of Acceptance of Target Bonds Tendered for Purchase will be provided by the University at or around 5:00 p.m. on September 13, 2023.

If the University accepts any Offer to sell validly tendered Target Bonds of any CUSIP, the accepted Offer will constitute an agreement by the offering Bondholder to sell and the University to purchase such Target Bonds, subject to satisfaction or waiver of all conditions to the University's obligation to purchase tendered Target Bonds. See **Section 14—Conditions to Purchase** below.

Following the giving of notice of its acceptance of tenders, the University will instruct DTC to release from the controls of the University's ATOP Account all Target Bonds that were tendered but were not accepted for purchase. The release of such Target Bonds will take place in accordance with DTC's ATOP procedures. The University, the Dealer Managers, and the Information and Tender Agent are not responsible or liable for the operation of the University's ATOP Account by DTC to properly credit such released Target Bonds to the applicable account of the DTC participant or Financial Representative or by such DTC participant or Financial Representative for the account of the Bondholder.

**Notwithstanding any other provision of this Invitation or Offers, the University's obligation to purchase and pay for Target Bonds validly offered and tendered (and not validly withdrawn) for sale to the University in response to this Invitation is subject to the satisfaction or waiver by the University of the conditions set forth in "Conditions to Purchase" below. The University reserves the right, subject to applicable law, to amend or waive any of the conditions to this Invitation, the Offers, and contracts formed by the acceptance of Offers, in whole or in part, at any time prior to the Expiration Time or from time to time thereafter, in its sole discretion. This Invitation may be withdrawn by the University at any time prior to the Expiration Time.**

## **12. Settlement Date; Purchase of Target Bonds**

On the Settlement Date, the University will purchase and pay for all Target Bonds validly tendered for sale to the University pursuant to accepted Offers, at the applicable Purchase Price plus Accrued Interest thereon to the Settlement Date, subject to satisfaction or waiver by the University of all conditions to the University's obligation to sell, and the tendering Bondholders will sell such Target Bonds to the University for such consideration. The Settlement Date is the date specified on the cover page, unless deferred by the University.

The University may, in its sole discretion, change the Settlement Date by giving notice to the Information Services prior to the change. See **Section 14—Conditions to Purchase** and **Section 15 – Extension, Termination and Amendment of Invitation; Changes to Terms** below.

If the conditions to the University's obligation to purchase Target Bonds tendered pursuant to accepted Offers are satisfied or waived, the University will pay the Purchase Price plus Accrued Interest in immediately available funds on the Settlement Date by deposit of such amount with DTC. The University expects that, in accordance with DTC's standard procedures, DTC will transmit the Purchase Price with Accrued Interest in immediately available funds to its participant financial institutions that hold such Target Bonds for delivery to the Bondholders. **Neither the University nor the Dealer Managers nor the Information and Tender Agent has any responsibility or liability for the distribution of such purchase prices by DTC or its participant financial institutions to Bondholders.**

## **13. Representations by Tendering Bondholders**

By offering and tendering Target Bonds for sale to the University in response to this Invitation, each tendering Bondholder will be deemed to have represented to and agreed with the University that:



(a) the Bondholder has received and has had an opportunity to review this Invitation prior to making its decision to submit an Offer and tender Target Bonds, and agrees if its Offer is accepted by the University with respect to any Target Bonds, it will be obligated to sell such Target Bonds on the terms and conditions set forth in this Invitation;

(b) the Bondholder has full power and authority to offer to sell, tender, sell, assign and transfer the tendered Target Bonds; and if its Offer is accepted by the University with respect to any Target Bonds, on the Settlement Date the University will acquire good, marketable and unencumbered title thereto, free and clear of all liens, charges, encumbrances, conditional sales agreements or other obligations and not subject to any adverse claims, subject to payment to the Bondholder of the Purchase Price for such Target Bonds plus Accrued Interest thereon to the Settlement Date;

(c) the Bondholder has made its own independent decisions to offer and tender its Target Bonds for sale to the University in response to this Invitation and as to the terms thereof, and such decisions are based upon the Bondholder's own judgment and upon advice from such advisors whom the Bondholder has determined to consult;

(d) the Bondholder is not relying on any communication from the University, the Dealer Managers, or the Information and Tender Agent as investment advice or as a recommendation to offer and tender Target Bonds for sale to the University, it being understood that the information from the University, the Dealer Managers, and the Information and Tender Agent related to the terms and conditions of this Invitation and Offers is not considered investment advice or a recommendation to offer and tender Target Bonds; and

(e) the Bondholder is capable of assessing the merits of and understanding (on its own and/or through independent professional advice), and does understand, agree and accept, the terms and conditions of this Invitation and its Offer.

#### **14. Conditions to Purchase**

Payment for offered Target Bonds is subject to the sale and delivery of the 2023 C Bonds on or before the Settlement Date for a price sufficient to fund the Purchase Price of Target Bonds so tendered and Accrued Interest, and pay associated transaction and issuance costs.

In addition, if, after the Expiration Time but prior to payment for Target Bonds on the Settlement Date, any of the following events should occur, the University will have the absolute right to cancel its obligation to purchase Target Bonds tendered pursuant to accepted Offers without any liability to any Bondholder:

- Litigation or another proceeding is pending or threatened which the University reasonably believes may, directly or indirectly, have an adverse impact on the University or the expected benefits to the University or Bondholders of accepted Offers or the purchase of Target Bonds;
- A war, national emergency, banking moratorium, suspension of payments by banks, a general suspension of trading by the New York Stock Exchange or a limitation of prices on the New York Stock Exchange exists and the University reasonably believes this fact makes it inadvisable to proceed with the purchase of Target Bonds;
- A material change in the business or affairs of the University has occurred which the University reasonably believes makes it inadvisable to proceed with the purchase of Target Bonds;
- A material change in the net economics of the transaction has occurred due to a material change in market conditions which the University reasonably believes makes it inadvisable to proceed with the purchase of Target Bonds;

- There shall have occurred a material disruption in securities settlement, payment or clearance services; or
- The University does not have, for any reason, sufficient funds on the Settlement Date from the proceeds of the 2023 C Bonds to purchase Target Bonds tendered and accepted for purchase pursuant to this Invitation and to pay all fees and expenses associated with the 2023 C Bonds and this Invitation.

The conditions described in this subsection are for the sole benefit of the University and may be asserted by the University, prior to the time of payment for the Target Bonds it has agreed to purchase, regardless of the circumstances giving rise to any condition, or may be waived by the University in whole or in part at any time and from time to time in its discretion, and may be exercised independently for Target Bonds of each CUSIP. Failure by the University to assert or waive any such condition at any time will not be deemed a waiver of its right to do so, and a waiver of any such right with respect to particular facts and other circumstances will not be deemed a waiver of such rights with respect to other facts and circumstances. Each of these rights will be deemed an ongoing right of the University which may be asserted or waived at any time and from time to time prior to payment for the Target Bonds it has agreed to purchase. Any determination by the University concerning the events described in this section will be final and binding upon all parties.

#### **15. Extension, Termination and Amendment of Invitation; Changes to Terms**

The University may defer the Expiration Time, as to any or all of the Target Bonds, to any date in its sole discretion, provided that a notice of the deferral is given to the Information Services, including by posting to EMMA, at any time prior to 10:00 a.m., New York City time, on the first business day after the Expiration Time.

The University also has the right, prior to acceptance of Offers to sell tendered Target Bonds to the University as described above in **Section 11—Acceptance of Offers; Notice of Results**, to terminate this Invitation at any time by giving notice to the Information Services. The termination will be effective at the time specified in such notice.

The University also has the right, prior to acceptance of Offers to sell tendered Target Bonds to the University as described above in **Section 11—Acceptance of Offers; Notice of Results** to amend or waive the terms of this Invitation in any respect and at any time by giving notice to the Information Services. The amendment or waiver will be effective at the time specified in such notice.

If the University defers the Expiration Time, or amends the terms of this Invitation (including by waiving any term) in any material respect, the University may (but is not required to) disseminate additional Invitation material and defer the Expiration Time to the extent required to allow reasonable time for dissemination to Bondholders and for Bondholders to respond. If the Settlement Date is extended after the Expiration Time, the University will provide notice and a reasonable time for Bondholders to affirmatively withdraw their offer to tender.

No extension, termination or amendment (or waiver of any terms) of this Invitation will change the University's right to decline to purchase Target Bonds without liability on the conditions stated herein. See **Section 14—Conditions to Purchase** herein.

Neither the University nor the Dealer Managers nor the Information and Tender Agent has any obligation to ensure that a Bondholder actually receives any information given to the Information Services.

## **16. Priority Allocation**

The Underwriters for the 2023 C Bonds, when making allocations of the 2023 C Bonds, may, but are not required to, take into consideration whether the party submitting an order for 2023 C Bonds was a Bondholder who tendered Target Bonds for purchase pursuant to this Invitation. The University, at its discretion, may, but is not required to, give such Bondholder a preference allocation of 2023 C Bonds up to the amount of Target Bonds that such Bondholder is tendering.

### **AVAILABLE INFORMATION**

Information relating to the Target Bonds and the University may be obtained by contacting the Information and Tender Agent at the contact information set forth on the last page of this Invitation. Such information is limited to (i) this Invitation (including the Preliminary Official Statement attached hereto as **Appendix A**) and (ii) information about the University available through EMMA.

### **ADDITIONAL CONSIDERATIONS**

In deciding whether to submit an Offer in response to this Invitation, Bondholders should consider carefully, in addition to the other information contained in this Invitation, the following:

#### **Tax Consequences of Bond Tender and Sale**

If Target Bonds are tendered to and purchased by the University pursuant to accepted Offers submitted in response to this Invitation, tendering Bondholders will generally recognize a taxable gain or loss, as explained and with the qualifications summarized under **SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES** below.

#### **Treatment of Target Bonds Not Purchased Pursuant to Offers**

Untendered Bonds will remain outstanding. If the Target Bonds are purchased in the tender offer under this Invitation, the principal amount of Target Bonds for a particular CUSIP that remains outstanding will be reduced, which could adversely affect the liquidity and market value of the Target Bonds of that CUSIP that remain outstanding. The terms and conditions of the Target Bonds that remain outstanding will continue to be governed by the terms of the Indenture.

If the University is unable or chooses not to consummate a purchase of Target Bonds of any CUSIP by purchasing Target Bonds tendered with accepted Offers on or around the Settlement Date, such Target Bonds will remain outstanding and subject to payment risks.

#### **Market Conditions for the 2023 C Bonds**

While the University desires and intends to accept offers for tender and/or to purchase a substantial part of the Target Bonds on or around the Settlement Date, its ability to purchase the Target Bonds may depend on (a) market conditions when the 2023 C Bonds are sold and (b) the amount of Target Bonds tendered for purchase. Depending on market conditions, the University may be unable to purchase the Target Bonds, and Bondholders will be left with the risks associated with an investment in the Target Bonds.

#### **Future Tender or Refinancing**

If the University is unable to purchase the Target Bonds on or around the Settlement Date, it reserves the right, and may in the future decide, to acquire some or all of the Target Bonds through open market purchases, privately negotiated transactions, subsequent tender offers, exchange offers or otherwise, upon such terms and at such prices as it may determine and to which Bondholders agree, which may be more or less than the Purchase Prices at which it is willing to accept Offers. Any such future acquisition of

Target Bonds may be on the same terms or on terms that are more or less favorable to Bondholders than the terms of this Invitation. Any decision by the University to acquire Target Bonds in the future and the terms of any such future transactions will depend on various factors existing at that time. There can be no assurance as to which of these alternatives, if any, the University will ultimately choose to pursue in the future, if it does not purchase the Target Bonds with the 2023 C Bonds on or around the Settlement Date.

### **SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

The purchase of tendered Target Bonds pursuant to Offers will generally be taxable transactions for federal income tax purposes. As a result, each Bondholder who tenders Target Bonds pursuant to an Offer will have taxable gain or loss in an amount equal to the difference between the Purchase Price received by the Bondholder and the Bondholders' adjusted federal income tax basis in the tendered Target Bonds. The character of a Bondholders' gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors which vary depending on the particular circumstances of the tendering Bondholder. Bondholders should consult their tax advisors with respect to the proper tax treatment of a sale pursuant to an Offer, in light of their individual tax situation.

Amounts paid to Bondholders tendering their Target Bonds for purchase may be subject to "backup withholding" ("***Backup Withholding***") by reason of the events specified by Section 3406 of the Internal Revenue Code of 1986, as amended, which include failure of a Bondholder to supply the broker, dealer, commercial bank or trust company acting on behalf of such Bondholder with the Bondholder's taxpayer identification number certified under penalty of perjury, which is generally certified through an I.R.S Form W-9. Backup Withholding may also apply to Bondholders who are otherwise exempt from such Backup Withholding if such Bondholders fail to properly document their status as exempt recipients.

This federal income tax discussion is included for general information only and should not be construed as a tax opinion nor tax advice by the University or any of its advisors or agents to Bondholders. Such discussion does not purport to deal with all aspects of federal income taxation that may be relevant to particular Bondholders (e.g., a foreign person, bank, thrift institution, personal holding company, tax-exempt organization, regulated investment company, insurance company, or other broker or dealer in securities or currencies). In addition to federal income tax consequences, the purchase of Target Bonds pursuant to Offers may be treated as a taxable event for other state and local and foreign tax purposes. Bondholders should not rely upon such discussion and are urged to consult their own tax advisors to determine the particular federal, state or local tax consequences of offer of sales made by them pursuant to the Offer, including the effect of possible changes in the tax laws.

### **DEALER MANAGERS**

The University has retained Goldman Sachs & Co. LLC and RBC Capital Markets, LLC to act on its behalf as the Dealer Managers for this Invitation.

References in this Invitation to the Dealer Managers are to Goldman Sachs and RBC only in their capacity as the Dealer Managers.

The Dealer Managers may contact Bondholders regarding this Invitation and may request brokers, dealers, custodian banks, depositories, trust companies and other nominees to forward this Invitation to beneficial owners of Target Bonds.

Each of the Dealer Managers and its affiliates together comprise a full-service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealer Managers and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the University for which they received or will receive

customary fees and expenses. In the ordinary course of their various business activities, each of the Dealer Managers and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities and financial instruments which may include bank loans and/or credit default swaps) for their own accounts and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment securities activities may involve securities and instruments of the University, including the Target Bonds. Each of the Dealer Managers and its affiliates may hold Target Bonds and may participate in the Tender Offer.

In addition to their role as Dealer Managers for the Target Bonds, Goldman Sachs and RBC are also serving as underwriters of the University's offering of the 2023 C Bonds as described in the Preliminary Official Statement. Neither Dealer Manager is acting as a financial or municipal advisor to the University in connection with this Invitation.

### **INFORMATION AND TENDER AGENT**

The University has retained Globic Advisors to serve as Information and Tender Agent for this Invitation. The University has agreed to pay the Information and Tender Agent customary fees for its services and to reimburse the Information and Tender Agent for its reasonable out-of-pocket costs and expenses relating to this Invitation and accepted Offers.

### **MISCELLANEOUS**

No one has been authorized by the University, the Dealer Managers, or the Information and Tender Agent to recommend to any Bondholder whether to offer to sell and tender Target Bonds pursuant to this Invitation or the amount of Target Bonds to offer. No one has been authorized to give any information or to make any representation in connection with this Invitation other than those contained in this Invitation and as described under **Section 3—Information to Bondholders** herein. No such recommendation, information or representation may be relied upon as having been authorized by the University, the Dealer Managers or the Information and Tender Agent.

Neither the University nor the Dealer Managers nor the Information and Tender Agent makes any recommendation that any Bondholder offer to sell at any price and tender (or refrain from offering and tendering) all or any portion of such Bondholder's Target Bonds. Bondholders must make these decisions and should read this Invitation and consult with their brokers, account executives, financial advisors and/or other professionals in doing so.

Investors with questions about this Invitation should contact the Dealer Managers or the Information and Tender Agent.

***The Dealer Managers for this Invitation are:***

**GOLDMAN SACHS & CO. LLC**

200 West Street  
New York, New York 10282  
Attn: Ken Ukaigwe  
Phone: (212) 357-3189  
Email: ken.ukaigwe@gs.com

**RBC CAPITAL MARKETS, LLC**

Brookfield Place  
200 Vesey Street – 8<sup>th</sup> Floor  
New York, New York 10281  
Attn: Liability Management Team  
Toll Free: 877-381-2099  
Phone: (212) 618-7843  
Email: liability.management@rbccm.com

***The Information and Tender Agent for this Invitation is:***

**Globic Advisors**

485 Madison Avenue, 7th Floor  
New York, New York 10022  
Tel: (212) 227-9622  
Attn: Robert Stevens  
Email: rstevens@globic.com  
Document Website: <http://globic.com/theosu>

## **APPENDIX A**

PRELIMINARY SUPPLEMENTAL OFFICIAL STATEMENT  
DATED AUGUST 31, 2023  
RELATING TO THE UNIVERSITY'S  
GENERAL RECEIPTS REFUNDING BONDS  
(MULTIYEAR DEBT ISSUANCE PROGRAM II)  
SERIES 2023 C

PRELIMINARY SUPPLEMENTAL OFFICIAL STATEMENT DATED AUGUST 31, 2023

NEW ISSUE  
Book Entry Only

Supplemental Official Statement No. 1  
(To Second Amended Official Statement dated August 31, 2023)

RATINGS: Moody's: Aa1  
S&P: AA  
Fitch: AA+  
See RATINGS herein.

*In the opinion of Bricker Graydon LLP, Bond Counsel, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2023 B/C Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum income tax; however, for tax years beginning after December 31, 2022, interest on the Series 2023 B/C Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under section 55 of the Internal Revenue Code of 1986, as amended, and (ii) interest on and any profit made on the sale, exchange or other disposition of the Series 2023 B/C Bonds is exempt from certain taxes levied by the State of Ohio and its political subdivisions. Interest on the Series 2023 B/C Bonds may be subject to certain federal income taxes imposed on certain corporations, and certain taxpayers may have certain other adverse federal income tax consequences as a result of owning the Series 2023 B/C Bonds. For a more complete discussion of the tax aspects, see "TAX MATTERS".*



**THE OHIO STATE UNIVERSITY**  
**\$267,730,000\***  
**General Receipts Bonds**  
**(Multiyear Debt Issuance Program II)**  
**Series 2023 B (Green Bonds)**  
**and**  
**\$170,195,000\***  
**General Receipts Refunding Bonds**  
**(Multiyear Debt Issuance Program II)**  
**Series 2023 C**



**Dated: Date of Delivery**

**Due: As shown on inside cover**

The General Receipts Bonds (Multiyear Debt Issuance Program II), Series 2023 B (Green Bonds) (the "Series 2023 B Bonds") are special obligations of The Ohio State University (the "University") issued to pay costs of capital facilities and costs of issuance of the Series 2023 B Bonds. The General Receipts Refunding Bonds (Multiyear Debt Issuance Program II), Series 2023 C (the "Series 2023 C Bonds" and, together with the Series 2023 B Bonds, the "Series 2023 B/C Bonds") are special obligations of the University issued to purchase and cancel certain of the University's outstanding General Receipts Bonds (Multiyear Debt Issuance Program), Series 2016 A (Federally Taxable) that are tendered and accepted for purchase pursuant to an Invitation to Tender Bonds made by the University dated August 31, 2023 and to pay costs of issuance of the Series 2023 C Bonds. See **THE PROJECT AND PLAN OF FINANCE**.

The Series 2023 B/C Bonds are issued by the University pursuant to its Multiyear Debt Issuance Program II (the "Program"). The University is authorized by the Program II Resolution (as herein defined) to issue, from time to time, up to \$1,000,000,000 of General Receipts Obligations, in one or more series, for the purpose of paying costs of capital facilities, and to issue additional General Receipts Obligations, in one or more series, for the purpose of retiring or refunding Obligations previously issued by the University. Each series of General Receipts Obligations issued under the Program II Resolution will be referred to herein as "Program II Bonds". The specific terms of each series of Program II Bonds are set forth in one or more supplements to the Second Amended Official Statement dated the date hereof (the "Official Statement"), and this Supplemental Official Statement sets forth the terms for the Series 2023 B/C Bonds, which are an issuance of Program II Bonds. See **INTRODUCTORY STATEMENT – The Program** in the accompanying Official Statement. Except as otherwise defined herein, all capitalized terms used in this Supplemental Official Statement shall have the same meanings assigned to them in the accompanying Official Statement or the Amended and Restated Trust Indenture (as herein defined).

The principal of the Series 2023 B/C Bonds will be payable at the designated corporate trust office of the Trustee. The Series 2023 B/C Bonds will be initially issued only as fully registered bonds issuable under a book entry system and registered initially in the name of The Depository Trust Company or its nominee ("DTC"). There will be no distribution of the Series 2023 B/C Bonds to the owners of book entry interests. So long as DTC or its nominee is the registered owner of the Series 2023 B/C Bonds, references herein to the Bondholders or registered owners shall mean DTC or its nominee, and not the owners of book entry interests in the Series 2023 B/C Bonds. See **APPENDIX C – BOOK ENTRY ONLY SYSTEM**.

The Series 2023 B/C Bonds are issuable in the denomination of \$5,000 or any integral multiple thereof. Interest on the Series 2023 B/C Bonds is payable semi-annually on June 1 and December 1, commencing June 1, 2024. The Series 2023 B/C Bonds are subject to redemption prior to maturity as more fully described herein. See **DESCRIPTION OF THE SERIES 2023 B/C BONDS – Redemption**.

The Series 2023 B Bonds have been designated as "Green Bonds" by Kestrel. See **DESIGNATION OF SERIES 2023 B BONDS AS GREEN BONDS**.

**The Series 2023 B/C Bonds are not obligations of the State of Ohio, are not general obligations of the University, and the full faith and credit of the University is not pledged to their payment. The owners of the Series 2023 B/C Bonds have no right to have any excises or taxes levied by the Ohio General Assembly for the payment of the principal, interest and redemption premium.**

***This cover page contains certain information for quick reference only. It is not intended to be a summary of this issue. Investors must read this entire Supplemental Official Statement and the accompanying Official Statement to obtain information essential to the making of an informed investment decision.***

The Series 2023 B/C Bonds are offered when, as and if issued by the University and received by the Underwriters, subject to a receipt of an opinion on certain legal matters relating to their issuance by Bricker Graydon LLP, bond counsel to the University. Certain legal matters will be passed upon for the University by its statutory counsel, the Attorney General of the State of Ohio, through Anne K. Garcia, Senior Vice President & General Counsel for the University and by Tucker Ellis LLP as Issuer and Disclosure Counsel to the University. Certain legal matters will be passed upon for the Underwriters by Dinsmore & Shohl LLP, counsel to the Underwriters. It is expected that the Series 2023 B/C Bonds will be available in definitive form for delivery through the facilities of DTC in New York, New York on or about September 26, 2023.\*

**RBC CAPITAL MARKETS**

**BARCLAYS**

**Loop Capital Markets**

**BofA Securities**

**Goldman Sachs & Co. LLC**

**JPMorgan**

**KeyBanc Capital Markets**

**Wells Fargo Securities**

**This Supplemental Official Statement is dated September \_\_, 2023.**

\* Preliminary, subject to change. Aggregate principal amount of the Series 2023 C Bonds will be determined based on the results of an expected tender offer for the University's Series 2016 A Bonds.



## MATURITY SCHEDULE

\$267,730,000\*

**THE OHIO STATE UNIVERSITY**  
**General Receipts Bonds**  
**(Multiyear Debt Issuance Program II)**  
**Series 2023 B (Green Bonds)**

### SERIAL BONDS

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u> <sup>c</sup>	<u>CUSIP</u> <sup>†</sup>
12/1/2024				
12/1/2025				
12/1/2026				
12/1/2027				
12/1/2028				
12/1/2029				
12/1/2030				
12/1/2031				
12/1/2032				
12/1/2033				
12/1/2035				

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\* Preliminary, subject to change.

<sup>c</sup> Calculated to the June 1, 2033 par call date.

<sup>†</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. and is an independent company not affiliated with the University. The University is not responsible for the selection or use of the CUSIP number referenced herein and no representation is made by the University as to its correctness. A CUSIP number is included solely for the convenience of the readers of this Supplemental Official Statement. The CUSIP Number is subject to change after the issuance of the Series 2023 B Bonds.

**\$170,195,000\***  
**THE OHIO STATE UNIVERSITY**  
**General Receipts Refunding Bonds**  
**(Multiyear Debt Issuance Program II)**  
**Series 2023 C**

**SERIAL BONDS**

<b><u>Maturity Date</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Yield</u> <sup>c</sup></b>	<b><u>CUSIP</u><sup>†</sup></b>
12/1/2046				
12/1/2056				

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\* Preliminary, subject to change. The aggregate principal amount of the Series 2023 C Bonds will be determined based on the results of an expected tender offer relating to the University's Series 2016 A Bonds.

<sup>c</sup> Calculated to the June 1, 2033 par call date.

<sup>†</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. and is an independent company not affiliated with the University. The University is not responsible for the selection or use of the CUSIP number referenced herein and no representation is made by the University as to its correctness. A CUSIP number is included solely for the convenience of the readers of this Supplemental Official Statement. The CUSIP Number is subject to change after the issuance of the Series 2023 B Bonds.

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## **REGARDING USE OF THIS SUPPLEMENTAL OFFICIAL STATEMENT**

This Supplemental Official Statement, including the Appendices attached hereto, and the accompanying Official Statement, does not constitute an offering of any security other than the original offering by the University of the Series 2023 B/C Bonds identified on the cover hereof. No dealer, broker, salesman or other person has been authorized by the University to give any information or to make any representation with respect to the Series 2023 B/C Bonds other than those contained in this Supplemental Official Statement and the accompanying Official Statement and, if given or made, such other information or representations not so authorized must not be relied upon as having been given or authorized by the University. This Supplemental Official Statement, which includes the cover page and the Appendices attached hereto and the accompanying Official Statement, does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2023 B/C Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

The information and descriptions in this Supplemental Official Statement and the accompanying Official Statement do not purport to be comprehensive or definitive. Statements regarding specific documents, including the Series 2023 B/C Bonds, are summaries of and subject to the detailed provisions of such documents and are qualified in their entirety by reference to each such document, copies of which will be made available, upon request, for examination in the offices of the Underwriters during the initial offer of the Series 2023 B/C Bonds and thereafter at the designated corporate trust office of the Trustee.

The information and expressions of opinion in this Supplemental Official Statement and the accompanying Official Statement are subject to change without notice and neither the delivery of this Supplemental Official Statement and the accompanying Official Statement nor any sale of the Series 2023 B/C Bonds shall under any circumstances create any implication that there has been no change in the affairs of the University since the date of this Supplemental Official Statement.

Upon issuance, the Series 2023 B/C Bonds will not be registered by the University under the Securities Act of 1933, as amended (the “Securities Act”) pursuant to the exemption afforded under Section 3(a)(2) of the Securities Act, or under any state securities law. The Series 2023 B/C Bonds will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, or other governmental entity or agency, except the University, will have passed upon the accuracy or adequacy of this Supplemental Official Statement and the accompanying Official Statement or approved the Series 2023 B/C Bonds for sale. Any representation to the contrary is a criminal offense.

Certain statements included or incorporated by reference in this Supplemental Official Statement 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 APPENDIX A – THE OHIO STATE UNIVERSITY. 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 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.

The forward looking information and preliminary financial data set forth in this Supplemental Official Statement and in Appendix A 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 Supplemental Official Statement are cautioned not to place undue reliance on the forward looking information and preliminary financial data.

The Underwriters have provided the following sentence for inclusion in this Supplemental Official Statement. The Underwriters have reviewed the information in this Supplemental Official Statement and the accompanying Official Statement in accordance with, and as a part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2023 B/C BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

KPMG LLP, the University's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included as APPENDIX B to this Supplemental Official Statement, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Supplemental Official Statement.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Supplemental Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

## SUMMARY OF THE OFFERING

<b>Issuer:</b>	The Ohio State University
<b>Securities Offered:</b>	\$267,730,000* General Receipts Bonds (Multiyear Debt Issuance Program II) Series 2023 B (Green Bonds) and \$170,195,000* General Receipts Refunding Bonds (Multiyear Debt Issuance Program II) Series 2023 C
<b>Priority of Pledge:</b>	The Series 2023 B/C Bonds (along with the Series 2023 D Bonds which are expected to be issued simultaneously pursuant to a separate offering document) are being issued as Senior Lien Obligations under the Indenture. See <b>THE PROJECT AND PLAN OF FINANCE</b> herein and <b>SECURITY AND SOURCES OF PAYMENT</b> in the accompanying Official Statement.
<b>Interest Accrual Date:</b>	Interest will accrue from the Date of Issuance
<b>Interest Payment Dates:</b>	June 1 and December 1, commencing June 1, 2024*
<b>Redemption:</b>	The Series 2023 B/C Bonds are subject to optional redemption prior to maturity as set forth herein. See <b>DESCRIPTION OF THE SERIES 2023 B/C BONDS – Redemption</b> herein.
<b>Date of Issuance:</b>	September 26, 2023*
<b>Authorized Denominations:</b>	\$5,000 and any integral multiples thereof
<b>Form and Securities Depository:</b>	The Series 2023 B/C Bonds will be delivered solely in registered form under a book entry system through the facilities of DTC.
<b>Tax Matters:</b>	In the opinion of Bond Counsel, under existing law, (i) assuming compliance with certain covenants and the accuracy of certain representations, interest on the Series 2023 B/C Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, for tax years beginning after December 31, 2022, interest on the Series 2023 B/C Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under section 55 of the Internal Revenue Code of 1986, as amended; and (ii) the interest on, and any profit made on the sale, exchange or other disposition of, the Series 2023 B/C Bonds are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio. (For a more complete discussion of tax aspects, see “TAX MATTERS” herein.)
<b>Use of Proceeds:</b>	The Series 2023 B Bonds are being issued for the purpose of paying costs of capital facilities described herein and to pay costs of issuance of the Series 2023 B Bonds. The Series 2023 C Bonds are being issued to purchase and cancel certain of the University’s outstanding Series 2016 A Bonds that are tendered and accepted for purchase by the University pursuant to the Tender Offer (as herein defined) and to pay costs of issuance of the Series 2023 C Bonds. See <b>THE PROJECT AND PLAN OF FINANCE</b> herein.
<b>Ratings: †</b>	<b>Moody’s:</b> Aa1 <b>S&amp;P:</b> AA <b>Fitch:</b> AA+

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\* Preliminary, subject to change.

† Note: A securities rating is not a recommendation to buy, hold or sell securities, and may be subject to revision or withdrawal at any time.

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**THE OHIO STATE UNIVERSITY**  
**\$267,730,000\***  
**General Receipts Bonds**  
**(Multiyear Debt Issuance Program II)**  
**Series 2023 B (Green Bonds)**  
  
**and**  
**\$170,195,000\***  
**General Receipts Refunding Bonds**  
**(Multiyear Debt Issuance Program II)**  
**Series 2023 C**

**INTRODUCTORY STATEMENT**

This Supplemental Official Statement has been prepared by The Ohio State University (the “University”), a state university of the State of Ohio, in connection with the issuance and sale by the University of \$267,730,000\* in aggregate principal amount of its General Receipts Bonds (Multiyear Debt Issuance Program II), Series 2023 B (Green Bonds) (the “Series 2023 B Bonds”) and \$170,195,000\* of its General Receipts Refunding Bonds, Series 2023 C (the “Series 2023 C Bonds”, and, together with the Series 2023 B Bonds, the “Series 2023 B/C Bonds”). The Series 2023 B Bonds are being issued as Senior Lien Obligations under the Indenture (defined below) for the purpose of paying costs of capital facilities and paying the costs of issuance of the Series 2023 B Bonds. The Series 2023 C Bonds are being issued as Senior Lien Obligations under the Indenture (defined below) to purchase and cancel certain of the University’s outstanding General Receipts Bonds (Multiyear Debt Issuance Program), Series 2016 A (Federally Taxable) (the “Series 2016 A Bonds”) that are tendered and accepted for purchase by the University pursuant to the Tender Offer (as herein defined) and to pay the costs of issuance of the Series 2023 C Bonds, all as described under **THE PROJECT AND PLAN OF FINANCE** herein.

The Series 2023 B/C Bonds are being issued pursuant to Sections 3345.11 and 3345.12 of the Ohio Revised Code (the “Act”), the General Bond Resolution adopted by the Board of Trustees of the University (the “Board”) on November 5, 1999 (the “1999 Bond Resolution”) and the Multiyear Debt Issuance Program II Bond Resolution (the “Original Program II Resolution”), adopted by the Board on August 19, 2021, as it has been amended and supplemented to date, including by the May 18, 2023 amendment described below.

The Original Program II Resolution authorized the issuance and sale by the University of up to a maximum of \$800,000,000 in aggregate principal amount of its Program II Bonds in one or more series from the date of adoption of the Original Program II Resolution until June 30, 2025 (the “Offering Period”). The Original Program II Resolution was amended on May 18, 2023 (as amended, the “Program II Resolution”) to increase the maximum aggregate principal amount of Program II Bonds authorized to be issued during the Offering Period to \$1,000,000,000. The maximum principal amount limitation in the Program II Resolution does not apply to Obligations issued to retire or refund Obligations previously issued by the University (“Refunding Obligations”) (such as the Series 2023 C Bonds) and such Refunding Obligations are excluded for purposes of calculating the amount of Obligations issued pursuant to the authorization provided in the Program II Resolution. The Program II Resolution provides that the specific terms of each series of Program II Bonds issued during the Offering Period will be set forth in one or more supplements to the Official Statement (defined below). This Supplemental Official Statement is such a supplement to the Official Statement and relates to the offering of the Series 2023 B/C Bonds. The original

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\* Preliminary, subject to change.



Official Statement for the Program II Bonds dated September 15, 2021 (the “Original Program II Official Statement”) was amended and restated in connection with the offering of the Series 2023 A Bonds by the Amended Official Statement, dated April 13, 2023. The Original Program II Official Statement was also amended and restated in connection with the offering of the Series 2023 B/C Bonds by the Second Amended Official Statement which (i) is attached hereto, (ii) supersedes and replaces the Original Program II Official Statement, and (iii) is referred to herein as the “Official Statement”.

The Series 2023 B/C Bonds are also issued pursuant to an Amended and Restated Trust Indenture (the “Amended and Restated Trust Indenture”) dated as of December 1, 1999, as amended and supplemented to date, including by the Multiyear Debt Issuance Program II Supplement to Amended and Restated Trust Indenture dated as of September 1, 2021 (the “Original Program II Supplement”), as amended by Amendment No. 1 to the Multiyear Debt Issuance Program II Supplement to Amended and Restated Trust Indenture, dated as of April 1, 2023 (“Amendment No. 1” and, together with the Original Program II Supplement, the “Program II Supplement”), each between the University and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “Trustee”) and a separate Certificate of Award for each of the Series 2023 B Bonds and the Series 2023 C Bonds (collectively, the “Certificates of Award”). The Program II Resolution, the Amended and Restated Trust Indenture and the Program II Supplement are collectively referred to in this Supplemental Official Statement as the “Indenture.”

Concurrently with the issuance of the Series 2023 B/C Bonds, the University intends to issue \$258,780,000\* in aggregate principal amount of its Variable Rate General Receipts Refunding Bonds (Multiyear Debt Issuance Program II), Series 2023 D consisting of (i) Variable Rate General Receipts Refunding Bonds, Series 2023 D-1 (Term Mode) (the “Series 2023 D-1 Bonds”) and (ii) Variable Rate General Receipts Refunding Bonds, Series 2023 D-2 (Term Mode) (the “Series 2023 D-2 Bonds”, and together with the Series 2023 D-1 Bonds, the “Series 2023 D Bonds”). The Series 2023 D-1 Bonds are being issued as Senior Lien Obligations under the Indenture, the proceeds of which will be used to refund the University’s Variable Rate Demand General Receipts Bonds, Series 2010 E (the “Series 2010 E Bonds”) and to pay the costs of issuance of the Series 2023 D-1 Bonds. The Series 2023 D-2 Bonds are being issued as Senior Lien Obligations under the Indenture, the proceeds of which will be used to refund the University’s Variable Rate Demand General Receipts Bonds, Series 2014 B-1 (the “Series 2014 B-1 Bonds”) and Variable Rate Demand General Receipts Bonds, Series 2014 B-2 (the “Series 2014 B-2 Bonds”), and to pay the costs of issuance of the Series 2023 D-2 Bonds. Neither the Series 2023 D-1 Bonds nor the Series 2023 D-2 Bonds are being offered pursuant to this Supplemental Official Statement.

The issuance and delivery of the Series 2023 B/C Bonds is not contingent upon the issuance of the Series 2023 D-1 Bonds or the Series 2023 D-2 Bonds. Depending on market conditions and other factors, the University may consummate the sale of any one or more of the Series 2023 B/C Bonds or Series 2023 D Bonds and not any of the other series of the Series 2023 B/C Bonds or the Series 2023 D Bonds.

The University has previously authorized and issued Obligations secured by the Indenture. Upon issuance of the Series 2023 B/C Bonds, the expected simultaneous issuance of the Series 2023 D-1 Bonds and the Series 2023 D-2 Bonds, and the defeasance of the Series 2010 E Bonds, the Series 2014 B-1 Bonds and the Series 2014 B-2 Bonds, there will be 17 series of General Receipts Bonds secured by the Indenture outstanding, all of which will be Senior Lien Obligations. In addition, the University’s obligations with respect to its interest rate swap agreements, including any obligation to make termination payments, are secured by a pledge of the University’s General Receipts. See **GENERAL RECEIPTS OBLIGATIONS** in the accompanying Official Statement and **GENERAL RECEIPTS AND OUTSTANDING GENERAL RECEIPTS BONDS** herein.

As used herein, the following terms have the definitions provided:

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\* Preliminary; subject to change.

“Auxiliary Facilities” means buildings, structures, and other improvements, and equipment, real estate and interests in real estate therefor, to be used for or in connection with student activity or student service facilities, dining halls, and other food service and preparation facilities, vehicular parking facilities, bookstores, athletic and recreational facilities, faculty centers, auditoriums, assembly and exhibit halls, hospitals, infirmaries and other medical and health facilities, research, and continuing education facilities.

“Bond” or “Bonds” means any bond, or all of the bonds, or an issue or series of bonds, as the case may be, of the University issued pursuant to the 1999 Bond Resolution, a Series Resolution and the Indenture, as amended by a supplemental indenture thereto or an amendment thereof as well as any bond or bonds outstanding and issued under the terms of the Amended and Restated Indenture.

“Debt Service Charges” means, for any applicable time period, the principal (including any mandatory sinking fund requirements), interest and redemption premium, if any, required to be paid by the University on the Obligations pursuant to any Series Resolution.

“Educational Facilities” means buildings, structures, and other improvements, and equipment, real estate and interests in real estate therefor, to be used for or in connection with classrooms or other instructional facilities, libraries, administrative and office facilities, and other facilities, other than Auxiliary Facilities, to be used directly or indirectly for or in connection with the conduct of the institution of higher education.

“Housing and Dining Facilities” means buildings, structures, and other improvements, and equipment, real estate and interests in real estate therefor, to be used for or in connection with dormitories or other living quarters and accommodations, or related dining hall or other food service and preparation facilities, for students, members of the faculty, officers or employees of University, and their spouses and families.

“Notes or Note” means any note or all of the notes, or an issue of notes, as the case may be, including Commercial Paper, issued by the University in anticipation of the issuance of Bonds to pay costs of University Facilities pursuant to the Act, or to pay costs of refunding or retirement of Notes previously issued pursuant to the Act, the 1999 Bond Resolution, a Series Resolution and the Indenture, as amended by a supplemental indenture thereto or an amendment thereof, and including any note or notes issued pursuant to the terms of the Amended and Restated Indenture.

“Obligations” means Bonds or Notes.

“Senior Lien Obligation” means (a) the following issues of General Receipts Bonds: the Series 2010 C Bonds, the Series 2010 D Bonds, the Series 2010 E Bonds, the Series 2011 A Bonds, the Series 2012 A Bonds, the Series 2012 B Bonds, the Series 2014 A Bonds, the Series 2014 B-1 Bonds, the Series 2014 B-2 Bonds, the Series 2016 A Bonds, the Series 2016 B Bonds, the Series 2017 Bonds, the Series 2020 A Bonds, the Series 2021 A Bonds, the Series 2023 A-1 Bonds, the Series 2023 A-2 Bonds, and upon their issuance, the Series 2023 B Bonds, Series 2023 C Bonds, the Series 2023 D-1 Bonds and the Series 2023 D-2 Bonds and (b) any other Obligations issued from time to time under the Indenture and designated by the University as being secured by a lien on General Receipts senior to the lien on Special Purpose Pledged Revenues securing Special Purpose General Receipts Obligations.

“Series Resolution” means a resolution of the Board authorizing one or more series of Obligations and the execution and delivery of a Supplemental Indenture, all in accordance with the 1999 Bond Resolution and the Amended and Restated Indenture.

“Special Purpose General Receipts Obligations” means any Obligations issued from time to time and secured by Special Purpose Pledged Revenues.

“Special Purpose Pledged Revenues” means all revenues, fees, rentals, rates, charges, insurance proceeds and other moneys derived by the University from the ownership or operation of Special Purpose Revenue Facilities, subject and subordinate to the lien on General Receipts securing any Senior Lien Obligation.

“Special Purpose Revenue Facilities” means all Housing and Dining Facilities and such Auxiliary Facilities as shall constitute recreation facilities owned by the University.

“Supplemental Indenture” means any one or more supplemental indentures entered into pursuant to the Amended and Restated Indenture and a Series Resolution.

“University Facilities” means Housing and Dining Facilities or Auxiliary Facilities or Education Facilities, and includes any one, part of, or any combination of such facilities, and further includes site improvements, utilities, machinery, furnishings and any separate or connected buildings, structures, improvements, sites, open space and green space areas, utilities or equipment to be used in, or in connection with the operation or maintenance of, or supplementing or otherwise related to the services or facilities to be provided by such facilities.

This Supplemental Official Statement includes all Appendices hereto and the accompanying Official Statement, each of which are delivered herewith.

## **THE PROJECT AND PLAN OF FINANCE**

### **The Project**

The Series 2023 B Bonds are being issued for the purpose of paying a portion of the costs of the Project described below, and paying the costs of issuance of the Series 2023 B Bonds.

From time to time the University issues bonds, notes, and other obligations secured by the pledge of its General Receipts to pay a portion of the costs of acquiring, constructing and installing University Facilities. Additional sources of funding for such purposes include gifts, donations, State appropriations and other funds of the University. See **APPENDIX A – GENERAL – Physical Plant** for a detailed description of the University’s facilities.

The University Facilities to be financed with a portion of the proceeds of the Series 2023 B Bonds (the “Project”) constitute the continuation of an ongoing program of improvement to the capital plant of the University. The Project will consist of additional construction relating to a new inpatient hospital facility at The Ohio State University Wexner Medical Center. The new inpatient hospital facility will house up to 820 patient beds in private room settings, up to 60 neonatal intensive care units and state of the art diagnostic, treatment and inpatient service areas. The responsibility of the University to maintain its General Receipts at a level sufficient to pay the Debt Service Charges on the Series 2023 B Bonds and any other Obligations is neither subject to nor conditioned by the completion of the Project or any portion thereof.

The Series 2023B Bonds have been designated as “Green Bonds.” See **DESIGNATION OF SERIES 2023 B BONDS AS GREEN BONDS**.

### **Tender Offer**

The proceeds of the Series 2023 C Bonds will be used to purchase and cancel certain outstanding maturities of the Series 2016 A Bonds that are tendered and accepted for purchase by the University (“Tendered Bonds”). Pursuant to the Invitation to Tender Bonds made by the University dated August 31, 2023 (the “Tender Offer” and, together with this Supplemental Official Statement and the accompanying

Official Statement, the “Tender Documents”) the University invited beneficial owners of outstanding Series 2016 A Bonds to tender their bonds for purchase by the University in cash, all subject to the conditions set forth in the Tender Documents.

The Tender Offer is expected to expire on September 8, 2023. Following the expiration of the Tender Offer, and pursuant to a Preliminary Notice of Results and a Notice of Acceptance of Target Bonds Tendered for Purchase, the University may accept for purchase up to \$210,000,000 aggregate principal amount of the Tendered Bonds.

On the date of delivery of the Series 2023 C Bonds (the “Settlement Date”), the University, in accordance with the Tender Documents, will purchase and cancel the Tendered Bonds, and the University will be discharged from all obligations with respect to such Tendered Bonds.

Pursuant to the Dealer Managers Agreement (as hereinafter defined), the Dealer Managers (as hereinafter defined) assisted the University in the Tender Offer. See “**PROFESSIONAL SERVICES: UNDERWRITING AND DEALER MANAGERS.**”

The following is a list of the bonds and the maximum amount that the University anticipates purchasing and cancelling by means of the Tender Offer with proceeds of the Series 2023 C Bonds. The principal amount to be purchased of the bonds listed below are the “Purchase of Tendered Bonds” described under the heading “**Sources and Uses of Funds.**”

Tendered Bonds Series	CUSIP Number <sup>‡</sup>	Interest Rate	Maturity Date	Outstanding Principal Amount	Maximum Principal Amount to be Accepted for Purchase*	Settlement Date*
2016 A	677632G88	3.798%	12/01/2046	\$350,000,000	\$122,500,000	09/26/2023
2016 A	677632G96	4.048	12/01/2056	250,000,000	87,500,000	09/26/2023

### **Sources and Uses of Funds\***

The sources and uses of funds with respect to the Series 2023 B Bonds and Series 2023 C Bonds are summarized below:

<u>Sources of Funds:</u>	<u>Series 2023 B</u>	<u>Series 2023 C</u>
Par Amount	\$ _____. ____	\$ _____. ____
Net Original Issue Discount/Premium	_____.	_____.
Total Sources	\$ _____. ____	\$ _____. ____
<u>Uses of Funds:</u>		
Deposit to Project Account	\$ _____. ____	\$ _____. ____
Purchase of Tendered Bonds	_____.	_____.
Issuance Expenses <sup>(1)</sup>	_____.	_____.
Total Uses	\$ _____. ____	\$ _____. ____

(1) To pay issuance expenses, including Underwriters’ discount, legal fees, ratings fees, Trustee fees, Dealer Manager Fees, Information Agent Fees and miscellaneous costs.

<sup>‡</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed are being provided solely for the convenience of the holders of the Series 2023 B/C Bonds only at the time of the issuance of the Series 2023 B/C Bonds, and neither the University nor the Underwriters make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future.

\* Preliminary, subject to change.

Concurrently with the issuance of the Series 2023 B/C Bonds, the University intends to issue the Series 2023 D-1 Bonds and the Series 2023 D-2 Bonds. Neither the Series 2023 D-1 Bonds nor the Series 2023 D-2 Bonds are being offered pursuant to this Supplemental Official Statement.

## **DESCRIPTION OF THE SERIES 2023 B/C BONDS**

Set forth below is a description of the specific terms of the Series 2023 B/C Bonds. This description supplements, and should be read together with, the description of the general terms of Senior Lien Obligations set forth in the accompanying Official Statement. The following description does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the description in the accompanying Official Statement.

### **General Terms**

The Series 2023 B/C Bonds are being issued as fixed rate Senior Lien Obligations and will be dated as of the date of their issuance and delivery, as set forth on the inside cover page hereof. The Series 2023 B/C Bonds will bear interest at the rates set forth on the inside cover page hereof, payable semi-annually on June 1 and December 1, commencing on June 1, 2024, and will mature on the dates and in the principal amounts set forth in the inside cover page hereof. The Series 2023 B/C Bonds are issuable as fully registered bonds in denominations of \$5,000 and integral multiples thereof. Interest on the Series 2023 B/C Bonds will be calculated based on a year of 360 days, consisting of twelve 30-day months.

The Series 2023 B/C Bonds are subject to optional redemption prior to maturity in the manner and at the times described herein and in the Indenture.

The principal of the Series 2023 B/C Bonds is payable only to the registered owner, initially DTC or its nominee, at the designated corporate trust office of the Trustee. Except as otherwise provided in the agreement between DTC and the Trustee, interest will be paid on each June 1 and December 1 to the registered owner of a Series 2023 B/C Bond at the close of the 15th day of the calendar month next preceding that interest payment date (the “Regular Record Date”) (i) by check or draft mailed to the registered owner at the owner’s address as it appears on the registration books maintained by the Trustee, or (ii) by wire transfer to such account, if any, as requested by such registered owner of \$1,000,000 or more in aggregate principal amount of the Series 2023 B/C Bonds, provided that notice of such request is given in writing by such owner to the Paying Agent not less than ten (10) days prior to an Interest Payment Date for which such notice shall be effective, such notice continuing in effect as to subsequent Interest Payment Dates until such time as an owner in writing notifies the Paying Agent to the contrary or until such time as such owner ceases to be an owner of the requisite principal amount of Series 2023 B/C Bonds.

### **Optional Redemption\***

The Series 2023 B/C Bonds maturing on or after December 1, 2033 are subject to optional redemption on any date on or after June 1, 2033 in whole or in part, at 100% of the principal amount thereof, plus accrued interest to the redemption date.

### **Selection of Bonds to be Redeemed**

If fewer than all of the outstanding Series 2023 B/C Bonds are called for redemption at one time, the maturities of the Series 2023 B/C Bonds to be called shall be selected by the University.

If less than all of an outstanding Series 2023 B/C Bond of a single maturity under a book entry system is called for redemption, the Trustee shall only give notice of redemption to DTC as registered

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\* Preliminary, subject to change.

owner. The selection of the book entry interests in that Series 2023 B/C Bond to be redeemed is discussed below under **Notice of Redemption; Effect**.

If bond certificates are issued to the ultimate owners, and if fewer than all of the Series 2023 B/C Bonds of a single maturity are to be redeemed, the selection of Series 2023 B/C Bonds to be redeemed, or portions thereof, shall be made by lot by the Trustee in any manner which the Trustee may determine.

In the case of a partial redemption by lot when Series 2023 B/C Bonds of denominations greater than \$5,000 are then outstanding, each \$5,000 unit of principal will be treated as if it were a separate Series 2023 B/C Bond in the denomination of \$5,000.

### **Notice of Redemption; Effect**

The Trustee is to cause notice of the call for redemption, identifying the Series 2023 B/C Bonds or portions of either to be redeemed, to be sent by first class mail, at least 30 days prior to the redemption date, to the registered owner (initially, DTC) of each such Series 2023 B/C Bond to be redeemed at the address shown on the Register. Any defect in the notice or any failure to receive notice by mailing will not affect the validity of any proceedings for the redemption of any such Series 2023 B/C Bonds.

On the date designated for redemption, the Series 2023 B/C Bonds, or portions thereof called for redemption shall become due and payable. If the Trustee holds sufficient moneys for payment of debt service payable on that redemption date, interest on each such Series 2023 B/C Bond (or portion of a Bond) so called for redemption will cease to accrue on that date.

So long as all Series 2023 B/C Bonds are held under a book entry system by a securities depository (such as DTC), call notice is sent by the Trustee only to the depository or its nominee. Selection of book entry interests in the Series 2023 B/C Bonds called, and giving notice of the call to the owners of those interests called, is the sole responsibility of the depository and of its Participants and Indirect Participants and will be done by lot or otherwise as determined by the depository. Any failure of the depository to advise any Participant, or of any Participant or any Indirect Participant to notify the book entry interest owners, of any such notice and in its content or effect will not affect the validity of any proceedings for the redemption of any such Series 2023 B/C Bonds or portions thereof. See APPENDIX C – BOOK ENTRY ONLY SYSTEM.

## **GENERAL RECEIPTS AND OUTSTANDING GENERAL RECEIPTS BONDS**

The University has issued from time to time (i) Senior Lien Obligations consisting of bonds secured by the pledge of its General Receipts and (ii) Special Purpose General Receipts Obligations consisting of bonds secured solely by Special Purpose Pledged Revenue. There are currently no Special Purpose General Receipts Obligations outstanding. See **GENERAL RECEIPTS OBLIGATIONS** and **SECURITY AND SOURCES OF PAYMENT** in the accompanying Official Statement. The University has never failed to pay punctually and in full all amounts due on any indebtedness.

### **General Receipts of the University**

General Receipts pledged to the security of the Series 2023 B/C Bonds include virtually all the receipts of the University, excepting only receipts expressly excluded by the Indenture. Among receipts expressly excluded are monies raised by taxation, 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. See **GENERAL RECEIPTS OBLIGATIONS** and **SECURITY AND SOURCES OF PAYMENT** in the accompanying Official Statement for a more detailed description of the University's General Receipts.

General Receipts for the five most recent Fiscal Years are shown below. Historical collections of General Receipts should not be relied upon as being necessarily indicative of future results.

**General Receipts of the University\***  
(dollars in thousands)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023<sup>1</sup></u>
Tuition, Fees and Other Student Charges	\$1,188,569	\$1,192,489	\$1,104,466	\$1,271,606	\$1,310,009
Unrestricted Government Grants & Contracts	89,762	95,394	103,376	110,212	123,563
Private Gifts and Grants	41,206	46,994	43,438	68,244	89,545
Unrestricted Endowment Income	41,291	37,515	4,707	4,796	5,084
Dept. & University Sales & Services	165,638	146,963	168,707	166,121	211,666
Auxiliary Sales & Services	384,556	344,870	202,336	407,181	436,181
Hospital Sales & Services	3,432,271	3,449,681	3,952,605	4,178,956	4,426,962
Other Sources	<u>33,936</u>	<u>36,004</u>	<u>21,681</u>	<u>30,197</u>	<u>59,112</u>
<b>Total General Receipts</b>	<b>\$5,377,229</b>	<b>\$5,349,910</b>	<b>\$5,601,317</b>	<b>\$6,237,313</b>	<b>\$6,662,123</b>

\* Totals may not add due to rounding.

<sup>1</sup> The preliminary financial data for Fiscal Year 2023 has been prepared by, and is the responsibility of, the University's Management.

**Outstanding General Receipts Obligations**

The University's outstanding General Receipts Bonds as of the date hereof, without taking into effect the issuance of the Series 2023 B/C Bonds or the Series 2023 D Bonds, the purchase and cancellation of certain Tendered Bonds, or the defeasance of the Series 2010 E Bonds, the Series 2014 B-1 Bonds and the Series 2014 B-2 Bonds, consist of the following:

<u>General Receipts Bonds</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Series 2010 C Bonds	\$654,785,000	\$654,785,000
Series 2010 D Bonds	88,335,000	58,675,000
Series 2010 E Bonds	150,000,000	125,000,000
Series 2011 A Bonds	500,000,000	500,000,000
Series 2012 A Bonds	91,165,000	24,825,000
Series 2012 B Bonds	23,170,000	5,800,000
Series 2014 A Bonds	135,985,000	115,765,000
Series 2014 B-1 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	13,115,000
Series 2017 Bonds	69,950,000	40,000,000
Series 2020 A Bonds	185,995,000	154,825,000
Series 2021 A Bonds	600,000,000	590,585,000
Series 2023 A-1 Bonds	164,410,000	164,410,000
Series 2023 A-2 Bonds	<u>164,410,000</u>	<u>164,410,000</u>
<b>Total:</b>	<b>\$3,609,080,000</b>	<b>\$3,362,195,000</b>

The University continuously evaluates a variety of options to fund various capital projects, including the issuance of General Receipts Obligations.

## Interest Rate Swaps

The University is also party to the following floating-to-fixed interest rate swap agreements with a total notional amount of \$328,820,000:

<b>Outstanding Notional Amount</b>	<b>Related Bond Series</b>	<b>University Pays</b>	<b>University Receives</b>	<b>Counterparty</b>	<b>Effective Date</b>	<b>Termination Date</b>
\$164,410,000	Series 2023 A-1	1.188%	SIFMA <sup>1</sup>	Barclays	6/1/2023	6/1/2043
164,410,000	Series 2023 A-2	1.264	SIFMA <sup>1</sup>	Wells Fargo	6/1/2023	6/1/2043

<sup>1</sup> Securities Industry and Financial Markets Association (SIFMA) weekly variable rate index.

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

As part of its financial planning, the University continuously evaluates market opportunities to reduce or manage financial risk and lower borrowing costs, and may consider entering into additional interest rate swap agreements relating to other University Obligations.

## Annual Debt Service Charges and Coverage of Senior Lien Obligations

The following table represents the annual estimated Fiscal Year Debt Service Charges for all outstanding Obligations prior to the issuance of the Series 2023 B/C Bonds and the Series 2023 D Bonds (and excluding other debt not issued under the Indenture and obligations defeased under the Indenture).\*

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\* The table will be updated for the Official Statement when debt service on the Series 2023 B Bonds, Series 2023 C Bonds and Series 2023 D Bonds is known. The Outstanding Senior Lien Obligations Debt Service includes debt service associated with bonds expected to be tendered or defeased in connection with the issuance of the Series 2023 B/C Bonds and the Series 2023 D Bonds.



## Estimated Debt Service Charges on all Senior Lien Obligations

Fiscal Year	Outstanding Senior Lien Obligations Debt Service <sup>(1, 2, 3)</sup>	Series 2023 B		Series 2023 C		Series 2023 D		Total Debt Service <sup>(1, 2, 3)</sup>
		Principal	Interest	Principal	Interest	Total Debt Service	Total Debt Service	
2024	\$192,078,796							
2025	189,949,099							
2026	174,063,616							
2027	174,510,999							
2028	174,946,773							
2029	170,606,496							
2030	250,231,629							
2031	167,654,498							
2032	159,478,845							
2033	155,188,961							
2034	151,054,782							
2035	275,517,463							
2036	148,289,584							
2037	148,314,583							
2038	148,336,050							
2039	148,360,261							
2040	852,614,543							
2041	115,144,363							
2042	115,168,050							
2043	115,194,170							
2044	90,250,700							
2045	139,692,225							
2046	80,926,650							
2047	424,281,650							
2048	67,631,650							
2049	67,631,350							
2050	67,633,188							
2051	67,636,063							
2052	67,633,750							
2053	34,120,000							
2054	34,120,000							
2055	34,120,000							
2056	34,120,000							
2057	279,060,000							
2058-2110 <sup>(4)</sup>	1,272,000,000							
2111	524,000,000							
<b>Total<sup>(5)</sup></b>	<b>\$7,311,560,787</b>							

Notes:

<sup>1</sup> Reflects an assumed rate of 2.25% for the variable rate obligations of the University other than the Series 2023 A Bonds described in Note 3.

<sup>2</sup> Debt service with respect to Build America Bonds issued by the University is shown without netting federal subsidy payments.

<sup>3</sup> Assumes rates equal to the fixed rates payable by the University under the interest rate swap agreements that relate to the Series 2023 A Bonds. See **GENERAL RECEIPTS BONDS – Interest Rate Swaps**.

<sup>4</sup> Debt Service on the Senior Lien Obligations for the period beginning in Fiscal Year 2058 and ending in Fiscal Year 2110 is \$24,000,000 per year and the aggregate debt service over the period is \$1,272,000,000.

<sup>5</sup> Total amounts may vary from actual amounts payable due to rounding.

The maximum annual Debt Service Charges on the outstanding Obligations, including the Series 2023 B Bonds and Series 2023 C Bonds (including the expected simultaneous issuance of the Series 2023 D Bonds, and assuming the assumptions stated in the above table), are \$ \_\_\_\_\_ in Fiscal Year 2040. Prior to Fiscal Year 2040, the maximum annual Debt Service Charges on outstanding Obligations are \$ \_\_\_\_\_ in Fiscal Year 2035. The University's General Receipts for Fiscal Year 2022, \$6,084,348,000, were over \_\_\_\_\_ times the maximum annual Debt Service Charges in Fiscal Year 2040, and for the period prior to Fiscal Year 2040, over \_\_\_\_\_ times the maximum annual Debt Service Charges in Fiscal Year 2035. See **GENERAL RECEIPTS AND OUTSTANDING GENERAL RECEIPTS BONDS** above, and **SECURITY AND SOURCES OF PAYMENT** in the accompanying Official Statement.

## **TAX MATTERS**

### **General**

In the opinion of Bricker Graydon LLP, Bond Counsel, under existing law: (i) interest on the Series 2023 B/C Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax under the Code; however, for tax years beginning after December 31, 2022, interest on the Series 2023 B/C Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under section 55 of the Code; and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Series 2023 B/C Bonds are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio. Bond Counsel will express no opinion as to any other tax consequences regarding the Series 2023 B/C Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Treasurer, the State and the Department contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2023 B/C Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of these certifications and representations or the continuing compliance with these covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by that authority. It represents Bond Counsel's legal judgment as to the exclusion of interest on the Series 2023 B/C Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel will express no opinion as to (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements may cause the loss of such status and result in the interest on the Series 2023 B/C Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2023 B/C Bonds. The Treasurer, the State and the Department have each covenanted to take the actions required of it for the interest on the Series 2023 B/C Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2023 B/C Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or

not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2023 B/C Bonds or the market value of the Series 2023 B/C Bonds.

Interest on the Series 2023 B/C Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2023 B/C Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2023 B/C Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2023 B/C Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2023 B/C Bonds will not have an adverse effect on the tax status of interest or other income on the Series 2023 B/C Bonds or the market value or marketability of the Series 2023 B/C Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2023 B/C Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Prospective purchasers of the Series 2023 B/C Bonds should consult with their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Series 2023 B/C Bonds at other than their original issuance at the respective prices indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Series 2023 B/C Bonds ends with the issuance of the Series 2023 B/C Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the State or the owners of the Series 2023 B/C Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2023 B/C Bonds, under current IRS procedures, the IRS will treat the State as the taxpayer and the beneficial owners of the Series 2023 B/C Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2023 B/C Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value or marketability of the Series 2023 B/C Bonds.

## **Original Issue Discount and Original Issue Premium**

Certain of the Series 2023 B/C Bonds (“Discount Bonds”) as indicated on the inside front cover of this Supplemental Official Statement may be offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bond of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner’s gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2023 B/C Bonds, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. The amount of OID that accrues each year to a corporate owner of a Discount Bond is taken into account in computing the corporation’s liability for federal alternative minimum tax. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the inside front cover of this Supplemental Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Series 2023 B/C Bonds (“Premium Bonds”) as indicated on the inside front cover of this Supplemental Official Statement may be sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of Premium Bonds callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner’s tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

***Owners of Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of bond premium properly amortizable in any period with respect to the Premium Bonds and as to other federal tax consequences and the treatment of bond premium for purposes of state and local taxes on, or based on, income.***

## **TRANSCRIPT AND CLOSING DOCUMENTS**

A complete transcript of proceedings and a certificate (described under **LITIGATION**) relating to litigation will be delivered by the University when the Series 2023 B Bonds and Series 2023 C Bonds are delivered by the University to the Underwriters. At that time, the University will also provide to the Underwriters a certificate, signed by the University official who signs this Supplemental Official Statement and addressed to the Underwriters, relating to the accuracy and completeness of this Supplemental Official Statement and the accompanying Official Statement and to it being a “final official statement” in the

judgment of the University for purposes of paragraph (f)(3) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

## LEGAL MATTERS

Legal matters incident to the validity of the Series 2023 B/C Bonds, and certain other matters regarding the Series 2023 B/C Bonds are subject to the legal opinion of Bricker Graydon LLP, Bond Counsel. See **TAX MATTERS** herein. The legal opinion, dated and premised on law in effect as of the date of issuance and delivery of the Series 2023 B/C Bonds, will be delivered to the Underwriters at the time of original delivery. The proposed text of the opinion of Bond Counsel is attached as **APPENDIX D** herein. The legal opinion to be delivered to the Underwriters at the time of issuance and delivery of the Series 2023 B/C Bonds may vary from that text if necessary to reflect facts and law on the date of issuance and delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Supplemental Official Statement and the accompanying Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expressed any opinion concerning any of the matters referred to in the opinion subsequent to its date.

In addition to rendering the legal opinion, Bond Counsel will assist the University in the preparation of and advise the University concerning documents for the bond transcript.

Certain legal matters will be passed upon for the University by its statutory counsel, the Attorney General of the State of Ohio, through Anne K. Garcia, Senior Vice President & General Counsel for the University and by Tucker Ellis LLP as Issuer and Disclosure Counsel to the University. In addition, certain other legal matters will be passed upon for the Underwriters by their counsel, Dinsmore & Shohl LLP.

## LITIGATION

There is no litigation or administrative action or proceeding pending or threatened to restrain or enjoin, or seeking to restrain or enjoin, the issuance and delivery of the Series 2023 B/C Bonds or to question the proceedings and authority under which the Series 2023 B/C Bonds are authorized and are to be issued, sold executed or delivered, or the validity of the Series 2023 B/C Bonds. A no litigation certificate to such effect will be delivered by the University at the time of issuance and delivery of the Series 2023 B/C Bonds.

The University is a party to various legal proceedings seeking damages or injunctive relief and generally incidental to its operations but unrelated to the Series 2023 B/C Bonds. The ultimate disposition of such proceedings is not presently determinable, but will not, in the opinion of appropriate University officials, have a material adverse effect on the Series 2023 B/C Bonds or the security therefor. See **APPENDIX A – FINANCIAL OPERATIONS OF THE UNIVERSITY - Recent Developments**.

## INDEPENDENT ACCOUNTANTS

The financial statements of the University as of June 30, 2022 and for the year then ended, included in this Supplemental Official Statement as APPENDIX B, have been audited by KPMG LLP, independent accountants, as stated in their report, appearing in APPENDIX B.

KPMG LLP has not been engaged to perform, and has not performed, since the date of such report, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Supplemental Official Statement.

## **RATINGS**

Moody's Investors Services, Inc., S&P Global Ratings, Inc. and Fitch Ratings have assigned ratings of "Aa1", "AA" and "AA+", respectively, to the Series 2023 B Bonds. Moody's Investors Services, Inc., S&P Global Ratings, Inc. and Fitch Ratings have assigned ratings of "Aa1", "AA" and "AA+", respectively, to the Series 2023 C Bonds. No application for a rating has been made by the University to any other rating service.

The ratings reflect only the respective views of the rating services and any explanation of the meaning or significance of the ratings may only be obtained from the respective rating service. The ratings are not recommendations to buy, sell or hold securities. The University furnished to each rating service certain information and materials, some of which may not have been included in this Supplemental Official Statement, relating to the Series 2023 B Bonds, the Series 2023 C Bonds and the University. Generally, rating services base their ratings on such information and materials and on their own investigations, studies and assumptions. Each rating should be evaluated independently of any other rating. There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating service if in its judgment circumstances so warrant. Any lowering or withdrawal of a rating may have an adverse effect on the marketability or market price of the Series 2023 B Bonds or Series 2023 C Bonds.

The University expects to furnish the rating services with information and materials that may be requested. However, the University assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on the Series 2023 B Bonds or Series 2023 C Bonds.

## **DESIGNATION OF SERIES 2023 B BONDS AS GREEN BONDS**

### **Green Bonds Designation**

Per the International Capital Market Association (ICMA), Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects and which are aligned with the four core components of the Green Bond Principles. The four core components are: 1. Use of Proceeds; 2. Process for Project Evaluation and Selection; 3. Management of Proceeds; and 4. Reporting.

Kestrel has determined that the Series 2023 B Bonds are in conformance with the four core components of the ICMA Green Bond Principles, as described in Kestrel's 'Second Party Opinion', which is attached hereto as APPENDIX E.

### **Independent Second Party Opinion on Green Bond Designation and Disclaimer**

For over 20 years, Kestrel has been consulting in sustainable finance. Kestrel is an Approved Verifier accredited by the Climate Bonds Initiative and an Observer for the ICMA Green Bond Principles and Social Bond Principles. Kestrel reviews transactions in all asset classes worldwide for alignment with ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and the Climate Bonds Initiative Standards and criteria.

The Second Party Opinion issued by Kestrel does not and is not intended to make any representation or give any assurance with respect to any other matter relating to the Series 2023 B Bonds. Second Party Opinions provided by Kestrel are not a recommendation to any person to purchase, hold, or sell the

designated bonds and designations do not address the market price or suitability of these bonds for a particular investor and do not and are not in any way intended to address the likelihood of timely payment of interest or principal when due.

In issuing the Second Party Opinion, Kestrel has assumed and relied upon the accuracy and completeness of the information made publicly available by the University or that was otherwise made available to Kestrel.

## **CONTINUING DISCLOSURE**

### **Continuing Disclosure Undertaking**

In accordance with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the “Rule”), the University (the “Obligated Person”) will agree pursuant to a continuing disclosure agreement included in the Program II Supplement to cause the following information to be provided:

(i) to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System (“EMMA”), certain annual financial information, including financial statements, generally consistent with the information contained under the caption **GENERAL RECEIPTS AND OUTSTANDING GENERAL RECEIPTS BONDS - General Receipts of the University** in this Supplemental Official Statement and information contained in **APPENDIX A** under the captions **GENERAL, - Academic Structure, - Faculty and Employees, - Retirement Plans, - Enrollment, - Admissions, - Tuition Guarantee Program / Fees and Charges (but only information therein with respect to the University in the table captioned Instructional, General and Other Fees 2022-23 and the table captioned Estimated Annual Expenses 2023-24), - Financial Aid, - Physical Plant, - The Ohio State University Wexner Medical Center, and FINANCIAL OPERATIONS OF THE UNIVERSITY**; such information shall be provided not later than the 180th day following the end of each Fiscal Year (or, if that is not a University business day, the next University business day), and with respect to audited financial statements, no later than thirty (30) days after the date on which such audited financial statements are accepted by the Ohio Auditor of State.

(ii) to EMMA, in a timely manner (but not in excess of 10 business days after the occurrence of the event), notice of the occurrence of any of the following events with respect to the Series 2023 B/C Bonds:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2023 B/C Bonds, or other material events affecting the tax status of the Series 2023 B/C Bonds;

- (g) Modifications to rights of holders of the Series 2023 B/C Bonds, if material;
- (h) Bond calls (other than mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event), if material, and tender offers;
- (i) Defeasances of the Indenture or the Series Supplement entirely, as to all or a portion of the Series 2023 B/C Bonds;
- (j) Release, substitution or sale of property securing repayment of the securities, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
- (m) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) Appointment of a successor or additional trustee or the change of the name of a trustee, if material;
- (o) Incurrence of a Financial Obligation (as defined below) of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
- (p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

(iii) to EMMA, notice of a failure (of which the Obligated Person has knowledge) of an Obligated Person to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking.

For purposes of this transaction with respect to events as set forth in the Rule:

- (a) there are no debt service reserve funds, credit enhancements, or liquidity providers applicable to the Series 2023 B/C Bonds;
- (b) there is no property securing the repayment of the Series 2023 B/C Bonds; and
- (c) the term “Financial Obligation” means (i) a debt obligation, (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of an obligation described in (i) or (ii). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.



The University reserves the right to amend the continuing disclosure agreement set forth in the Program II Supplement, and to obtain the waiver of noncompliance with any provision of such continuing disclosure agreement, as may be necessary or appropriate to achieve its compliance with any applicable federal securities law or rules, to cure any ambiguity, inconsistency or formal defect or omission, and to address any change in circumstances arising from a change in legal requirements, change in law, or change in the identity, nature, or status of the University. Any such amendment or waiver will not be effective unless such continuing disclosure agreement (as amended or taking into account such waiver) would have complied with the requirements of the Rule at the time of the “primary offering” (within the meaning of the Rule) of the Series 2023 B/C Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the University shall have received either (i) a written opinion of bond counsel or other qualified independent special counsel selected by the University that the amendment or waiver would not materially impair the interest of holders or beneficial owners of the Series 2023 B/C Bonds, or (ii) the written consent to the amendment, or waiver, by the holders of at least a majority of the aggregate outstanding principal amount of the Series 2023 B/C Bonds.

The continuing disclosure agreement will be solely for the benefit of the holders and beneficial owners of the Series 2023 B/C Bonds including holders of book-entry interests in them. The right to enforce the provisions of the continuing disclosure agreement may be limited to a right of the holders or beneficial owners to enforce to the extent permitted by law (by mandamus, or other suit, action or proceedings at law or in equity) the obligations and duties under it.

Any noncompliance with the continuing disclosure agreement will not be a default or failure to comply for purposes of the default provisions of the Indenture. The Trustee has no responsibility for monitoring compliance with such continuing disclosure agreement.

The performance by the University, as the only Obligated Person with respect to the Series 2023 B/C Bonds, of the continuing disclosure agreement will be subject to the annual appropriation by the Board of moneys for the applicable purposes.

The continuing disclosure agreement will remain in effect only for such period that the Series 2023 B/C Bonds are outstanding in accordance with their terms and the University remains an Obligated Person with respect to the Series 2023 B/C Bonds within the meaning of the Rule.

## **Historical Compliance**

From time to time, the University has not fully complied with all terms of its existing continuing disclosure undertakings. Specifically, (i) the annual financial information and financial statements for Fiscal Year 2018 were not associated with certain CUSIP numbers relating to the University’s General Receipts Series 2010 A Bonds and General Receipts Series 2010 D Bonds, and (ii) the annual information filed for Fiscal Year 2021 omitted updates to the Total Grants & Contract Awards by Source of Funds table. The University has corrected the CUSIP links and filed a voluntary notice providing the updated table.

## **PROFESSIONAL SERVICES: UNDERWRITING AND DEALER MANAGERS**

### **Underwriting**

The University has entered into a purchase contract with the Underwriters listed on the cover hereof for whom RBC Capital Markets, LLC is acting as a representative. The Underwriters have agreed to purchase the Series 2023 B/C Bonds from the University subject to certain conditions precedent at a purchase price of \$\_\_\_\_\_ (consisting of the principal amount of the Series 2023 B/C Bonds

(\$[principal amount]), plus/less original issue premium/discount of \$\_\_\_\_\_, less underwriters' discount of \$\_\_\_\_\_).

The purchase contract pursuant to which the Series 2023 B/C Bonds are being sold provides that upon satisfaction of certain terms and conditions specified in the purchase contract, including approval of certain legal matters by counsel and certain other conditions, the Underwriters will purchase not less than all of the Series 2023 B/C Bonds.

The Underwriters may offer and sell the Series 2023 B/C Bonds to certain dealers and others at a price lower than the initial offering price. The offering price of Series 2023 B/C Bonds may be changed from time to time by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, market making, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment and commercial banking services for the University, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the University. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in such securities or investments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such securities and investments. Certain of the Underwriters are also acting as the Dealer Managers in connection with the Tender Offer.

BofA Securities, Inc., an underwriter of the Series 2023 B/C Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2023 B/C Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2023 B/C Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2023 B/C Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Wells Fargo Securities is the trade name used for the corporate banking, capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association ("WFBNA"), which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, N.A. Municipal Finance Group, a separately identifiable department of WFBNA, registered with the U.S. Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

WFBNA, acting through its Municipal Finance Group, one of the underwriters of the Series 2023 A Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Series 2023 A Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2023 A Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Series 2023 A Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

### **Dealer Managers**

The University and Goldman Sachs & Co. LLC and RBC Capital Markets, LLC, as dealer managers (the “Dealer Managers”), entered into a Dealer Managers Agreement, dated August 31, 2023 (the “Dealer Managers Agreement”), pursuant to which the Dealer Managers assisted the University in the Tender Offer. See “**PROJECT AND PLAN OF FINANCE – Tender Offer.**”

### **MUNICIPAL ADVISOR**

The University has retained PFM Financial Advisors LLC (the “Municipal Advisor”) to provide municipal advisory services in connection with the University’s issuance of the Series 2023 B/C Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Supplemental Official Statement and the accompanying Official Statement. The Municipal Advisor is an independent advisory firm and a registered municipal advisor and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

### **CONCLUDING STATEMENT**

Quotations in this Supplemental Official Statement taken from, and summaries and explanations of, the provisions of the Ohio Constitution, the Ohio Revised Code and other laws, the Program II Resolution, the Amended and Restated Trust Indenture, the Program II Supplement and the Continuing Disclosure Agreement, do not purport to be complete, and reference is made to the pertinent provisions of the Constitution, Ohio Revised Code and other laws and those documents for all complete statements of their provisions. Such documents are available for review at the University during regular business hours at the office of the Treasurer of the University. During the initial offering period, copies of the documents will also be available for review at the offices of the Underwriters.

To the extent that any statements in this Supplemental Official Statement and the accompanying Official Statement involve matters of estimate or opinion, whether or not expressly stated to be such, those statements are made as such and not as representations of fact or certainty, and no representation is made that any of those statements will be realized. Information in this Supplemental Official Statement and the accompanying Official Statement has been derived by the University from official and other sources and is believed by the University to be reliable, but information other than that obtained from official records of the University has not been independently confirmed or verified by the University and its accuracy is not guaranteed.

This Supplemental Official Statement and the accompanying Official Statement is not to be construed as or as part of a contract or agreement with the original purchasers or holders of the Series 2023 B Bonds or Series 2023 C Bonds.

This Supplemental Official Statement has been duly prepared and delivered by the University, and executed for, and on behalf of, the University by the official identified below.

THE OHIO STATE UNIVERSITY

By: \_\_\_\_\_  
Michael Papadakis, Senior Vice President for  
Business and Finance and Chief Financial Officer

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**APPENDIX A**  
**THE OHIO STATE UNIVERSITY**

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## **NOTICE REGARDING FORWARD-LOOKING STATEMENTS**

### **Forward-Looking Statements**

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

### **Projections and Financial Data**

The projections set forth in this Appendix A 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 Appendix A are cautioned not to place undue reliance on the forward-looking information and preliminary financial data.

## **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 the City of Columbus. In 1878, the General Assembly designated the College a university and changed its name to The Ohio State University.

The University is one of 14 state-supported universities in Ohio and is declared by statute to be a body politic and corporate. The University’s main campus is in Columbus on 1,714 acres containing 543 buildings (the “Columbus Campus”). Also in Columbus, the University owns two 18-hole regulation golf courses and the Don Scott Airport. In addition to the Columbus Campus, the University operates educational programs at Extended Campuses within the state located in Lima, Mansfield, Marion, and Newark (collectively, the “Extended Campuses”) housed in 82 buildings on 1,453 acres. The University also operates the Ohio Agricultural Research and Development Center (“OARDC”) in Wooster, Ohio and the Molly Caren Agriculture Center in London, Ohio, along with various other research farms throughout Ohio collectively comprising 9,819 acres and 409 buildings. An additional 313 buildings are located on 464 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 2022 was 60,540 students for the Columbus Campus and 5,255 for the Extended Campuses, bringing the total enrollment for all campuses at that time to 65,795 students. During the academic year ending June 30, 2023, the University awarded a total of 17,537 degrees consisting of 11,477 baccalaureate degrees, 2,947 master’s degrees, 930 doctorate degrees, 854 professional degrees, 904 associate degrees, and 425 post-baccalaureate degrees. The University has more than 500,000 living alumni. The University has one of the largest athletic departments in the country with 36 varsity sports. As of September 30, 2022, the University employed a total of 51,525 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 August 18, 2023 the officers and members of the Board and the years in which their respective terms expire are:

Hiroyuki Fujita, Chair (2024)	Quality Electrodynamics, Founder and Chief Executive Officer CT-MR Division, Canon Medical Systems Corporation, Chief Technology Officer
John W. Zeiger, Vice Chair (2026)	Zeiger, Tigges & Little LLP, Founding Partner
Alan A. Stockmeister (2025)	Foremost Management, Inc., President and Owner
Gary R. Heminger (2027)	Former Chairman of the Board and Chief Executive Officer, Marathon Petroleum Corporation and MPLX GP LLC
Elizabeth P. Kessler (2027)	Jones Day, Partner-in-charge, Columbus Office
Lewis Von Thaeer (2028)	Battelle Memorial Institute, President and Chief Executive Officer
Jeff M.S. Kaplan (2028)	Former Secretary and Senior Advisor to the Board, The Ohio State University
Elizabeth A. Harsh (2029)	Ohio Cattlemen's Association and Ohio Beef Council, Executive Director
Reginald A. Wilkinson (2029)	Connecting the Dots, LLC, President
Michael F. Kiggin (2030)	Capitol Strategy Group, Principal
Tom B. Mitevski (2030)	DGD Group, Inc., Executive Vice President
Pierre Bigby (2031)	Bigby Financial Planning LLC, Founder
Juan Jose Perez (2031)	Perez Morris Law Firm, Founding Member
Bradley R. Kastan (2032)	Janney Montgomery Scott, Senior Vice President
George A. Skestos, Jr. (2032)	Arcadia Holdings LLC, Founder and Managing Principal
James D. Klingbeil, Charter Trustee (2024)	Klingbeil Capital Management and The Klingbeil Company, Chairman Emeritus
Taylor Ann Schwein (2024)	Graduate Student Trustee
Joshua H.B. Kerner (2025)	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 August 18, 2023, unless otherwise noted, is set forth below.

Dr. Peter Mohler serves as acting President of the University. Dr. Mohler was appointed Executive Vice President of Research, Innovation and Knowledge for the University on August 18, 2023. Prior to these appointments, Dr. Mohler served as Interim Executive Vice President of Research, Innovation and Knowledge for six months. Dr. Mohler joined Ohio State in 2011 as Director of the Dorothy M. Davis Heart and Lung Research Institute and subsequently served as Chair of the Department of Physiology and Cell Biology in the College of Medicine. Dr. Mohler also has previously served as Vice Dean of Research in the College of Medicine. He will continue to serve as the Chief Scientific Officer of the OSUWMC. Dr. Mohler has more than 250 publications, and his research focuses on uncovering the mechanisms underlying

abnormal heart rhythms and heart failure with the goal of designing new diagnostics. He has received multiple awards, including being named a Pew Scholars and an Outstanding Investigator of the American Heart Association. Dr. Mohler was named an inaugural NIH National Heart, Lung, and Blood Institute Outstanding Investigator (R35 Award) and leads large program grants funded by the American Heart Association and the LeDuco Foundation. Dr. Mohler received a bachelor's in biology from Wake Forest University and his doctorate in cell and molecular physiology from the University of North Carolina at Chapel Hill and performed a postdoctoral fellowship in the Howard Hughes Medical Institute at Duke University Medical Center.

Walter “Ted” Carter Jr. will serve as President of the University commencing January 1, 2024. Mr. Carter is currently serving as president of the University of Nebraska System. At Nebraska, he oversees four campuses, the University of Nebraska Medical Center, and a community of almost 70,000 students, faculty and staff. At Nebraska, Mr. Carter has focused on greater access and opportunities for the state's students and families. He launched the Nebraska Promise, a financial aid program guaranteeing full tuition coverage for low- and middle-income students and at the same time, implemented a budget plan that included a two-year tuition freeze. Prior to his tenure at Nebraska, he led both the U.S. Naval Academy and U.S. Naval War College and was the longest continuously serving superintendent of the U.S. Naval Academy since the Civil War. He received the Distinguished Flying Cross with combat distinction for valor and is a recipient of the Bronze Star and last year received the US. Naval Academy Distinguished Graduate Award. Mr. Carter is a graduate of the United States Naval Academy with a bachelor's degree in physics and oceanography and of the Navy Fighter Weapons School, known as Top Gun, and retired as a vice admiral after 38 years of service and more than 6,300 flying hours logged. He holds additional educational credentials from the Navy Nuclear Power School, the U.S. Air Force Air War College, the Naval War College and the Armed Forces Staff College.

Dr. Melissa L. Gilliam serves as Executive Vice President and Provost for the University. Prior to joining the University in August 2021, Dr. Gilliam served as the vice provost, the Ellen H. Block distinguished service professor of health justice and professor of obstetrics and gynecology and pediatrics at the University of Chicago. As vice provost at the University of Chicago since 2016, Dr. Gilliam led efforts focused on faculty development, chair development, recruitment and retention, graduate student mentoring, inclusive pedagogy, and diversity and inclusion. Her research and scholarship have resulted in over 100 peer-reviewed publications. Prior to her role as vice provost, she served in several roles at University of Chicago, including at the Center for Interdisciplinary Inquiry and Innovation in Sexual and Reproductive Health and at the University of Chicago Medicine. She began her higher education career as a faculty member at the University of Illinois Chicago, where she served as director of the Center for Reproductive Health, director of the fellowship in family planning and co-director, research and clinical cores, for the National Institutes of Health Center of Excellence in Women's Health. She earned her bachelor's degree in English literature from Yale University, her master's degree in philosophy and politics from the University of Oxford, a medical degree from Harvard University, and a master's degree in public health from the University of Illinois Chicago.

Dr. John J. Warner serves as Chief Executive Officer of The Ohio State University Wexner Medical Center (“OSUWMC”) and Executive Vice President of the University. Dr. Warner leads efforts to advance and pioneer interdisciplinary approaches to health care delivery, research, and teaching at the OSUWMC. He also works closely with other University leaders to advance the excellence of the University and its academic medical center through signature integrated teaching and learning, and convergent research initiatives. From 2018 until joining the University in April 2023, Dr. Warner was executive vice president and chief executive officer of University of Texas Southwestern Health System. Prior to those roles, Dr. Warner was chief executive officer of UT Southwestern University Hospitals and Clinics, as well as held the Nancy and Jeremy Halbreich, Susan and Theodore Strauss Professorship in Cardiology, and the Jim and Norma Smith Distinguished Chair for Interventional Cardiology. Additionally, he has served in many vital roles with the American Heart Association. Dr. Warner received his medical degree from Vanderbilt University and completed his residency training in internal medicine at UT Southwestern, where he served

as chief resident. He did his fellowship training in cardiovascular disease and interventional cardiology at Duke University Medical Center. He served on the faculty at Duke until he returned to UT Southwestern in 2003. He received his master's degree in business administration from the Physician Executive MBA program at the University of Tennessee in 2011.

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 degree in finance from the Fisher College of Business at the University and a bachelor's degree in business administration in accounting from the University of Cincinnati and has completed the General Management Program at Harvard Business School.

Anne K. Garcia serves as Senior Vice President and General Counsel for the University. Ms. Garcia serves as the chief legal adviser to the president, Board of Trustees, and the University, including the OSUWMC. In addition, Ms. Garcia oversees the Office of University Compliance and Integrity, which is responsible for compliance efforts across the University, including the OSUWMC. As an attorney for a state university of the State of Ohio, she is also an Assistant Attorney General for the State of Ohio. Prior to her current appointment in September 2020, Ms. Garcia served as Interim Vice President and General Counsel for nearly one year and prior to that as senior associate general counsel and Vice President for Legal and Compliance for the OSUWMC. An experienced healthcare and higher education attorney, Ms. Garcia came to the University in 2016 from Saint Louis University, where she worked for six years and most recently served as senior associate general counsel and executive director of compliance. While there, she led the team that negotiated the reinvestment of the university hospital into a new joint venture with SSM Healthcare. She also served in private practice, defending physicians, nurses and hospitals involved in medical malpractice litigation. Ms. Garcia earned her J.D. degree from Tulane University School of Law and her bachelor's degree from the University of Notre Dame.

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

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

Eugene D. Smith serves as Senior Vice President and Wolfe Foundation Endowed Athletics Director. Mr. Smith has announced that he will retire from this position effective June 30, 2024. The University will commence a search for his successor in the near future. Mr. Smith was named the University's Director of Athletics in March of 2005 and was elevated to his current position in May of 2016. Prior to joining the University, Mr. Smith served as athletic director at Arizona State University from 2000 to 2005, athletic director at Iowa State University from 1993 to 2000 and athletic director at Eastern Michigan University from 1986 to 1993. Mr. Smith earned his bachelor's degree in business administration from the University of Notre Dame in 1977.

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

Katie Hall serves as interim Senior Vice President of Talent, Culture and Human Resources for the University. In this role, Ms. Hall provides leadership across the University to support the University's values, help advance its diversity and inclusion efforts, and continue to foster a Buckeye culture that positively impacts our entire community. Prior to assuming this role in April 2023, Ms. Hall was Associate Vice President for Strategy and Optimization and Chief of Staff for the Office of Human Resources. Ms. Hall joined the University over 20 years ago and has served in many capacities for the Office of Human Resources. Ms. Hall also served as Chief of Staff for former Ohio State President Michael Drake. Prior to joining the University, Ms. Hall worked at Bowling Green State University, Indiana University of Pennsylvania and Ferris State University in various student life capacities. She earned a master's degree in higher education administration at Indiana University of Pennsylvania and a bachelor's degree in communications at the University of Pittsburgh.

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

## **Academic Structure**

The academic organization of the University consists of 15 colleges, seven schools, the Graduate School and the Agricultural Technical Institute. The University offers more than 200 undergraduate majors, 172 programs leading to the master's degree, 106 programs leading to a doctoral degree, nine programs leading to a professional degree and more than 12,000 different courses.

The 15 colleges within the University are:

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

The seven schools within the University's colleges are:

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

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

### **Accreditations and Memberships**

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

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## Faculty and Employees

As of September 30, 2022, the number of university faculty and non-instructional staff, including full and part-time employees, for the Columbus and Extended Campuses were as follows:

	<b>Columbus Campus</b>	<b>Extended Campuses</b>	<b>Total University</b>
<b><u>Instructional Staff</u></b>			
Regular Faculty <sup>(1)</sup> :			
Professor	1,240	83	1,323
Associate Professor	761	147	908
Assistant Professor	542	57	599
Instructor	<u>6</u>	<u>0</u>	<u>6</u>
Total Regular Faculty	2,549	287	2,836
Other Faculty:			
Clinical Faculty <sup>(2)</sup>	2,337	5	2,342
Auxiliary Faculty <sup>(3)</sup>	2,592	271	2,863
Research Faculty <sup>(4)</sup>	<u>105</u>	<u>0</u>	<u>105</u>
Total Other Faculty	5,034	276	5,310
<b>Total Instructional Staff</b>	<b>7,583</b>	<b>563</b>	<b>8,146</b>
<b><u>Non-Instructional Staff</u></b>			
Executives	140	0	140
Unclassified	18,542	834	19,376
Classified Civil Service	2,917	216	3,133
Union Classified	1,810	112	1,922
Union Unclassified	3,406	0	3,406
Graduate Associates	4,309	74	4,383
Other Students	<u>10,525</u>	<u>494</u>	<u>11,019</u>
<b>Total Non-Instructional Staff</b>	<b>41,649</b>	<b>1,730</b>	<b>43,379</b>
<b>Total Staff</b>	<b>49,232</b>	<b>2,293</b>	<b>51,525</b>

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

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

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

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

The University faculty membership in distinguished academic societies includes the National Academy of Engineering (13 members), the National Academy of Sciences (10 members), and the National Academy of Medicine (eight members). The faculty also includes 24 members of the American Academy of Arts and Sciences and more than 100 fellows of the American Association for the Advancement of Science. Many Fulbright Fellowships have been awarded to University faculty and graduate students each year.

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



## Retirement Plans

The University participates in contributory retirement plans administered by the State Teachers Retirement System of Ohio (“STRS”) and the Ohio Public Employees Retirement System (“OPERS”). As an alternative to STRS and OPERS, eligible employees may elect to participate in the University’s Alternative Retirement Plan (“ARP”). The ARP was approved by the University’s Board of Trustees in February 1999. The number of OSU employees who contributed to the various retirement plans during fiscal year 2023 is as follows:

OPERS	48,562
STRS	6,204
ARP	7,253

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 (Section 401(a) of the Internal Revenue Code) maintained for eligible full-time faculty and staff.

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

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

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

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

The collective net pension liabilities of the retirement systems and the University's proportionate share of these liabilities (as of June 30, 2022 for STRS-Ohio and as of December 31, 2022 for OPERS) reported as of June 30, 2023 are as follows (dollars in thousands):

	<u>STRS-Ohio</u>	<u>OPERS</u>	<u>Total</u>
Net pension liability – all employers	\$22,230,126	\$29,296,534	-
Proportion of net pension liability – University	5.0%	10.6%	-
Proportionate share of net pension liability	\$1,107,005	\$3,107,816	\$4,214,821

The collective net OPEB assets or liabilities of the retirement systems and the University's proportionate share of these assets or liabilities (as of June 30, 2022 for STRS-Ohio and as of December 31, 2022 for OPERS) reported as of June 30, 2023, are as follows (dollars in thousands):

	<u>STRS-Ohio</u>	<u>OPERS</u>	<u>Total</u>
Net OPEB liability (asset) all employers	\$(2,589,333)	\$630,519	-
Proportion of net OPEB liability (asset) – University	5.0%	10.8%	-
Proportionate share of net OPEB liability (asset)	\$(128,942)	\$68,101	\$(60,842)

## Enrollment

The University attracts students from a variety of backgrounds and geographical locations, with representation in the Autumn Semester of 2022 from all 50 states and 116 foreign countries. Ohio residents represent 73.0% of the University's enrollment, while 18.1% are from other states and 8.8% 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 2018 through 2022 is shown below:

<u>Autumn of Academic Year</u>	<u>Columbus Campus</u>	<u>Extended Campuses</u>	<u>Total Enrollment</u>
2018-19	61,170	6,930	68,100
2019-20	61,391	6,871	68,262
2020-21	61,369	6,588	67,957
2021-22	61,677	6,095	67,772
2022-23	60,540	5,255	65,795

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.

<b><u>Autumn of Academic Year</u></b>	<b><u>Undergraduate</u></b>	<b><u>Graduate</u></b>	<b><u>Professional</u></b>	<b><u>Total</u></b>	<b><u>Full-Time Equivalent</u></b>
2018-19	53,734	11,113	3,253	68,100	61,654
2019-20	53,669	11,305	3,288	68,262	61,631
2020-21	53,557	11,110	3,290	67,957	61,179
2021-22	53,189	11,278	3,305	67,772	60,768
2022-23	51,377	11,199	3,219	65,795	59,158

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 for freshman fall admission to the Columbus Campus is fixed at February 1st of each year. All resident and nonresident freshman applicants to the Columbus Campus are considered within a competitive process. Criteria considered in the admissions process include successful completion of specified minimum college preparatory requirements; high school performance (class rank or GPA), including participation in accelerated programs; standardized test score (ACT or SAT), which are optional for applicants to provide for 2024 and 2025 admission; experiences that demonstrate leadership or engaged involvement; status as a first-generation college student; demonstration of talent in a particular area; high school performance if adversely affected by physical, mental or learning environment facts; and eligibility for and likelihood of benefiting from organized support services at Ohio State.

### **Admissions**

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

<b><u>Autumn of Academic Year</u></b>	<b><u>Applications Completed</u></b>	<b><u>Applicants Accepted</u></b>	<b><u>Percent Accepted</u></b>	<b><u>Applicants Enrolled</u></b>	<b><u>Percent Enrolled</u></b>	<b><u>Average ACT</u></b>	<b><u>Retention Rate</u></b>
2018-19	48,033	24,943	51.9%	7,851	31.5%	29.3	94.1%
2019-20	47,675	25,606	53.7%	7,630	29.8%	29.5	93.9%
2020-21	49,068	33,598	68.5%	8,602	25.6%	28.8	94.0%
2021-22	58,162	33,247	57.2%	8,350	25.1%	28.6	93.4%
2022-23	65,161	34,341	52.7%	7,966	23.2%	28.9	TBD

The average freshman composite scores on the Scholastic Aptitude Test (SAT critical reading and math) for the Columbus Campus was 1,341 for the Autumn Semester 2022; the average ACT Composite was 28.9. 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 33.7% for Autumn Semester 2022.

### **Tuition Guarantee Program / Fees and Charges**

The Ohio State Tuition Guarantee Program continued into its seventh year in Fiscal Year 2024. The Tuition Guarantee Program freezes the cost of tuition, housing and dining, and general fees for four years for each incoming freshman cohort on the Columbus and Extended Campuses. Continuing undergraduate students who are part of Tuition Guarantee cohorts will not see an increase in their tuition and fees. Approved tuition increases for the 2023-24 academic year include a 3.0% increase in resident

tuition for incoming undergraduate students in the Tuition Guarantee Program and a 5.2% increase in the non-resident surcharge for out-of-state undergraduate students. The international student surcharge will not increase in the 2023-24 academic year. The tuition increases for Master's and Ph.D. students include a 3.8% increase in resident tuition and a 4.2% increase in non-resident surcharge. Tuition and fees support approximately 75% of the cost of instruction with the remainder funded through State Share of Instruction.

Instructional and general fees per full-time undergraduate and graduate student (including the tuition surcharge paid by non-resident students) for the Columbus and Extended Campuses for academic years 2019-20 through 2023-24 are shown below. Instructional fees for graduate and professional programs vary based on market demand. All graduate and professional program fee schedules for the current and for prior academic years can be accessed here: [University Registrar Graduate and Professional Students Program Fee Tables](#)\*<sup>(1)</sup>

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

<b>Columbus Campus</b>		<b><u>2019-20</u></b>	<b><u>2020-21</u></b>	<b><u>2021-22</u></b>	<b><u>2022-23</u></b>	<b><u>2023-24</u></b>
Resident	Undergraduate Tuition Guarantee 2019-20 <sup>(2)</sup>	10,582	10,582	10,582	10,582	10,582
	Undergraduate Tuition Guarantee 2020-21 <sup>(2)</sup>	NA	11,016	11,016	11,016	11,016
	Undergraduate Tuition Guarantee 2021-22 <sup>(2)</sup>	NA	NA	11,434	11,434	11,434
	Undergraduate Tuition Guarantee 2022-23 <sup>(2)</sup>	NA	NA	NA	11,983	11,983
	Undergraduate Tuition Guarantee 2023-24 <sup>(2)</sup>	NA	NA	NA	NA	12,350
	Undergraduate-Non-Guarantee	9,540	9,540	9,540	9,741	9,741
Non-Resident	Graduate	11,928	11,928	11,928	12,500	12,993
	Undergraduate Tuition Guarantee 2019-20 <sup>(2)</sup>	31,559	32,566	33,665	34,819	36,088
	Undergraduate Tuition Guarantee 2020-21 <sup>(2)</sup>	NA	33,000	34,099	35,253	36,522
	Undergraduate Tuition Guarantee 2021-22 <sup>(2)</sup>	NA	NA	34,517	35,671	36,940
	Undergraduate Tuition Guarantee 2022-23 <sup>(2)</sup>	NA	NA	NA	36,220	37,489
	Undergraduate Tuition Guarantee 2023-24 <sup>(2)</sup>	NA	NA	NA	NA	37,856
	Undergraduate-Non-Guarantee	30,517	31,524	32,623	33,978	35,247
	Graduate	35,512	36,644	37,880	39,101	40,723
<b>Extended Campuses</b>						
Resident	Undergraduate Tuition Guarantee 2019-20 <sup>(2)</sup>	7,912	7,912	7,912	7,912	7,912
	Undergraduate Tuition Guarantee 2020-21 <sup>(2)</sup>	NA	8,237	8,237	8,237	8,237
	Undergraduate Tuition Guarantee 2021-22 <sup>(2)</sup>	NA	NA	8,550	8,550	8,550
	Undergraduate Tuition Guarantee 2022-23 <sup>(2)</sup>	NA	NA	NA	8,944	8,944
	Undergraduate Tuition Guarantee 2023-24 <sup>(2)</sup>	NA	NA	NA	NA	9,212
	Undergraduate (Non-Guarantee)	7,140	7,140	7,140	7,283	7,283
Non-Resident	Graduate	11,736	11,736	11,736	12,276	12,705
	Undergraduate Guarantee 2019-20 <sup>(2)</sup>	28,889	29,896	30,995	32,149	33,418
	Undergraduate Guarantee 2020-21 <sup>(2)</sup>	NA	30,221	31,320	32,474	33,743
	Undergraduate Guarantee 2021-22 <sup>(2)</sup>	NA	NA	31,633	32,787	34,056
	Undergraduate Guarantee 2022-23 <sup>(2)</sup>	NA	NA	NA	33,181	34,450
	Undergraduate Guarantee 2023-24 <sup>(2)</sup>	NA	NA	NA	NA	34,718
	Undergraduate (Non-Guarantee)	28,117	29,124	30,223	31,520	32,789
	Graduate	35,320	36,452	37,888	38,877	40,435

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

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

Comparative information concerning the academic year 2022-23 instructional and general fees charged to Ohio residents by the University and the other state universities are set forth below.

### **Instructional General and Other Fees 2022-23\***

<b><u>Institution</u></b>	<b><u>Undergraduate</u></b>	<b><u>Graduate</u></b>
Bowling Green State University	\$13,554	\$13,405
Central State University	7,596	12,100
Cleveland State University	12,244	15,632
Kent State University	12,471	12,072
Miami University	17,463	15,638
The Ohio State University	12,485	12,997
Ohio University	13,352	9,510
Shawnee State University	9,341	10,256
University of Akron	12,426	9,362
University of Cincinnati	13,176	14,902
University of Toledo	11,993	16,966
Wright State University	10,864	14,298
Youngstown State University	10,478	13,219

\* Based on Fall 2022 full-time charges for 15 credit hours and two semesters for incoming students. Amounts shown include Instructional and General Fees and certain other fees that are not uniform to all state universities.

Source: Ohio Department of Higher Education Fall 2022 Survey of Student Charges.

The following student budget has been used by the University's Office of Financial Aid and represents estimated average undergraduate student costs at the Columbus Campus for academic year 2023-24.

### **Estimated Annual Expenses 2023-24**

<b><u>Basic Fees</u></b>	<b><u>Per Student</u></b>
Tuition and fees for In-State Residents	\$12,859
Tuition and fees for Out-of-State-Residents*	38,365
Room and Board**	14,272
Books and Supplies	1,030
Miscellaneous Costs, Personal Expenses, Phone, etc.	3,030
Additional Out-of-State Travel	1,404
<b>Total In-State Expenses</b>	<b>\$31,191</b>
<b>Total Out-of-State Expenses</b>	<b>\$58,101</b>

\* Includes the non-resident tuition surcharge

\*\* Based on the most popular room and board plan

### **Financial Aid**

Approximately 84% 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 2022, students received total assistance amounting to \$1.27 billion. The primary sources included the Pell Grant Program, Ford Federal Direct Student Loan Programs, Federal Work Study, Federal Supplemental Educational Opportunity Grants, Ohio College Opportunity Grants, and the University scholarships, loans, employment, and graduate student fee waivers.

The following table summarizes the financial aid provided to University students for the five fiscal years ended June 30, 2022. 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.

<b>Student Financial Aid</b> <b>(dollars in thousands)</b>					
<b><u>Source</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
Scholarships and Grants					
University	\$ 442,194	\$469,848	\$502,355	\$631,397*	\$525,024
State Funds	16,465	16,615	20,062	19,937	20,433
Pell Grants	55,365	57,645	58,688	58,433	58,044
Other Federal Grants	3,717	4,661	9,079	29,628	67,531
Other Funds	<u>52,686</u>	<u>54,071</u>	<u>50,174</u>	<u>45,065</u>	<u>51,835</u>
<b>Total Scholarships and Grants</b>	<b>\$570,427</b>	<b>\$602,839</b>	<b>\$640,358</b>	<b>\$784,460</b>	<b>\$722,866</b>
Loan					
University	\$ 724	\$818	\$904	\$891	\$854
Federal Perkins	7,084	0	0	0	0
Federal Stafford & PLUS	343,700	338,591	332,629	310,496	317,404
Other Loans	<u>45,089</u>	<u>48,196</u>	<u>50,056</u>	<u>43,026</u>	<u>50,176</u>
<b>Total Loans</b>	<b>\$396,596</b>	<b>\$387,605</b>	<b>\$383,589</b>	<b>\$354,413</b>	<b>\$368,434</b>
Student Employment					
Federal Work-Study	\$ 2,842	\$3,360	3,392	2,129	2,680
University Student Payroll	<u>168,740</u>	<u>173,282</u>	<u>171,151</u>	<u>155,933</u>	<u>175,443</u>
<b>Total Student Employment</b>	<b>\$171,583</b>	<b>\$176,642</b>	<b>\$174,543</b>	<b>\$158,062</b>	<b>\$178,123</b>
<b>Total Financial Assistance</b>	<b>\$1,138,606</b>	<b>\$1,167,086</b>	<b>\$1,198,490</b>	<b>\$1,296,934</b>	<b>\$1,269,423</b>

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

## Physical Plant

In total the University consists of 1,337 buildings and structures on 15,078 acres. The Columbus Campus programs are housed in 543 structures on the 1,714-acre campus. There are 82 additional structures located on 1,453 acres at the University's Extended Campuses. The OARDC has 379 buildings on 7,727 acres in Wooster, Ohio and eight other research farms throughout Ohio. The Molly Caren Agricultural Center in London, Ohio comprises 30 buildings on 2,092 acres. An additional 313 buildings, including county extension buildings, are located on 464 acres across Ohio. The total estimated replacement value of the University's buildings, all of which are either owned by the University or by the State for the use and benefit of the University, is \$18.0 billion. The replacement value of the Columbus Campus alone is \$15.9 billion.

The Columbus Campus includes 1,714 acres comprising the east and west academic campuses, two 18-hole golf courses across 289-acres, and the 1,338-acre Don Scott Field. The Don Scott Field area contains the airport and experimental and demonstration farms and research areas on 743 acres and has 595 acres of undeveloped land. The Columbus Campus includes numerous academic and laboratory buildings and facilities, a number of hospital facilities (University Hospital – 677 beds, Arthur G. James Cancer Hospital and Richard J. Solove Research Institute – 352 beds, OSU East Hospital – 236 beds, Ross Heart Hospital – 149, the Brain & Spine Hospital – 116 beds, and the Harding Hospital – 84 beds), one of the

largest academic research libraries in North America, 42 residence hall buildings which can house approximately 14,750 students and a 102,780-seat stadium.

In 2012, the University entered into a 50-year lease and concession agreement with QIC Global Infrastructure pursuant to which the University leased its parking facilities and related assets. In 2017, the University entered into a 50-year agreement to lease the University's utility system to Ohio State Energy Partners LLC (the "Concessionaire") and granted the Concessionaire the exclusive right to operate, maintain and make capital investments in the utility system and to charge the University a utility fee in connection therewith, which includes fixed, variable, and operating and maintenance components. The variable rate portion of the utility fee reflects the University's obligation to reimburse the Concessionaire over time for costs incurred by the Concessionaire in completing approved capital projects. The University's Board of Trustees has approved capital projects for the University's utility system through Fiscal Year 2023 in an aggregate amount of \$682.1 million. Certain of those projects require additional Board approval. The variable rate portion of the utility fee for Fiscal Year 2023 was \$46.8 million.

In pursuit of its teaching, research, and public service missions, the University continues to make significant investments in its facilities. Capital assets, which include the University's land, buildings, improvements, equipment, library books, construction in progress and lease assets per GASB 87, net of depreciation, were \$7.81 billion at June 30, 2023 (preliminary and unaudited). Fiscal Year 2023 additions to university capital assets totaled \$1.15 billion, of which \$432 million went toward University projects and \$719 million supported health system projects. A new interdisciplinary research facility and an outpatient care facility located on the west campus were completed during the fiscal year and construction continues on the new 820-bed inpatient hospital facility. Several other major university construction projects are under way including the Interdisciplinary Health Sciences center, the relocation of Cannon Drive, and various athletic facilities. The University's estimated future capital commitments, based on contracts and purchase orders as of June 30, 2023 total approximately \$1.04 billion.

### **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 ("OSUWMC") includes the College of Medicine and its School of Health and Rehabilitation Sciences; the Office of Health Sciences, including the Ohio State 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 (the "Health System"), which includes University Hospital, OSU East Hospital, Ohio State Harding Hospital, the Richard M. Ross Heart Hospital, Dodd Rehabilitation Hospital, the Ohio State Brain and Spine Hospital, the Ohio State Primary Care Network, Outpatient Care multispecialty facilities and Ohio State Immediate Care locations. The OSUWMC hospitals served more than 60,700 adult inpatients and more than 1.77 million outpatients in Fiscal Year 2023.

The OSUWMC is dedicated to being a top 20 academic health center driving breakthrough health care solutions that transform people's lives and the communities in which we live. In 2023, *U.S. News & World Report* named the OSUWMC to its list of America's "Best Hospitals," based on structure, patient experience, outcomes, and expert opinion, for the 31<sup>st</sup> consecutive year. The OSUWMC 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.

A comparative summary of the OSUWMC patient activity statistics for the five years ended June 30 is as follows:

	<u><b>2019</b></u>	<u><b>2020</b></u>	<u><b>2021</b></u>	<u><b>2022</b></u>	<u><b>2023*</b></u>
Inpatient Admissions	64,534	62,352	62,921	58,320	60,713
Outpatient Visits	1,915,176	1,868,222	2,116,454	2,255,167	1,773,306
Surgeries	46,703	44,741	50,740	51,388	56,040

\* FY 2023 increase in inpatient admissions reflects a partial return to normal post the prolonged impact of COVID-19 on patient behavior and hospital staffing levels. FY 2023 decline in outpatient visits is largely the result of lower volumes of COVID-19 related lab tests.

University Hospital specialties include organ and tissue transplantation, maternity, 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<sup>®</sup> hospital by the American Nurses Credentialing Center, one of the highest awards a hospital can receive for outstanding nursing services.

OSU East Hospital blends academic medicine with a community-based setting in a comprehensive outpatient facility and an approximately 230-bed hospital on Columbus' East Side. The hospital provides a full range of medical and surgical services to patients throughout central Ohio, including orthopedics, general surgery, vascular surgery, plastic surgery, ENT, cardiovascular and pulmonary care, family medicine, general internal medicine, and emergency medicine. Additionally, patients at OSU East Hospital have access to central Ohio's leading alcohol and drug addiction recovery services, a comprehensive wound-healing center with limb preservation program, digestive disease treatment, a full-range of diagnostic services, a sleep disorders center and outpatient oncology services.

The Ohio State Heart and Vascular Center comprises the Richard M. Ross Heart Hospital and Dorothy M. Davis Heart and Lung Research Institute ("DHLRI") and is dedicated to advancing the field of cardiovascular medicine and surgery. The University's Ross Heart Hospital is an approximately 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.

The 84-bed Ohio State Harding Hospital offers counseling services along with the most comprehensive inpatient and outpatient behavioral health services in central Ohio. Programs are available for adults and older adults with complex psychiatric disorders. Ohio State Harding Hospital's team includes psychiatrists, psychologists, social workers, registered nurses, occupational therapists, recreational therapists, chaplains and licensed counselors. Treatment for anxiety disorders, panic attacks, post-traumatic stress disorders, depression, bipolar disorder, schizophrenia, ADHD, and trauma occurs in a supportive environment emphasizing family participation and a return to independent living.

The only free-standing cancer hospital in central Ohio and the first in the Midwest, The Ohio State University 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 350-bed cancer hospital, one of only 53 comprehensive cancer centers designated by the National Cancer Institute ("NCI") and one of only a few institutions nationally funded by the NCI to conduct both phase I and phase II clinical trials on novel anticancer agents provided by the NCI. The OSUCCC – James achieved Magnet<sup>®</sup> status in 2013.

Ohio State University Physicians, Inc. ("OSUP") is the medical group managing The OSUWMC's outpatient physician clinics. OSUP was established in 2002 and designated by the Board as the faculty



practice plan for the College of Medicine. The University's Faculty Group Practice ("FGP") is a business unit of the Office of Health Sciences that represents the majority of the physicians delivering care to patients at the OSUWMC. 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 nationally accredited inpatient rehabilitation program specializing in amputee, cancer, stroke, brain and spinal cord rehabilitation. The program was the first in Ohio and is dedicated to physical medicine and rehabilitation research, training, and treatment. Our Department of Physical Medicine and Rehabilitation works to restore function for a person who has been disabled as a result of a disease, disorder or injury.

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

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

## **Other Public Institutions**

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

## **Ohio Department of Higher Education**

The Ohio Department of Higher Education (formerly known as the Ohio Board of Regents) is a cabinet-level agency for the Governor of the State of Ohio that oversees higher education for the State. The Chancellor of the Ohio Department of Higher Education is an appointee of the Governor, with the advice and consent of the State Senate. The current Chancellor is Randy Gardner. The Chancellor has statewide coordinating, recommendatory, advisory, and directory powers with respect to state-supported and state-

assisted institutions of higher education. Among the Chancellor's powers and responsibilities are to formulate and revise a state master plan for higher education; to make recommendations to the Governor and General Assembly concerning the development of state-financed capital plans for higher education; to prepare a state plan for and be the state agency responsible for participation in federal programs relative to the construction of higher education academic facilities; to approve or disapprove the establishment of technical colleges, state institutions of higher education, community colleges and new branches or academic centers of state universities; to approve or disapprove all new degree programs at higher education institutions; to review and recommend the elimination of graduate and professional programs; to approve increases in fees and fee pledges of higher education institutions related to the issuance of new debt, and to review appropriation requests of those institutions and make recommendations to the General Assembly concerning the biennial higher education operating and capital appropriations.

## **FINANCIAL OPERATIONS OF THE UNIVERSITY**

### **General**

The financial statements of the University are prepared in a "business type activity" format in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities - an amendment of GASB Statement No. 34*. GASB Statement No. 35 defines business type activities as those financed in whole or in part by fees charged to external parties for goods and services. Most public colleges and universities have elected to use the business type activity format. For further information see the audited financial statements of the University as of June 30, 2022 and 2021.

### **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 traditionally rely upon to fund current operations, including state instructional support, current-use gifts, and investment income.

The following "Summary of Revenues, Expenses and Other Changes in Net Position" presents summary financial information for Fiscal Years 2018 through 2022.

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Operating Revenues:</b>					
Tuition and fees, net <sup>1</sup>	\$935,893	\$969,633	\$953,569	\$869,740	\$1,003,060
Grants and contracts	757,036	789,873	796,229	840,451	888,530
Auxiliary enterprises sales and services, net	328,692	339,615	298,064	175,961	364,308
OSU Health System sales and services, net	3,103,891	3,432,271	3,449,681	3,952,605	4,178,956
OSU Physicians sales and services, net	525,796	560,322	584,222	647,601	701,680
Departmental sales and other operating revenues	<u>193,292</u>	<u>211,223</u>	<u>196,443</u>	<u>219,757</u>	<u>248,238</u>
Total operating revenues	\$5,844,600	\$6,302,937	\$6,278,208	\$6,706,115	\$7,384,772
<b>Operating Expenses:</b>					
Educational and general	\$2,062,211	2,724,436	2,867,230	2,295,373	2,620,521
Auxiliary enterprises	322,149	361,346	320,392	205,928	351,554
OSU Health System	2,720,988	3,109,070	3,345,167	2,728,378	3,236,935
OSU Physicians	484,132	507,366	563,200	597,475	681,610
Depreciation	<u>402,135</u>	<u>421,816</u>	<u>435,284</u>	<u>479,451</u>	<u>517,945</u>
Total operating expenses	\$5,991,615	\$7,124,034	\$7,531,273	\$6,306,605	\$7,408,565
Net operating income (loss)	(\$147,015)	(\$821,097)	(\$1,253,065)	\$399,510	\$(23,793)
<b>Non-Operating Revenues (Expenses):</b>					
State share of instruction and line-item appropriations	\$475,593	\$469,679	\$461,838	\$486,115	\$493,248
Gifts - current use	168,209	160,102	157,511	129,723	233,381
Net investment income (loss)	440,393	232,287	233,115	1,860,926	(300,714)
CARES Act assistance <sup>2</sup>	-	-	169,863	150,037	180,653
Grants, interest expense and other non-operating	<u>(29,027)</u>	<u>(39,464)</u>	<u>4,528</u>	<u>(26,203)</u>	<u>(59,744)</u>
Total non-operating revenues(expenses)	\$1,055,168	\$822,604	\$1,026,855	\$2,600,598	\$546,824
Income (loss) before changes in net position	908,153	1,507	(226,210)	3,000,108	523,031
<b>Changes in Net Position:</b>					
State capital appropriations	83,217	64,900	69,905	63,988	52,886
Private capital gifts	15,470	26,565	77,425	78,942	44,112
Additions to permanent endowments and other changes in net position	61,708	68,696	88,273	71,021	78,388
Increase (decrease) in net position	1,068,548	161,668	9,393	3,214,059	698,417
Net Position - beginning of year	\$5,666,558	\$5,494,631	\$5,672,928	\$5,682,321	\$8,899,239
Effect of GASB 75 (OPEB) <sup>3</sup>	(1,225,012)	-	-	-	-
Effect of GASB 83 (Certain Asset Retirement Obligation) <sup>4</sup>	(15,463)	-	-	-	-
Change in Financial Reporting Entity (Sci Tech)	-	16,629	-	-	-
Effect of GASB 87 (Leases) <sup>5</sup>	-	-	-	2,859	-
Net Position-end of year	\$5,494,631	\$5,672,928	\$5,682,321	\$8,899,239	\$9,597,656

<sup>1</sup> Net of scholarship allowances in Fiscal Years 2018 through 2022 of \$199,405, \$218,936, \$238,920, 234,727, and \$268,547, respectively.

<sup>2</sup> See **COVID-19 Pandemic** below for a discussion concerning CARES Act assistance.

<sup>3</sup> In Fiscal Year 2018, the University implemented GASB Standard No.75, Accounting and Financial Reporting for OPEB. The effect of adopting GASB 75 was a reduction in the University's net position as of July 1, 2017.

<sup>4</sup> In Fiscal Year 2018, the University implemented GASB Standard No. 83, Certain Asset Retirement Obligation. The cumulative effect of adopting GASB No. 83 was a reduction in the University's net position as of July 1, 2017.

<sup>5</sup> In Fiscal Year 2022, the University implemented GASB Statement No. 87, Leases. The cumulative effect of adopting GASB No. 87 was a small increase in the University's net position as of July 1, 2020.

The following Total Net Position (Equity) Summary presents net investment in capital assets, restricted – nonexpendable, restricted – expendable and unrestricted net position balances for Fiscal Years 2018 through 2022.

**Net Position (Equity) Summary**  
(dollars in thousands)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Net Investment in Capital Assets	\$2,488,574	\$2,764,692	\$3,226,206	\$3,736,988	\$3,805,407
Restricted – Nonexpendable	1,551,278	1,580,115	1,622,782	1,789,304	1,870,686
Restricted – Expendable	1,328,793	1,303,269	1,125,359	2,030,928	1,560,810
Unrestricted	<u>125,986</u>	<u>24,852</u>	<u>(292,026)</u>	<u>1,342,019</u>	<u>2,360,753</u>
Total Net Position	\$5,494,631	\$5,672,928	\$5,682,321	\$8,899,239	\$9,597,656

**General Receipts of the University**

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

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

**General Receipts of the University\***  
(dollars in thousands)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023<sup>1</sup></u>
Tuition, Fees and Other Student Charges	\$1,188,569	\$1,192,489	\$1,104,466	\$1,271,606	\$1,310,009
Unrestricted Government Grants & Contracts	89,762	95,394	103,376	110,212	123,563
Private Gifts and Grants	41,206	46,994	43,438	68,244	89,545
Unrestricted Endowment Income	41,291	37,515	4,707	4,796	5,084
Department and University Sales & Services	165,638	146,963	168,707	166,121	211,666
Auxiliary Sales & Services	384,556	344,870	202,336	407,181	436,181
Hospital Sales & Services	3,432,271	3,449,681	3,952,605	4,178,956	4,426,962
Other Sources	<u>33,936</u>	<u>36,004</u>	<u>21,681</u>	<u>30,197</u>	<u>59,112</u>
Total General Receipts	\$5,377,229	\$5,349,910	\$5,601,317	\$6,237,313	\$6,662,123

\* Totals may not add due to rounding.

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<sup>1</sup> The preliminary financial data in this Appendix A has been prepared by, and is the responsibility of, the University's management.

## Outstanding General Receipts Obligations

The University's General Receipts Bonds (including Senior Lien Obligations and Special Purpose General Receipts Obligations) as of June 30, 2023, consist of the following:

<u>General Receipts Bonds</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Series 2010 C Bonds	\$654,785,000	\$654,785,000
Series 2010 D Bonds	88,335,000	58,675,000
Series 2010 E Bonds	150,000,000	125,000,000
Series 2011 A Bonds	500,000,000	500,000,000
Series 2012 A Bonds	91,165,000	24,825,000
Series 2012 B Bonds	23,170,000	5,800,000
Series 2014 A Bonds	135,985,000	115,765,000
Series 2014 B1 Bonds	75,000,000	75,000,000
Series 2014 B2 Bonds	75,000,000	75,000,000
Series 2016 A Bonds	600,000,000	600,000,000
Series 2016 B Bonds	30,875,000	13,115,000
Series 2017 Bonds	69,950,000	40,000,000
Series 2020 A Bonds	185,995,000	154,825,000
Series 2021 A Bonds	600,000,000	590,585,000
Series 2023 A1 Bonds	164,410,000	164,410,000
Series 2023 A2 Bonds	<u>164,410,000</u>	<u>164,410,000</u>
Total:	\$3,609,080,000	\$3,362,195,000

## Interest Rate Swaps

As part of its debt management, the University is also party to the following forward-starting floating-to-fixed interest rate swap agreements with a total notional amount of \$328,820,000:

<u>Notional Amount</u>	<u>Related Bond Series</u>	<u>University Pays</u>	<u>University Receives</u>	<u>Counterparty</u>	<u>Effective Date</u>	<u>Termination Date</u>
\$164,410,000	Series 2023 A1	1.188%	SIFMA*	Barclays	6/1/2023	6/1/2043
\$164,410,000	Series 2023 A2	1.264	SIFMA	Wells Fargo	6/1/2023	6/1/2043

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

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

## Operating Budget Procedures

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

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

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

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

### **Fiscal Year 2023 Financial Results (Preliminary Unaudited)**

The following Summaries of Net Position (Equity) and of Revenues, Expenses and Other Changes in Net Position present preliminary unaudited financial results for the year ending June 30, 2023.<sup>2</sup>

#### **Net Position (Equity) Summary (dollars in thousands)**

	<u><b>2023<sup>2</sup></b></u>	<u><b>2022</b></u>
Total Assets	\$20,680,244	\$20,803,075
Deferred Outflows	1,709,175	618,414
Total Liabilities	11,244,973	8,991,876
Deferred Inflows	<u>957,648</u>	<u>2,831,957</u>
Total Net Position	\$10,186,798	\$9,597,656

#### **Revenues, Expenses, and Other Changes in Net Position Summary (dollars in thousands)**

	<u><b>2023<sup>2</sup></b></u>	<u><b>2022</b></u>
Total Operating Revenues*	\$8,175,222	\$7,366,875
Total Operating Expenses*	8,982,748	7,390,668
Net Non-Operating Revenues	1,222,093	546,824
Total Other Changes in Net Position	<u>174,575</u>	<u>175,386</u>
Increase in Net Position	\$589,142	\$698,417

<sup>2</sup> The preliminary unaudited financial data included in this Appendix A has been prepared by and is the responsibility of the University's management. KPMG LLP has not audited, reviewed, compiled, or applied agreed-upon procedures with respect to the preliminary financial data and, accordingly, does not express an opinion or any other form of assurance with respect thereto.

\* Fiscal Year 2022 values include reclassification of certain activities totaling \$17.9 million that are not reflected in the Fiscal Year 2022 audited financial statements. These adjustments enhance comparability to Fiscal Year 2023 preliminary values.

The University's Fiscal Year 2023 preliminary unaudited financial results show total operating and net non-operating revenues of \$9.40 billion, an increase of \$1.48 billion over Fiscal Year 2022 driven by strong investment returns, healthcare system revenues (including OSU Physicians), and higher grant and contract revenues. Preliminary unaudited results show a Fiscal Year 2023 increase in total operating expenses of \$1.59 billion reflecting a significant \$829 million increase in pension and OPEB expense accruals. Excluding the impact of pension and OPEB expense accruals, health system expenses increased \$576 million due to growth in outpatient surgery and pharmaceutical volumes and due to staffing issues that continue to impact the healthcare industry. Excluding pension and OPEB expense accruals, university expenses increased \$186 million reflecting investments in human capital related to research growth, faculty investment, staffing support returning to normal operations, and equity adjustments due to the current competitive workforce marketplace. Taken together with other changes in net position, Fiscal Year 2023 preliminary results indicate an increase in net position of \$589 million, bringing the University's total net position to \$10.2 billion.

Fiscal Year 2023 interim financial reports (preliminary and unaudited) for each quarter are presented to the Finance & Investment Committee at each Board of Trustees meeting and are available on the University's Office of Business and Finance website:

<https://busfin.osu.edu/university-business/debt-management/investor-relations-continuing-disclosure>.\*

\* Such interim financial reports are not incorporated into and do not constitute a part of this Appendix A.

## Fiscal Year 2024 Financial Plan

The University's Fiscal Year 2024 Financial Plan reflects an estimated \$9.60 billion of sources and \$9.02 billion of uses resulting in an operating margin (sources less uses) of \$577 million. The University's budget presentation is based on a modified cashflow approach for both revenues and spending that removes the impact of non-cash accruals and depreciation. The Fiscal Year 2024 Financial Plan projects total sources growth of 2.3% driven primarily by increases in the health system and OSU Physicians attributable to continued growth in both inpatient and outpatient activities, with the cancer program, new ambulatory services, and surgical specialties being leading contributors. Fiscal Year 2024 uses are projected to increase by 4.4% reflecting compensation and benefit increases, strategic hiring across the enterprise, and strategic investments in research excellence reflecting the goal to achieve top ten status for national university research expenditures.

The University has also approved a \$2.35 billion Fiscal Years 2024-2028 Capital Investment Plan which includes \$448.5 million for new projects beginning in FY 2024 and \$1.91 billion of remaining spending for projects approved in prior fiscal years. Major capital projects approved in prior capital budgets that are in various stages of construction include: Phase 2 of the College of Engineering's Biomedical and Materials Engineering Complex, the Pelotonia Research Center (formerly known as the "Interdisciplinary Research Facility"), the OSUWMC Inpatient Hospital, the James Outpatient Care Facility on west campus, and the Interdisciplinary Health Sciences Center. Major new projects approved for Fiscal Year 2024 include a Multispecies Animal Learning Center within the College of Food, Agricultural, and Environmental Sciences and a Battery Cell Research and Demonstration Center within the Enterprise for Research, Innovation, and Knowledge. Capital projects are funded from a variety of sources including gifts, state appropriations, debt financing, and University funds. The following table summarizes estimated spending by fiscal year for projects included in the Fiscal Years 2024-2028 Capital Investment Plan.

<b><u>(\$ in millions)</u></b>	<b><u>FY 2024</u></b>	<b><u>FY 2025</u></b>	<b><u>FY 2026</u></b>	<b><u>FY 2027</u></b>	<b><u>FY 2028</u></b>	<b><u>Total</u></b>
Prior Commitment Remaining Spend	\$832.5	\$685.9	\$294.3	\$88.1	\$4.3	\$1,905.1
New FY 2024 Projects	<u>254.6</u>	<u>92.6</u>	<u>61.3</u>	<u>28.9</u>	<u>11.1</u>	<u>448.5</u>
Total Estimated Capital Spend	\$1,087.1	\$778.5	\$355.6	\$117.0	\$15.4	\$2,353.6

The Fiscal Year 2024 Financial Plan is available on the University's Office of Business and Finance website: <https://busfin.osu.edu/university-business/financial-planning-analysis/university-operating-budget>.\*

\* The Fiscal Year 2024 financial plan is not incorporated into and does not constitute a part of this Appendix A.

### State Operating Appropriations

All State universities in Ohio receive financial assistance for both operations and designated capital improvements through appropriations by the Ohio General Assembly. These appropriations constitute a portion of the University's annual operating budget and contribute substantially to the successful operation and maintenance of the University. State operating appropriations are allocated across State universities based on their share of enrollment and degree completions, indexed for financially and academically at risk resident undergraduate students, medical and doctoral subsidy as well as other criteria intended to advance the goals of the state. The following table shows State operating appropriations to the University (all campuses) for Fiscal Years 2019 through 2023.

<u>Fiscal Year</u>	<u>State Operating Appropriations</u>
2019	\$473,125,900
2020	466,540,100
2021	491,065,200
2022	498,160,700
2023	513,644,100

### State Capital Appropriation

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

<u>Fiscal Biennium</u>	<u>State Capital Appropriations</u>
2015-16	\$77,249,000
2017-18	151,487,000
2019-20	134,805,000
2021-22	116,874,000
2023-24 (est.)	145,087,000

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



Governor ascertains that the available revenue receipts and balances for the current fiscal year will in all probability be less than the appropriations for the year, he shall issue such orders to the State agencies to prevent their expenditures and incurred obligations from exceeding such revenue receipts and balances.

## Recent Developments

The State ended Fiscal Year 2023 with a General Revenue Fund (GRF) fund balance of \$7.36 billion, an increase of \$1.69 billion over Fiscal Year 2022. GRF tax receipts came in \$994 million over the estimate driven by the performance of the personal income tax, the sales tax, and the commercial activities tax which ended the year above estimate by \$645 million (6.4%), \$149 million (1.1%), and \$83 million (4.0%), respectively. Personal income tax performance was strong across payment categories led by withholding performance. Notably, non-tax GRF revenues came in below estimate by \$297 million reflecting federal grants receipts coming in \$582 million below estimate as a result of lower GRF Medicaid spending, with this shortfall partially offset by higher than anticipated investment returns.

On the expenditure side, Fiscal Year 2023 GRF disbursements were below the estimate by \$1.81 billion (-4.6%) , driven predominantly by lower than estimated Medicaid spending that came in below estimate by \$1.42 billion (-7.1%). Taken together, Medicaid revenue and spending across Fiscal Year 2023 was a favorable \$839 million relative to budget.

On August 22, 2023, the University announced the appointment of Walter “Ted” Carter Jr. to serve as the next President of the University. Mr. Carter, who currently serves as president of the University of Nebraska System, brings over 40 years of experience in higher education and military service. Mr. Carter will begin his tenure as President on January 1, 2024. Until then, Dr. Peter Mohler will serve as acting President of the University.

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

In October 2019, the University launched its most ambitious community-building and fundraising endeavor in history. *Time and Change: The Ohio State Campaign* strives to engage a record one million supporters with a financial goal of \$4.5 billion by June 30, 2024. The campaign focuses on three core areas: i) student success; ii) research and discovery; and iii) healthy, vibrant communities. Since the start of the campaign, more than \$4.0 billion has been pledged from more than 717,000 supporters.

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

Pursuant to this last goal of being able to provide debt-free undergraduate degrees, the University launched its Scarlet & Gray Advantage™ program in September 2022. The program enables participating students to cover the full cost of attendance through federal, state, and university aid, work opportunities, and financial contributions from their family. The program provides scholarships and grants, coupled with paid work opportunities, and programs on financial literacy, career coaching and other topics. Participating

students commit to graduate within four years, take advantage of work opportunities, participate in financial literacy programs, and join a cohort of students focused on a debt-free education. The University intends to raise at least \$800 million, including \$500 million in endowments, over the next decade to expand undergraduate scholarships and has established a \$50 million program to match private donations of \$100,000 or more that create new or support existing endowments for undergraduate scholarships. In addition to on-campus work opportunities, the University has expanded its network of paid jobs and internships with employers throughout the state of Ohio and the country. The University launched the pilot program in September 2022 by selecting 125 low- and middle-income first-year students to participate. Sixty percent of the first 125 participants in the program were first generation college students. Through Fiscal Year 2023, the University has raised \$178 million for the Scarlet & Gray Advantage™ program.

Envisioned by the University's comprehensive strategic plan, the University continues to advance development of its West Campus Innovation District. In September 2022, the University announced that the West Campus Innovation District will be named "Carmenton". The name derives from the University's alma mater, "Carmen Ohio". Carmenton will bring together the academic and research synergy of the University with strong corporate industry partnerships in innovation and entrepreneurship and is a collaborative economic initiative with the City of Columbus. Carmenton encompasses 270 acres on the western edge of the University's Columbus Campus with development planned to occur in multiple phases over many years. Phase I of Carmenton is anchored by the recent openings of the Pelotonia Research Center (formerly the "Interdisciplinary Research Facility") and the James Outpatient Care facility (formerly the "West Campus Outpatient Care facility"), and the current construction of a co-located Energy Advancement and Innovation Center. Continued development of Phase I and future phases will align with the University's broader strategic planning. In February 2023, the University announced that the University-affiliated Science and Technology Campus Corporation will collaborate with global real estate company Tishman Speyer to develop a master plan for Carmenton.

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

The University first reached settlements totaling \$46.7 million with 185 individual claimants. Then, on May 7, 2021, the University launched an individual settlement program for eligible plaintiffs in five active legal cases with the program closing on September 4, 2021, with 47 eligible enrollees with resolutions totaling \$11.1 million. The federal district trial court granted the University's motions to dismiss in all cases and plaintiffs appealed those decisions to the Sixth Circuit Court of Appeals. During the pendency of the appeals, the University reached settlements with 64 additional individual claimants. In total, the University has settled with 296 survivors for approximately \$60 million. A three-judge panel of the appellate court reversed and remanded the first two appellate cases back to the trial court for further development of the record on the issue of statute of limitations. The University then requested the entire Sixth Circuit rehear that decision, which request was denied. The University next petitioned but the United States Supreme Court declined to consider the issues involving the statute of limitations. The remaining cases will now proceed on a litigation path to include further dispositive motions. No taxpayer, tuition or donor funds are being or will be utilized to pay any settlement amounts for the settled actions. All funds to be paid as part of the settlement will be drawn from existing institutional discretionary funding.

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

## **COVID-19 Pandemic**

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

### **COVID-19 in Ohio**

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

### **The University's Response**

The University's response to the COVID-19 pandemic evolved over time based on available data, public health authority guidance, the rate of infection and since vaccines were introduced, vaccination rates. The University initially suspended face-to face instruction and declared a "University State of Emergency" that allowed flexibility for employees to continue to telework while enabling University senior leadership and college deans to make determinations of who may work on campus to maintain critical services and research. A weekly determination was made concerning the continuation of the declaration and based on those determinations the declaration remained in place from March 22, 2020, until the declaration was lifted effective July 1, 2021.

The financial impact of the COVID-19 pandemic has been mitigated in part by the University's receipt of funds from federal government relief programs starting with the Coronavirus Aid, Relief and Economic Security Act (CARES Act). Approximately \$14 billion of CARES Act funds were designated for higher education through the Higher Education Emergency Relief Fund (HEERF). The University's share of the CARES Act allocation to higher education institutions was \$42.9 million (with 50% of such allocation required to be provided to students in the form of emergency financial aid grants). The CARES Act also established a \$175 billion allocation for a health care provider relief fund. The University hospital system and the James Cancer Hospital have received total CARES Act funding of \$178 million. The U.S. Department of Health and Human Services also provided accelerated advance payments of Medicare reimbursements to health systems that, in effect, provided an interest free loan for one year, with repayments accomplished by netting the advanced amount against future Medicare claim amounts. The University and its affiliates received a total of \$287 million in accelerated advance payments of Medicare reimbursements, all of which was repaid by December 2022. Additional stimulus support was provided by way of the Coronavirus Relief Fund also established under the CARES Act and from which the State of Ohio awarded the University a total of \$42 million. Finally, the University received nearly \$3 million in stimulus for various other aspects of its operation and services.

The Coronavirus Response and Relief Supplemental Appropriations Act 2021 (CRRSAA) authorized \$82 billion in support for education through HEERF II, which allocated \$65 million to the University, comprised of \$21 million for direct student aid and \$44 million allocated to the institution. The American Rescue Plan Act (ARP Act) authorized an additional \$40 billion to higher education institutions with the University's allocation totaling \$115 million, with that amount split nearly equally between direct student aid and institutional support. This fund is being administered by the National Association of Student Financial Aid Administration (NASFAA). The University and the health system also received FEMA public assistance funds, reimbursing certain COVID-19 related expenses including labor, medical equipment, PPE, testing services, and enhanced cleaning. From FY 2021 through the end of FY 2023, the University and health system received a total of \$47 million in FEMA funds. An additional \$30 million has been submitted to FEMA for review and another \$18 million is planned to be submitted in the near term.

In total, the University and its hospital system have been awarded \$772 million in stimulus funding (\$287 million of which was in the form of temporary funding).

The University has fully transitioned back to primarily in-person student instruction, in-person meetings and events, full capacity seating in on-campus dining areas and sporting events and unrestricted group activities at campus recreation centers. Masks are currently optional in most indoor spaces on campus including residence halls, dining facilities, classroom facilities, offices, and the Ohio Union. Mandatory COVID testing is no longer required. While all students, faculty and staff are encouraged to stay up to date on vaccinations as recommended by the Centers for Disease Control and Prevention, the University announced on April 24, 2023 that it would no longer require COVID-19 vaccination for students, faculty and staff, with the exception of those who are subject to Centers for Medicare and Medicaid Services (CMS) or other requirements. The University's transition away from a vaccination requirement coincides with the expiration of the federal public health emergency, is in response to changes in the FDA's Emergency Use Authorization of COVID-19 vaccinations, and is compliant with Ohio law.

The University continues to monitor the state of the COVID-19 pandemic as well as guidance from the Centers for Disease Control and all relevant state and federal agencies and will adjust its campus health and safety protocols as necessary.

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

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

### **Investments and Liquidity**

Financial markets have experienced increased turbulence attributable in part to the impact of COVID-19 on world economies, global inflation and the war in Ukraine. This may in turn result in greater variability in the University's investment returns. As of June 30, 2023, the University had total operating fund cash and investments valued at approximately \$4.82 billion, of which approximately \$2.52 billion can be converted to cash on a same-day or next-day basis and approximately \$2.30 billion can be converted to cash in 2-7 days.<sup>3</sup> As of June 30, 2023, based on projected Fiscal Year 2023 average daily spending, the University has liquid assets on hand to cover 203 days of spending.

### **Grants and Contracts**

During Fiscal Year 2022, the University's expenditures on research totaled \$1.38 billion.<sup>4</sup> Nearly half of these expenditures (\$637 million) came from various federal agencies. The National Institutes of Health (\$317 million), the National Science Foundation (\$62 million), the Department of Energy (\$29 million), the Department of Defense (\$46 million), and the Department of Agriculture (\$43 million) were the primary federal sponsors. The remaining \$743 million came from non-federal sources (industry, state, other non-governmental entities and institutional funds) with institutional funds (\$442 million) and industrial sponsors (\$142 million) being 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

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<sup>3</sup> The preliminary unaudited financial data in this update has been prepared by, and is the responsibility of, the University's management.

<sup>4</sup> This measure is calculated on a cash basis and is not defined by generally accepted accounting principles. As a result, it may not be comparable to similarly titled measures used by other organizations.

awarded to the University's investigators is the Ohio State University Office of Sponsored Programs, which manages 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 2018-2022 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 cost-share contributions are not included in the awards table.

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Office of Sponsored Programs	\$539,660	\$582,492	\$591,971	\$587,783	\$665,311
Ohio Agricultural R&D Center	30,278	30,178	28,962	-- <sup>5</sup>	-- <sup>5</sup>
Research Institute at Nationwide Children's Hospital	74,911	88,887	87,442	98,672	110,583
Transportation Research Center	48,240	38,633	35,455	34,817	52,107
Institution <sup>5</sup>	128,966	138,213	151,627	425,597 <sup>5</sup>	441,794 <sup>5</sup>
Others	52,959	52,713	72,813	89,242	110,597
<b>Total</b>	<b>\$875,014</b>	<b>\$931,116</b>	<b>\$968,260</b>	<b>\$1,236,111</b>	<b>\$1,380,392</b>

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Office of Sponsored Programs	\$575,470	\$621,174	\$684,121	\$700,834	\$745,249
Ohio Agricultural R&D Center	33,723	32,013	32,912	-- <sup>5</sup>	-- <sup>5</sup>
Research Institute at Nationwide Children's Hospital	51,480	103,824	100,245	131,854	131,193
Transportation Research Center	48,240	39,125	35,445	36,683	53,989
Others	85,925	94,411	119,826	417,627 <sup>5</sup>	354,925 <sup>5</sup>
<b>Total</b>	<b>\$794,838</b>	<b>\$890,547</b>	<b>\$972,549</b>	<b>\$1,286,998</b>	<b>\$1,285,356</b>

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<sup>5</sup> Due to information system changes implemented in January 2021: i) awards and expenditures for OARDC can no longer be differentiated by Cost Center and are reported with Others; ii) Institution includes support directly related to sponsored research and other research support across the University. For Fiscal Year 2021 and 2022, information reflects the inclusion of research-related awards and expenditures not previously identifiable.

The following tables shows grant and contract expenditures and grant and contract awards by source for Fiscal Years 2018-2022.

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Federal Sponsors					
National Institutes of Health	\$221,833	\$241,206	\$265,890	\$285,785	\$316,583
National Science Foundation	50,971	51,067	57,879	48,648	61,621
Department of Education	13,096	11,912	10,626	10,353	12,221
Department of Defense	34,579	39,550	38,504	42,934	45,916
Department of Energy	25,163	26,718	27,688	26,674	29,058
Department of Labor	12,489	12,600	12,173	13,998	10,548
Department of Agriculture	34,553	33,905	37,563	37,042	43,453
National Aeronautics and Space Administration	8,721	10,014	9,913	8,438	9,175
Other Federal Agencies	73,589	70,740	79,123	85,925	108,329
<b>Total Federal Sources</b>	<b>\$474,994</b>	<b>\$497,712</b>	<b>\$539,359</b>	<b>\$559,797</b>	<b>\$636,902</b>
Industry	138,916	158,151	150,200	129,914	141,772
State of Ohio	58,211	61,167	47,997	43,601	63,666
Other Non-Federal Agencies	73,927	75,873	79,076	77,202	96,258
Institutional funds <sup>6</sup>	128,966	138,213	151,628	425,597 <sup>6</sup>	441,794 <sup>6</sup>
<b>Total Non-Federal Sources</b>	<b>\$400,020</b>	<b>\$433,404</b>	<b>\$428,901</b>	<b>\$676,314</b>	<b>\$743,490</b>
<b>Total All Sources</b>	<b>\$875,014</b>	<b>\$931,116</b>	<b>\$968,260</b>	<b>\$1,236,111</b>	<b>\$1,380,392</b>

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Federal Sponsors					
National Institutes of Health	\$226,048	\$298,983	\$310,929	\$337,913	\$345,931
National Science Foundation	54,139	52,607	72,608	74,872	59,232
Department of Education	12,239	11,923	13,091	11,286	12,195
Department of Defense	44,116	50,235	46,209	54,896	58,459
Department of Energy	32,505	30,061	26,154	33,220	31,740
Department of Labor	13,266	12,928	11,366	15,422	10,930
Department of Agriculture	34,020	46,859	40,894	42,763	46,850
National Aeronautics and Space Administration	10,793	9,493	11,084	7,413	7,765
Other Federal Agencies	71,627	81,359	91,680	119,789	132,600
<b>Total Federal Sources</b>	<b>\$498,753</b>	<b>\$594,448</b>	<b>\$624,015</b>	<b>\$697,574</b>	<b>\$705,702</b>
Industry	144,421	136,818	166,251	139,154	142,285
State of Ohio	57,421	46,165	53,097	49,283	69,419
Other Non-Federal Agencies	94,243	113,116	129,186	400,987 <sup>6</sup>	367,950 <sup>6</sup>
<b>Total Non-Federal Sources</b>	<b>\$296,085</b>	<b>\$296,099</b>	<b>\$348,534</b>	<b>\$589,424</b>	<b>\$579,654</b>
<b>Total All Sources</b>	<b>\$794,838</b>	<b>\$890,547</b>	<b>\$972,549</b>	<b>\$1,286,998</b>	<b>\$1,285,356</b>

<sup>6</sup> Institutional funds include support directly related to sponsored research and other research support across the University. For Fiscal Year 2021 and 2022, reflects the inclusion of research-related awards and expenditures not previously identifiable.

## 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 receipting 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>
2018	\$168,209	\$55,579	\$15,470	\$239,258
2019	160,102	45,533	26,565	232,200
2020	157,511	63,695	77,425	298,631
2021	129,723	63,157	78,492	271,822
2022	233,381	77,206	44,112	354,699

## The University Endowment Fund

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

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

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

As of June 30, 2023, the preliminary market value of the fund was \$1,300,417,630.<sup>7</sup>

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

<sup>7</sup> The preliminary unaudited financial data included in this update has been prepared by, and is the responsibility of, the University's management.

## The Ohio State University Foundation

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

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

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

As of June 30, 2023, the preliminary market value of the fund was \$1,442,201,097.<sup>87</sup>

## The Long-Term Investment Pool

The University's Long-Term Investment Pool ("LTIP", which includes the University Endowment Fund, Foundation Endowments, certain operating funds and designated quasi endowments) is the sixth largest endowment fund of any public university or college in the United States based on information reported for Fiscal Year 2022 as part of the 2022 NACUBO-TIAA Study of Endowments. The market value of the Long-Term Investment Pool at June 30 for the past five fiscal years was:

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

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

As of June 30, 2023, the preliminary market value of the LTIP was \$7,383,675,982 consisting of the following investment types and market values:<sup>7</sup>

<u>Investment Type</u>	<u>Market Value</u>
Equity	\$2,795,333,453
Private Equity	2,412,648,162
Real Assets	806,305,204
Absolute Return/Hedge	795,560,136
Fixed Income	473,844,560
Cash	<u>99,984,467</u>
Total	\$7,383,675,982

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<sup>7</sup> The preliminary unaudited financial data included in this update has been prepared by, and is the responsibility of, the University's management.



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

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

The University distributed approximately \$289.1 million and \$259.2 million of endowment funds for operations in Fiscal Years ending June 30, 2023 and 2022, respectively.

### **The Short- and Intermediate-Term Pool**

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

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

As of June 30, 2023, the preliminary market value of the Short and Intermediate-Term Pool was \$2,515,423,902 and the pool consisted of the following investment types and market values:<sup>7</sup>

<u>Investment Type</u>	<u>Market Value</u>
Bank Accounts	\$283,099,620
Money Market Funds	791,438,436
U.S. Gov't & Agency Bonds	309,789,760
Asset Backed Securities	441,124,195
Corporate Bonds	632,708,196
Municipal Bonds	8,472,116
Other Fixed Income	<u>48,791,579</u>
Total	\$2,515,423,902

### **Insurance Coverage**

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

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

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

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

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**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL  
YEARS ENDED JUNE 30, 2022 AND 2021**

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# **The Ohio State University**

(A Component Unit of the State of Ohio)

## **Consolidated Financial Statements**

**As of and for the Years Ended June 30, 2022 and 2021**

**And Reports of Independent Auditors**

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## Independent Auditors' Report

The Board of Trustees  
The Ohio State University:

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of The Ohio State University (the University), a component unit of the State of Ohio, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University, as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter*

As discussed in note 1 to the financial statements, in 2022, the University adopted Governmental Accounting Standards Board Statement No. 87, *Leases* (GASB 87). Our opinion is not modified with respect to this matter.

#### *Other Matters*

The financial statements of the University as of and for the year June 30, 2021 were audited by other auditors, who expressed an unmodified opinion on those statements on November 19, 2021.

As part of our audit of the 2022 financial statements, we also audited the adjustments described in Note 1 that were applied to restate the 2021 financial statements for the adoption of GASB 87 in 2022. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2021 financial statements of the University other than with respect to the adjustments, and, accordingly, we do not express an opinion or any other form of assurance on the 2021 financial statements as a whole.





### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the accompanying management's discussion and analysis, schedule of the University's proportionate shares of STRS-Ohio and OPERS net pension liabilities, schedule of the University pension contributions to STRS-Ohio and OPERS, and schedule of the University's proportionate shares of STRS-Ohio and OPERS net OPEB liabilities be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements for the year ended June 30, 2022. The supplementary information on the long-term investment pool for the year ended June 30, 2022 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or any form of assurance thereon.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2022, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

**KPMG LLP**

Columbus, Ohio  
November 17, 2022

## Management's Discussion and Analysis (Unaudited)

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The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of The Ohio State University (the "university") for the year ended June 30, 2022, with comparative information for the years ended June 30, 2021 and June 30, 2020. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

### About The Ohio State University

The Ohio State University is the State of Ohio's flagship research institution and one of the largest universities in the United States of America, with over 67,000 students, 7,800 faculty members and 27,000 staff members. Founded in 1870 under the Morrill Land Grant Act, the university – which was originally known as the Ohio Agricultural and Mechanical College -- has grown over the years into a comprehensive public institution of higher learning, with over 200 undergraduate majors, 162 master's degree programs, 104 doctoral programs and nine professional degree programs.

The university is governed by a board of trustees who are responsible for oversight of academic programs, budgets, general administration, and employment of faculty and staff. The university's 15 colleges, four regional campuses, the Wexner Medical Center and various academic support units operate largely on a decentralized basis. The Board approves annual budgets for university operations, but these budgets are managed at the college and department level.

The Ohio State University Wexner Medical Center ("the Medical Center") is one of the largest and most diverse academic medical centers in the country and the only academic medical center in central Ohio. As a part of the Wexner Medical Center, the Health System operates under the governance of The Ohio State University Board of Trustees and is comprised of seven hospitals and a network of ambulatory care locations. The Health System provides a full spectrum of services from primary to quaternary specialized care. Key clinical care locations and facilities of the Health System include:

- **University Hospital:** the Wexner Medical Center's flagship hospital is a leader in multiple specialties including 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.
- **Arthur G. James Cancer Hospital and Solove Research Institute ("The James"):** the only free-standing cancer hospital in central Ohio and the first in the Midwest, the Arthur G. James Cancer Hospital and Richard J. Solove Research Institute is an international leader in cancer prevention, detection and treatment. The James is 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.

## Management's Discussion & Analysis (Unaudited) - continued

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- **Richard M. Ross Heart Hospital ("The Ross"):** is dedicated to advancing the field of cardiovascular medicine and surgery. The Ross Heart Hospital 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 Ross is one of the nation's few free-standing facilities devoted entirely to the research of diseases affecting the heart, lungs and blood vessels.
- **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.
- **East Hospital:** blends academic medicine with a community-based setting. East Hospital offers renowned services in orthopedic care, emergency services, cancer care, addiction services, ear, nose and throat care, heart care, radiology and imaging services, rehabilitation and wound healing. Additionally, patients have access to central Ohio's leading alcohol and drug addiction recovery services, digestive disease treatment, a full range of diagnostic services, a sleep disorders center and outpatient oncology services.
- **Dodd Hall:** home to Ohio State's nationally recognized and 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.
- **Brain and Spine Hospital:** a leader in brain and spine treatment and research 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. Ohio State is one of the first medical centers in the country to combine five neuroscience-related specialties into a single, integrated program and is designed to rapidly unlock the mysteries of the brain and to pioneer therapies and technology on every neurological front.
- **Ambulatory Services:** offering primary care and many specialized health services in numerous convenient locations throughout Ohio. Primary care, sports medicine, orthopedics, mammography, imaging, wound care and other specialties are provided with the compassionate and nationally ranked expert care that is synonymous with The Ohio State University Wexner Medical Center.

The Health System provided services to approximately 58,000 inpatients and 2,255,000 outpatients during fiscal year 2022 and 62,900 inpatients and 2,116,000 outpatients during fiscal year 2021.

The following financial statements reflect all assets, liabilities, deferred inflows/outflows and net position (equity) of the university, the Ohio State University Wexner Medical Center, the Ohio Agricultural Research and Development Center (OARDC) and the Ohio Technology Consortium (OH-TECH), which is an umbrella organization that includes the Ohio Academic Resources Network (OARnet), the Ohio Supercomputer Center and the Ohio Library and Information Network (OhioLINK). These entities constitute the "primary government" for

## Management's Discussion & Analysis (Unaudited) - continued

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financial reporting purposes. In addition, the financial statements include consolidated financial results for a number of "component units", which are legally separate entities that meet the financial accountability criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, and Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*.

The following component units are considered to "exclusively benefit" the university and are shown in a blended presentation with the primary government:

- The OSU Foundation (a fundraising foundation operating exclusively for the benefit of the university)
- OSU Health Plan (a non-profit organization that administers university health care benefits)
- Oval Limited (captive insurer that provides medical malpractice coverage to university hospitals and physicians)
- Pelotonia (a fundraising organization operating exclusively for the benefit of the university)

The GASB has indicated that, under the amended blending standards, the "exclusive benefit" criterion for blending is not met when a component unit provides services to parties external to the primary government. As a result, the university presents the following component units in a discrete presentation:

- OSU Physicians, Inc. (the practice group for physician faculty members of the Colleges of Medicine and Public Health)
- Campus Partners for Community Urban Redevelopment (a non-profit organization participating in the redevelopment of neighborhoods adjacent to the main Columbus campus)
- Transportation Research Center, Inc. (an automotive research and testing facility in East Liberty, Ohio)
- Dental Faculty Practice Association (the practice group for faculty members of the College of Dentistry)
- Science and Technology Campus Corporation (a non-profit organization established to further development of the university's Science and Technology Campus)

Condensed financial information for both blended and discretely presented component units is provided in the Notes to the Financial Statements. The university is considered a component unit of the State of Ohio and is included in the State of Ohio's Comprehensive Annual Financial Report.

### About the Financial Statements

The university presents its financial statements in a "business type activity" format, in accordance with 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*. In addition to this MD&A section, the financial statements include a Statement of Net Position, a Statement of

## Management's Discussion & Analysis (Unaudited) - continued

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Revenues, Expenses and Changes in Net Position, a Statement of Cash Flows and Notes to the Financial Statements. Separate columns are presented for the primary institution (which includes the primary government and the blended component units), discretely presented component units and the total university. Unless otherwise specified, the amounts presented in this MD&A are for the primary institution.

The **Statement of Net Position** is the university's balance sheet. It reflects the total assets, deferred outflows, liabilities, deferred inflows and net position (equity) of the university as of June 30, 2022, with comparative information as of June 30, 2021. Liabilities due within one year, and assets available to pay those liabilities, are classified as current. Other assets and liabilities are classified as non-current. Investment assets are carried at fair value or at Net Asset Value (NAV), as applicable.

Capital assets, which include the university's land, buildings, improvements, and equipment, are shown net of accumulated depreciation. Net position is grouped in the following categories:

- Net investment in capital assets
- Restricted – nonexpendable
- Restricted – expendable
- Unrestricted

In addition to assets, liabilities and net position, the university's balance sheet includes deferred outflows of resources and deferred inflows of resources. Deferred outflows are similar to assets and will be recognized as expense in future periods. Deferred inflows are similar to liabilities and will be recognized as revenue (or reductions of expense) in future periods.

The **Statement of Revenues, Expenses and Changes in Net Position** is the university's income statement. It details how net position has increased (or decreased) during the year ended June 30, 2022, with comparative information for the year ended June 30, 2021. Tuition revenue is shown net of scholarship allowances, patient care revenue is shown net of contractual allowances, charity care and bad debt expense, depreciation is provided for capital assets, and there are required subtotals for net operating income (loss) and net income (loss) before capital contributions and additions to permanent endowments.

It should be noted that the required subtotal for net operating income or loss generally will reflect a "loss" for state-supported colleges and universities. 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 and certain investment management expenses. 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.

The **Statement of Cash Flows** details how cash has increased (or decreased) during the year ended June 30, 2022, with comparative information for the year ended June 30, 2021. It breaks out the sources and uses of university cash into the following categories:

## Management's Discussion & Analysis (Unaudited) - continued

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- Operating activities
- Noncapital financing activities
- Capital financing activities
- Investing activities

Cash flows associated with the university's expendable net position appear in the operating and noncapital financing categories. Capital financing activities include payments for capital assets, proceeds from long-term debt and debt repayments. Purchases and sales of investments are reflected as investing activities.

The **Notes to the Financial Statements**, which follow the financial statements, provide additional details on the numbers in the financial statements. Behind the notes is a section that provides required supplementary information related to pensions and other post-employment benefits and other information on the university's Long-Term Investment Pool.

### Financial Highlights and Key Trends

The global outbreak of COVID-19, a new strain of coronavirus that can result in severe respiratory disease, was first detected in December of 2019 and subsequently spread across six continents impacting many countries, including the United States. The COVID-19 outbreak has altered the behavior of businesses and people in a manner that has had and is expected to continue to have effects on global and local economies, including the State of Ohio. In fiscal years 2020 and 2021, COVID-19 disrupted key university operations and resulted in significant declines in tuition, housing and dining and athletics revenues. In response to the COVID-19 outbreak, the university instituted a series of cost controls, including a hiring pause and business-only essential spending.

After two unprecedented years managing the COVID-19 pandemic, the university's financial position remains strong, driven by the post-pandemic rebound. Fall, spring, and summer semesters were characterized by a return to near-normal university operations and a full college experience for university students. Total net position increased \$688 million, to \$9.32 billion at June 30, 2022. Total operating revenues increased \$604 million, to \$6.59 billion, reflecting strong growth in Health System patient volumes and the return of athletic events and in-person classes for students. Operating expenses increased \$1.00 billion, to \$6.63 billion, primarily due to an increase in non-cash pension and other post-employment benefit (OPEB) expenses, the return to in-person instruction, increased occupancy in student housing and dining, and at the Health System, increases in outpatient volumes, patient acuity and labor costs.

Demand for an Ohio State education and outcomes for students also remain strong. Total enrollment for Autumn 2021 was 67,772, down 185 students compared to Autumn 2020. 94% of the freshmen enrolled in Autumn 2020 returned to OSU in Autumn 2021. 71% of students graduated within four years, and 88% graduated within six years.

In 2022, the university implemented GASB Statement No. 87, *Leases*. This standard establishes accounting and reporting for leases, based on the foundational principle that all

## Management's Discussion & Analysis (Unaudited) - continued

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leases are financings of the right to use an underlying asset for a period of time. Lessees record an intangible right-of-use asset and corresponding lease liability, based on the present value of the payments expected to be made during the lease term. Lessors record a lease receivable and a corresponding deferred inflow of resources. The standard provides an exception for short-term leases with a maximum possible term of 12 months or less.

The cumulative effect of adopting GASB Statement No. 87 was a \$4 million increase in the university's net position as of July 1, 2020. The accompanying financial statements and MD&A information for the year ended June 30, 2021 have been restated to reflect the new accounting standard. MD&A information for the year ended June 30, 2020 has not been restated.

The following sections provide additional details on the university's 2022 financial results and a look ahead at significant economic conditions that are expected to affect the university in the future.



## Management's Discussion & Analysis (Unaudited) - continued

### Statement of Net Position

<b>Summary Statement of Net Position</b> <i>(in thousands)</i>			
	<b>2022</b>	<b>2021</b>	<b>2020</b>
Cash and temporary investments	\$ 2,850,835	\$ 3,371,175	\$ 3,633,027
Receivables, inventories, prepaids and other current assets	1,157,143	1,035,040	808,875
<b>Total current assets</b>	<b>4,007,978</b>	<b>4,406,215</b>	<b>4,441,902</b>
Unexpended bond proceeds	679,040	276,243	401,664
Noncurrent notes and pledges receivable, net	134,643	134,207	110,673
Net other post-employment benefit asset	441,127	275,182	77,901
Long-term investment pool	6,960,782	7,041,973	5,287,131
Other long-term investments	301,855	348,227	301,676
Other noncurrent assets	197,526	169,251	-
Capital assets, net of accumulated depreciation	7,194,565	6,408,423	5,700,078
<b>Total noncurrent assets</b>	<b>15,909,538</b>	<b>14,653,506</b>	<b>11,879,123</b>
<b>Total assets</b>	<b>19,917,516</b>	<b>19,059,721</b>	<b>16,321,025</b>
Deferred outflows	618,414	467,600	717,357
<b>Total assets and deferred outflows</b>	<b>\$ 20,535,930</b>	<b>\$ 19,527,321</b>	<b>\$ 17,038,382</b>
Accounts payable and accrued expenses	\$ 757,606	\$ 774,841	\$ 638,750
Medicare advance payment program	79,601	254,854	274,915
Deposits and advance payments for goods and services	447,404	371,040	268,481
Current portion of bonds, notes and lease obligations	384,458	359,963	374,717
Other current liabilities	184,394	90,028	88,673
<b>Total current liabilities</b>	<b>1,853,463</b>	<b>1,850,726</b>	<b>1,645,536</b>
Noncurrent portion of bonds, notes and lease obligations	3,357,938	2,736,441	2,732,098
Net pension liability	1,497,793	2,679,333	3,025,029
Net other post-employment benefit liability	15,661	22,683	1,459,572
Advance from concessionaire	963,663	980,953	1,002,769
Other noncurrent liabilities	831,855	760,142	527,489
<b>Total noncurrent liabilities</b>	<b>6,666,910</b>	<b>7,179,551</b>	<b>8,746,957</b>
<b>Total liabilities</b>	<b>8,520,373</b>	<b>9,030,277</b>	<b>10,392,493</b>
Deferred inflows	2,695,441	1,865,366	1,221,395
Net investment in capital assets	3,706,371	3,473,109	3,010,095
Restricted:			
Nonexpendable	1,870,686	1,789,304	1,622,782
Expendable	1,560,810	2,030,928	1,125,359
Unrestricted	2,182,249	1,338,337	(333,742)
<b>Total net position</b>	<b>9,320,116</b>	<b>8,631,678</b>	<b>5,424,494</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 20,535,930</b>	<b>\$ 19,527,321</b>	<b>\$ 17,038,382</b>

During the year ended June 30, 2022, **cash and temporary investment** balances decreased \$520 million, to \$2.85 billion, reflecting capital expenditures and net cash flows for operating activities. **Unexpended bond proceeds** increased \$403 million, to \$679 million at June 30, 2022, primarily reflecting proceeds from the Series 2021A bonds, which were issued in September 2021. The Statement of Cash Flows, which is discussed in more detail below, provides additional information on sources and uses of university cash.

## Management's Discussion & Analysis (Unaudited) - continued

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**Accounts receivable, inventories, prepaids and other current assets** increased \$122 million, to \$1.16 billion at June 30, 2022. Accounts receivable increased \$35 million, to \$772 million at June 30, 2022. Health System receivables were up \$28 million, reflecting an overall increase in hospital patient acuity and increased outpatient volumes. Current assets held as part of the university's securities lending program increased \$84 million, to \$202 million at June 30, 2022, reflecting an expansion of securities lending activity in 2022.

The fair value of the university's **long-term investment pool** (LTIP) decreased \$81 million, to \$6.96 billion at June 30, 2022. The decrease is primarily due to a \$254 million decrease in the fair value of LTIP assets and \$259 million of distributions, which were partially offset by \$96 million of additions to gifted endowments and \$268 million of additions to quasi-endowment (operating and designated) funds. The long-term investment pool operates similar to a mutual fund, in that each named fund is assigned a number of shares in the pool. It includes the gifted endowment funds of the university, gifted endowment funds of the OSU Foundation, and unrestricted funds that have been internally designated to function as endowments. The pool is invested in a diversified portfolio of equity and fixed-income securities, partnerships and hedge funds that is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support the university's mission.

**Other long-term investments** are non-unitized investments that relate primarily to gift arrangements between donors and the OSU Foundation and long-term investments of operating funds. These investments decreased \$46 million, to \$302 million, at June 30, 2022, primarily due to unrealized losses in private equity funds.

**Capital assets**, which include the university's land, buildings, improvements, equipment and library books, net of depreciation, grew \$786 million, to \$7.19 billion at June 30, 2022. The university depreciates its capital assets on a straight-line basis, using estimated useful lives ranging from 5 years (for computer equipment and software) to 100 years (for certain building components such as foundations).

Additions to university capital assets totaled \$1.28 billion in 2022. The Health System accounted for \$778 million of the total and includes expenditures for facilities, infrastructure improvement, land, and equipment purchases. The remaining \$500 million of university capital additions include \$50 million of equipment and library books, \$151 million related to Comprehensive Energy Management Plan (CEMP) facility improvements and \$299 million related to improvements and renovations of various academic buildings, athletic facilities, student life facilities and other infrastructure.

New outpatient care facilities in Dublin and New Albany were completed during the fiscal year. The Frank Stanton Veterinary Spectrum of Care Clinic opened its doors as the new home for the Veterinary Medical Center's community practice team. An advanced imaging center on the first floor of Morehouse Medical Plaza Concourse was created with the installation of a 3T MRI scanner. The renewal of emergency generators was completed for the Comprehensive Cancer Center, Sisson Hall, Wiseman Hall and 1224 Kinnear Road.

## Management's Discussion & Analysis (Unaudited) - continued

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The OSU Health System has major construction projects currently underway including:

- New Inpatient Hospital – Construction continues on a 1.9 million square foot, 24-story inpatient hospital east of Cannon Drive. Scheduled to open in early 2026, the \$1.79 billion hospital is the largest single facilities project ever undertaken at The Ohio State University.
- Health System Outpatient Care West Campus – Construction continues on the \$350 million West Campus outpatient facility. This 385,000 square foot cancer-focused facility will include outpatient operating rooms, interventional radiology rooms, an extended recovery unit, a pre-anesthesia center, a diagnostic imaging center, pharmacy, hematology clinic, genitourinary (GU) clinic, infusion and medical office and support spaces. The outpatient facility will also include the region's first proton therapy facility and is slated to open in March 2023.

Major academic facility projects currently underway include:

- Interdisciplinary Research Facility – Construction is advancing on a 305,000 square foot, five-story laboratory building on West Campus that will serve multiple research disciplines, including biomedical, life sciences, engineering and environmental sciences. Two floors will be dedicated to The Ohio State University Comprehensive Cancer Center. Scheduled for completion in May 2023, the \$228 million facility will be an anchor for the university's future Innovation District.
- The Interdisciplinary Health Sciences Center – Currently in progress, this project will renovate existing facilities and construct a new building for interprofessional education through the health sciences including the college of Medicine and Optometry. Occupancy is slated for January 2024.
- The Energy Advancement and Innovation Center – Construction is advancing on a new facility that will be a hub for Ohio State faculty members, students, alumni, researchers, local entrepreneurs and industry experts to work together on the next generation of smart energy systems, renewable energy and green mobility solutions. The \$48 million project is slated for opening in November 2023.
- Arts District – Work continues on the \$165 million Arts District project on the west side of High Street between 15<sup>th</sup> and 18<sup>th</sup> avenues. Included are new facilities for the School of Music (Timashev Family Music Building) and Department of Theatre, Film, and Media Arts.

The university's estimated future capital commitments, based on contracts and purchase orders, total approximately \$1.35 billion at June 30, 2022.

The Health System received \$275 million in 2020 under the **Medicare Accelerated and Advance Payment Program**. These amounts are considered short-term loans, and

## Management's Discussion & Analysis (Unaudited) - continued

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repayments began in 2021. Current liabilities for advance payments provided to the Health System totaled \$80 million and \$255 million at June 30, 2022 and 2021, respectively.

On April 10, 2017, the university entered into a 50-year agreement to lease the university's utility system to Ohio State Energy Partners (OSEP) and grant it the exclusive right to operate the utility system and provide utility services to the Columbus campus. On July 6, 2017, the university received an upfront payment of \$1.09 billion. The upfront payment is reported as an **advance from concessionaire** and is being amortized as a reduction to operating expense (Operation and Maintenance of Plant) on a straight-line basis over the term of the agreement.

Under the agreement, OSEP operates, maintains and makes capital investments in the utility system and charges the university a Utility Fee, which includes fixed, variable and operating and maintenance (O&M) components. OSEP capital investments in the utility system are recognized as capital assets and a related **long-term payable to the concessionaire**. The fixed and O&M components of the Utility Fee are recognized as operating expense. The variable component of the Utility Fee will be recognized as a reduction in the long-term payable to the concessionaire and interest expense. The university paid \$62 million and \$59 million in total fixed and O&M utility fees for the years ended June 30, 2022 and 2021, respectively. The total amounts payable to the concessionaire increased \$139 million, to \$375 million at June 30, 2022. The \$19 million current portion of this liability is included in other current liabilities on the Statement of Net Position.

University debt, in the form of **bonds, notes and lease obligations**, increased \$646 million, to \$3.74 billion at June 30, 2022. On September 30, 2021, the University closed on \$600,000 in tax-exempt fixed rate General Receipts Bonds - Series 2021A. The \$715 million of net proceeds from the bond issue are being used to fund construction of the Wexner Medical Center's new Inpatient Hospital, scheduled to open in 2026.

In 2020, the university entered into forward-starting interest-rate swap agreements to advance refund its Series 2013A bonds. The swap agreements are effective June 2023, have a total notional amount of \$329 million and are considered effective hedges. The fair value of the swap agreements – which are reported as a noncurrent asset and offsetting deferred inflow of resources – was \$50 million and \$12 million at June 30, 2022 and 2021, respectively.

The university's plant debt includes variable rate demand bonds that mature at various dates through 2044. GASB Interpretation 1, *Demand Bonds Issued by State and Local Governmental Entities*, provides guidance on the statement of net position classification of these bonds. Under GASB Interpretation 1, outstanding principal balances on variable rate demand bonds may be classified as noncurrent liabilities if the issuer has entered into a "take-out agreement" to convert bonds "put" but not resold into some other form of long-term obligation. In the absence of such an agreement, the total outstanding principal balances for these bonds are required to be classified as current liabilities.

Although it is the university's intent to repay its variable rate demand bonds in accordance with the maturities set forth in the bond offering circulars, the university does not have "take-out agreements" in place per the GASB Interpretation 1 requirements. Accordingly, the university has classified the total outstanding principal balances on its variable rate demand bonds as

## Management's Discussion & Analysis (Unaudited) - continued

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current liabilities. These obligations totaled \$275 million and \$290 million at June 30, 2022 and 2021, respectively.

GASB Statement No. 68 requires governmental employers participating in defined benefit pension plans to recognize liabilities for plans whose actuarial liabilities exceed the plan's net assets. These liabilities are referred to as net pension liabilities. A related accounting standard, GASB Statement No. 75, requires employers participating in other post-employment benefit (OPEB) plans to recognize liabilities for plans whose actuarial liabilities exceed the plan's net assets. OPEB benefits consist primarily of post-retirement healthcare. The university participates in two multi-employer cost-sharing retirement systems, OPERS and STRS-Ohio, and is required to record a liability for its proportionate share of the net pension and OPEB liabilities of the retirement systems.

GASB Statement No. 68 requires governmental employers participating in defined benefit pension plans to recognize liabilities for plans whose actuarial liabilities exceed the plan's net assets. These liabilities are referred to as net pension liabilities. A related accounting standard, GASB Statement No. 75, requires employers participating in other post-employment benefit (OPEB) plans to recognize liabilities for plans whose actuarial liabilities exceed the plan's net assets. OPEB benefits consist primarily of post-retirement healthcare. The university participates in two multi-employer cost-sharing retirement systems, OPERS and STRS-Ohio, and is required to record a liability for its proportionate share of the net pension and OPEB liabilities of the retirement systems.

In 2022, the university's share of OPERS and STRS-Ohio net pension liabilities decreased \$1.18 billion, to \$1.50 billion at June 30, 2022. OPERS and STRS-Ohio net pension liabilities decreased \$644 million and \$537 million, respectively, reflecting strong investment returns for both retirement systems. OPERS realized a 15.34% return on defined benefit plan investments for calendar year 2021. STRS-Ohio realized a 29.16% return for the fiscal year ended June 30, 2021.

Deferred outflows related to pensions increased \$244 million, to \$584 million at June 30, 2022, and deferred inflows related to pensions increased \$999 million, to \$1.68 billion at June 30, 2022. The changes in pension deferrals relate primarily to OPERS and STRS-Ohio projected vs. actual investment returns. These deferrals will be recognized as pension expense in future periods.

In 2022, the university's share of OPERS and STRS-Ohio net OPEB assets increased \$166 million, to \$441 million at June 30, 2022, reflecting strong investment returns. OPERS realized a 14.34% return on its health care investments for calendar year 2021. STRS-Ohio realized a 29.16% return for the fiscal year ended June 30, 2021.

Deferred outflows related to OPEB decreased \$93 million, to \$12 million at June 30, 2022, and deferred inflows related to OPEB decreased \$219 million, to \$457 million at June 30, 2022. The changes in pension deferrals relate primarily to amortization of prior-year OPERS deferrals for changes in assumptions and expected vs actual experience. These deferrals will be recognized as OPEB expense in future periods.

## Management's Discussion & Analysis (Unaudited) - continued

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Total pension and OPEB expense includes employer contributions and (non-cash) expense accruals associated with the recognition of net pension and OPEB liabilities and deferrals. Total employer contributions were up \$14 million, to \$409 million in 2022. Pension and OPEB expense accruals went from a net credit of \$1.17 billion in 2021 to a net credit of \$720 million in 2022.

It should be noted that, in Ohio, employer contributions to the state's cost-sharing multi-employer retirement systems are established by statute. These contributions, which are payable to the retirement systems one month in arrears, constitute the full legal claim on the university for pension and OPEB funding. Although the liabilities recognized under GASB 68 and GASB 75 meet the GASB's definition of a liability in its conceptual framework for accounting standards, they do not represent legal claims on the university's resources, and there are no cash flows associated with the recognition of net pension and OPEB liabilities, deferrals and related expense.

**Deferred inflows** primarily consist of changes to OPEB assets and pension liabilities as explained in the previous paragraphs, the unamortized proceeds of the parking service concession arrangement and deferred inflows related to leases. The parking deferred inflows, which totaled \$388 million and \$397 million at June 30, 2022 and June 30, 2021, respectively, are being amortized to operating revenue on a straight-line basis over the 50-year life of the agreement. Deferred inflows for leases totaled \$92 million and \$69 million at June 30, 2022 and 2021, respectively, and are being amortized to lease revenue on a straight-line basis over the terms of the leases. The remaining balance of deferred inflows relates to deferred gains on debt-related transactions and deferrals for irrevocable split-interest agreements.

**Prior-Year Highlights:** *In 2021*, the university's share of OPERS and STRS-Ohio net OPEB liabilities swung from a \$1.36 billion net liability to a \$275 million net asset at June 30, 2021, primarily due to changes in OPERS benefit terms. The fair value of the LTIP increased \$1.75 billion, to \$7.04 billion at June 30, 2021, primarily due to a \$1.69 billion increase in the fair value of LTIP assets, \$137 million of interest and dividend income and \$251 million of net principal additions. *In 2020*, cash and temporary investment balances increased \$325 million, to \$3.63 billion, primarily due to the Health System's receipt of \$275 million of Medicare Advance payments and \$143 million of Provider Relief Funds. The university's share of OPERS and STRS-Ohio net pension liabilities decreased \$690 million, to \$3.03 billion at June 30, 2020, primarily reflecting a 17.23% return in calendar 2019 on OPERS defined benefit plan investments.

## Management's Discussion & Analysis (Unaudited) - continued

### Statement of Revenues, Expenses and Changes in Net Position

Summary of Revenues, Expenses and Changes in Net Position <i>(in thousands)</i>			
	2022	2021	2020
Operating Revenues:			
Tuition and fees, net	\$ 1,003,060	\$ 869,740	\$ 953,569
Grants and contracts	814,074	784,021	743,431
Auxiliary enterprises sales and services, net	364,308	175,961	298,064
OSU Health System sales and services, net	4,178,956	3,952,605	3,449,681
Departmental sales and other operating revenues	234,078	207,858	187,089
Total operating revenues	6,594,476	5,990,185	5,631,834
Operating Expenses:			
Educational and general	2,552,021	2,238,671	2,809,135
Auxiliary enterprises	351,554	205,928	320,392
OSU Health System	3,236,935	2,728,378	3,345,167
Depreciation	494,360	460,478	425,012
Total operating expenses	6,634,870	5,633,456	6,899,706
Net operating income (loss)	(40,394)	356,728	(1,267,872)
Non-operating revenues (expenses):			
State share of instruction and line-item appropriations	493,248	486,115	461,838
Gifts - current use	233,381	129,723	157,511
Net investment income	(292,335)	1,859,173	231,190
Federal COVID-19 assistance programs	168,967	150,037	158,058
Grants, interest expense and other non-operating	(48,633)	8,270	19,169
Net non-operating revenue	554,628	2,633,318	1,027,766
Income (loss) before other changes in net position	514,234	2,990,046	(240,106)
State capital appropriations	52,886	63,988	69,905
Private capital gifts	44,112	78,942	77,425
Additions to permanent endowments	77,206	63,157	63,695
Capital contributions and other changes in net position	-	6,923	19,499
Total changes in net position	174,204	213,010	230,524
Increase (decrease) in net position	688,438	3,203,056	(9,582)
Net position - beginning of year	8,631,678	5,424,494	5,434,076
Cumulative effect of accounting change	-	4,128	-
Net position - end of year	\$ 9,320,116	\$ 8,631,678	\$ 5,424,494

Net **tuition and fees** increased \$133 million or 15%, to \$1.00 billion in 2022. Gross tuition increased \$78 million for spring, \$73 million for autumn semester, and \$16 million for summer semester, offset by an increase in scholarship allowance of \$34 million. Tuition for the academic year increased primarily due to a return to in-person instruction and full assessment of non-resident fees. Similarly, scholarships increased to cover increases in fees for non-residents and Higher Education Emergency Relief Fund (HEERF) financial aid to students.

Operating **grant and contract revenues** increased \$30 million, to \$814 million, primarily reflecting a \$19 million increase in federal grants. Grants managed by the Office of Sponsored Programs increased \$55 million.

Total **auxiliary revenues** increased \$188 million, to \$364 million. Athletics revenue increased \$82 million, reflecting the resumption of fall and spring sports. Student Life housing and dining

## Management's Discussion & Analysis (Unaudited) - continued

revenues increased \$63 million, and Business Advancement (Schottenstein Center, Blackwell and Fawcett Center) revenues increased \$39 million, as the return to in-person instruction drove increased demand for on-campus housing and dining services and on-campus activities and events. **Auxiliary expenses** increased \$146 million, to \$352 million. Excluding pension and OPEB, expenses increased \$119 million. The increase is primarily due to the resumption of fall and spring sports, increased occupancy for student housing, and the return of Schottenstein Center events.

<b>Educational and General Expenses</b> <i>(in thousands)</i>			
	<b>2022</b>	<b>2021</b>	<b>2020</b>
Instruction and departmental research	\$ 1,152,173	\$ 1,050,944	\$ 1,051,376
Separately budgeted research	545,459	497,923	505,290
Public service	166,082	170,844	176,889
Academic support	273,709	252,353	223,552
Student services	102,034	80,175	89,162
Institutional support	325,935	346,836	355,179
Operation and maintenance of plant	138,708	118,406	117,727
Scholarships and fellowships	165,312	147,269	139,622
Total educational and general expense, excluding pension and OPEB accruals	2,869,412	2,664,750	2,658,797
Non-cash accruals for pensions and OPEB	(317,391)	(426,078)	150,338
Total educational and general expense	<u>\$ 2,552,021</u>	<u>\$ 2,238,672</u>	<u>\$ 2,809,135</u>

**Educational and general expenses** increased \$313 million to \$2.55 billion in 2022, partially due to a \$109 million increase in allocated pension and OPEB expense. Excluding pension and OPEB accruals, E&G expenses increased \$205 million. Increases in instruction and other E&G categories primarily reflect the return to in-person instruction. Separately budgeted research increased \$48 million, reflecting increases in sponsored research program expenditures.

**Health System** operating revenues increased \$226 million, to \$4.18 billion in 2022, reflecting increases in hospital patient acuity and growth in outpatient volumes. Operating expenses (excluding depreciation, interest and transfers) increased \$509 million to \$3.24 billion, primarily due to a \$311 million increase in expenses associated with pension and OPEB accruals. Excluding pension and OPEB, Health System operating expenses increased \$198 million. An in-depth look at the Health System, as presented in their stand-alone financial statements, is provided below.

In total, the Health System operates nearly 1,500 inpatient beds and serves as a major tertiary and quaternary referral center for Ohio and the Midwest. The Medical Center delivers superior patient care, quality outcomes, and patient safety and has been recognized by US News and World Report for 30 consecutive years as one of "America's Best Hospitals" and in July 2022 was ranked first in Central Ohio. US News and World Report further recognized the Health System as a national leader in nine specialties including: Cancer, Cardiology & Heart Surgery, Diabetes & Endocrinology, Ear, Nose & Throat, Gastroenterology and GI Surgery, Gynecology, Neurology and Neurosurgery, Pulmonary and Lung Surgery, and Rehabilitation.



## Management's Discussion & Analysis (Unaudited) - continued

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The Medical Center is rated as high performing in 14 out of 20 common procedures and conditions.

The Health System is also proud to be the first in central Ohio to have a hospital achieve Magnet Recognition, one of the highest honors awarded for nursing excellence. The Ross Heart Hospital, University Hospital, The James, and the Solove Research Institute are all designated Magnet hospitals. The Medical Center has more "Top Doctors" than any other central Ohio hospital according to the August 2022 Columbus Monthly Health magazine in conjunction with Castle Connolly. Wexner Medical Center physicians were selected by Castle Connolly because they are among the very best in their specialties.

In 2022, the Health System experienced a slight growth in surgical and procedural volumes. Total surgical volume increased 1.3% compared to 2021. Hospital admissions declined 7.3% in 2022 compared to 2021. Labor shortages have created staffing challenges that have resulted in a decrease in patient days and a higher length of stay for the year. The demand for outpatient services was higher in 2022. Chemotherapy, radiation oncology treatments, and non-chemotherapy infusion all experienced increases in outpatient volume in 2022.

Approximately 87% of total operating revenues are from patient care activities. Total operating revenues grew \$246 million or 6.2% over the prior fiscal year. Outpatient surgical volume increased 5.5% compared to 2021. The James experienced a 4.5% increase in chemotherapy volume and the Health System non-chemotherapy infusion sites grew 23.7%. In addition, procedural volumes including electrophysiology, radiation treatments and rehabilitation contributed to the increase in outpatient activity. Outpatient Care New Albany recorded approximately 10,000 new patient visits in 2022.

Other Operating Revenues include revenue from reference labs, cafeteria operations, rental agreements and other non-patient services. Due to the increasing complexity and significantly growing number of specialty oral and self-administered pharmaceuticals available for cancer and non-cancer patients, the Health System operates a Specialty Retail Pharmacy dedicated to improving patient care by easing the challenges of managing medications. The Specialty Retail Pharmacy contributed \$249 million to Health System operating revenues in 2022 and \$205 million in 2021.

Other Operating Revenues also includes a portion of the revenue shared with Nationwide Children's Hospital for the management of the Neonatal Intensive Care Unit (NICU) located at the Health System. The goal of this managed unit is to standardize the care and quality outcomes of all the neonatal patients in Central Ohio. The NICU contributed \$17 million of operating revenues in 2022 and \$14 million in 2021. In 2019, the Health System enrolled in the Care Innovation and Community Improvement Program (CICIP). CICIP was developed to increase alignment of quality improvement strategies and goals between the State, Managed Care Organizations (MCO), and both public and nonprofit hospital agencies. The Health System recognized \$89 million in Other Operating Revenues related to CICIP in 2022 compared to \$97 million in 2021.

Operating expenses increased \$645 million or 24.0% from 2021 to 2022. Excluding pension and OPEB accruals, which increased \$339 million, operating expenses increased \$306 million. The increase in operating expenses is primarily attributed to increases in salaries and benefits

## Management's Discussion & Analysis (Unaudited) - continued

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as well as medical supplies. Health System salaries and benefits increased \$127 million. The growth in salaries and benefit costs includes significant costs for premium and incentive pay reflecting labor shortages and the challenging environment around hiring nursing and clinical care positions. Increases in incentive pay, retention bonuses, and premium pay. Supplies and drugs increased \$100.6 million or 9.1%. The increase in supplies was a result of a strong outpatient volumes as well as inflationary impacts felt across the Health System. The growth in drugs is due to increased volumes in chemotherapy at the James as well as increased volumes at the Health System non-chemotherapy infusion sites. Additionally, drug costs increased at the Specialty Retail Pharmacy as a result of higher volumes in 2022. Purchased services grew \$57.9 million or 13.5% in 2022 reflecting increased hospital franchise fees as well as higher preventive maintenance costs associated with information technology and clinical care systems.

The Health System is continuing its vision to deliver unparalleled care and meet anticipated future growth, embarking on a plan to expand its care with new, large outpatient care facilities planned for Dublin and Powell. The comprehensive facilities are a continuation of a suburban outpatient care program that supports growth in the region and excellence in academic health care will include ambulatory surgery, endoscopy, primary care, specialty medical and surgical clinics and related support space. The new inpatient hospital scheduled to open in early 2026 will be a 1.9 million square foot facility and the largest single facilities project ever undertaken at The University. The new tower will enhance research, clinical training and patient care.

The Health System will continue creating an innovative healthcare delivery model to deliver high value care with an unparalleled patient experience and access. By pushing the boundaries of discovery and knowledge, The Ohio State University Wexner Medical Center will solve significant problems and deliver unparalleled care.

Consolidated revenues for **OSU Physicians, Inc.** (OSUP), the University's central practice group for physician faculty members of the College of Medicine and Public Health, increased \$54 million, to \$702 million in 2022. Net patient care revenue increased \$22 million, reflecting recovery in outpatient visits and procedures volumes. Other revenues increased \$31 million. Consolidated operating expenses increased \$63 million, to \$661 million in 2022. The increase primarily reflects physician and other provider related costs for new physicians and other providers entering the practice during fiscal year 2022. OSUP balances are included in the Discretely Presented Component Units columns of the university's financial statements.

Total state operating support increased \$7 million, to \$493 million. Total **state share of instruction** (SSI) for 2022 was \$403 million, a 1% increase over final 2021 distributions. **State line-item appropriations** increased \$5 million in 2022, to \$90 million, primarily reflecting a new \$4 million line-item for the College of Veterinary Medicine. **State capital appropriations** decreased \$11 million, to \$53 million.

In response to the COVID-19 outbreak, the federal government has provided support to individuals, companies and non-profit institutions in the form of loans, grants, tax changes and other types of relief. The university recognized revenues totaling \$169 million for **federal COVID-19 assistance programs** in 2022, including \$64 million of HEERF institutional grants,

## Management's Discussion & Analysis (Unaudited) - continued

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\$60 million of HEERF grants to students, \$10 million of Shuttered Venue Operators Grants, \$12 million in FEMA Public Assistance funds for the Health System and \$10 million of pass-through funding provided to the Health System by the Ohio Department of Health. In 2021, the university recognized revenues totaling \$150 million, including \$59 million of HEERF institutional grants, \$25 million of HEERF grants to students, \$42 million of Coronavirus Relief Funds from the State of Ohio, and \$16 million in FEMA Public Assistance funds provided to the Health System. Amounts provided to the university under these grant programs are recognized as non-operating revenues in the Statement of Revenues, Expenses and Changes in Net Position as eligibility requirements are met.

Total **gifts** to the university increased \$83 million, to \$355 million in 2022. Several colleges and support units received gifts in excess of \$1 million in 2022, including the Office of the President, the College of Veterinary Medicine, the College of Food, Agricultural and Environmental Sciences, University Hospitals, the James Cancer Hospital and Research Institute, the Comprehensive Cancer Center, the Richard M Ross Heart Hospital, the College of Medicine, the College of Public Health, The College of Arts and Sciences, the College of Engineering, Fisher College of Business, Moritz College of Law, the College of Education and Human Ecology, WOSU, the Department of Athletics and General University Scholarships. Support came from more than 236,000 alumni and friends.

University investments yielded a \$292 million **net investment loss** in 2022, compared with \$1.86 billion of net investment income in 2021. For 2022, the LTIP returned +0.98% compared to +29.2 in 2021.

The LTIP outperformed its preliminary policy benchmark of -5.54% for 2022. During that period, Private Equity returned 27.03% (compared to the benchmark of 7.28%) followed by Legacy Investments at 13.71% (benchmark is return of actual underlying funds), Real Assets at 13.29% (compared to the preliminary benchmark of 22.40%), Hedge Funds and Opportunistic Credit at 4.37% (compared to the preliminary benchmark of -5.65%), Cash and High-Grade Bonds at -3.21% (compared to the benchmark of -10.29%), and Public Equity at -15.80% (compared to the benchmark of -15.75%).

**Prior-Year Highlights:** In 2021, total net position increased \$3.20 billion, to \$8.63 billion at June 30, 2021, driven primarily by strong investment performance, continued positive momentum at the Health System, significant efficiency measures across the university and reductions in university net pension and other post-employment benefit liabilities. University investments yielded \$1.86 billion of net investment income in 2021, compared with \$231 million in 2020. The LTIP returned +29.2% compared to +1.1% in 2020. Total pension and OPEB expense recognized by the university decreased \$1.58 billion, to a negative (credit) of \$770 million in 2021. **In 2020**, total net position was stable, decreasing \$10 million, to \$5.42 billion at June 30, 2020. Federal assistance provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the implementation of expenditure controls offset a significant portion of the revenue losses from suspended operations. Health System operating revenues were relatively stable in 2020, increasing \$17 million, to \$3.45 billion. University investments yielded \$231 million of net investment income in 2020, compared with \$230 million in 2019.

## Management's Discussion & Analysis (Unaudited) - continued

### Statement of Cash Flows

University Cash Flows Summary <i>(in thousands)</i>			
	2022	2021	2020
Net cash flows used in operating activities	\$ (533,406)	\$ (388,187)	\$ (4,234)
Net cash flows from noncapital financing activities	1,060,459	889,559	934,803
Receipts for capital projects	56,061	145,499	104,855
Proceeds from capital debt	739,775	-	-
Payments for purchase or construction of capital assets	(1,055,311)	(891,524)	(739,379)
Principal and interest payments on capital debt and leases, net of federal Build America Bond interest subsidies	(218,332)	(198,820)	(180,250)
Net cash flows provided (used) in investing activities	(699,755)	(849,008)	68,118
Net increase (decrease) in cash and cash equivalents	<u>\$ (650,509)</u>	<u>\$ (1,292,481)</u>	<u>\$ 183,913</u>

University cash and cash equivalents decreased \$651 million in 2022. Net cash used in operating activities was \$533 million, compared to \$388 million in 2021, primarily reflecting increases in payments to employees and vendors, which were partially offset by increases in receipts for tuition and sales and services. Net cash flows from noncapital financing activities increased \$171 million, to \$1.06 billion, reflecting increases in gift receipts, receipts from federal COVID-19 assistance programs and receipts of non-exchange grants. Payments for purchase or construction of capital assets increased \$164 million, to \$1.06 billion, primarily due to increases in Health System capital expenditures. These capital expenditures were partially offset by the proceeds from the Series 2021A bonds. Cash used by investing activities was \$700 million, reflecting net purchases of temporary investments.

## Management's Discussion & Analysis (Unaudited) - continued

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### **Strategic Context**

Fiscal year 2022 demonstrated Ohio State's firm footing. Due to strong investment performance, continued positive momentum at the health system, a robust and ongoing budgetary response to COVID-19, and significant progress in achieving operational efficiencies, the university outperformed prior fiscal years. Looking ahead, the university's fiscal stability, strength, and resiliency position us to make concrete strides toward our goal to become the absolute model land-grant university for the 21st century.

President Kristina M. Johnson, Ph.D., highlighted in her second State of the University address a continued commitment to five areas of excellence: academics, research, service and clinical, talent and culture, and operations.

### ***Academic Excellence***

Investing in exceptional faculty is essential to the university's success. Bolstered by our long-term financial strategies, Ohio State will recruit 350 net new tenured and tenure-track faculty over 10 years who will, in turn, attract a new generation of students and postdoctoral scholars. Included in this is the RAISE (Race, Inclusion and Social Equity) initiative to recruit faculty who will further enhance the quality of our research and scholarship focused on racial disparities.

Through innovative academic programming, the university is also working to continue preparing our students for successful careers in an always-changing world. Examples include the new interdisciplinary minor in public health and the arts, and a collaboration between the College of Food, Agricultural, and Environmental Sciences and the University of Rio Grande and Rio Grande Community College to prepare the state's future agricultural workforce.

The university is also taking steps to better leverage technology to provide on-demand academic advising to students and expand educational offerings and flexibility to more people in more places — including Buckeye alumni.

### ***Research Excellence***

In 2021, President Johnson announced Ohio State's intention to double research expenditures within a decade. The university made progress toward this goal, recording an increase in our total from \$968 million to over \$1.2 billion — a new record. This momentum continued in FY 2022 with Ohio State being awarded leadership of eight major federally funded, cross-disciplinary research centers and initiatives.

We intend to leverage the full extent of Ohio State's research and educational expertise to support Intel's historic decision to invest \$20 billion and build two semiconductor fabrication plants near Ohio State. The university has a key role to play in the success of this project, and we are already collaborating with K-12 schools, vocational centers, community colleges four-year colleges and universities across the Midwest to take a networked approach to meeting the workforce and innovation needs of the region's future semiconductor industry.

## Management's Discussion & Analysis (Unaudited) - continued

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These efforts build off our \$100 million strategic partnership with JobsOhio and Nationwide Children's Hospital to spur innovation and economic growth in the state. As part of this initiative, the university committed to increasing research awards from the National Institutes of Health by 50% by 2031 and educating a total of 22,500 STEM graduates by 2036.

Progress also continues in the Ohio State Innovation District. Construction on the Interdisciplinary Research Facility is ongoing, and we were pleased to break ground on the co-located Energy Advancement and Innovation Center. This project is an outgrowth of our partnership with ENGIE and will be a hub for Ohio State students, scholars, industry experts and local entrepreneurs to conduct research and innovation in artificial intelligence, sustainability, and smart systems. These facilities, as well as Outpatient Care West Campus, will anchor the Innovation District and help fuel an ever more vibrant future in our region and state.

### ***Talent and Culture Excellence***

Funding for programs that enable us to recruit, retain and elevate the very best scholars and students will make Ohio State a destination for creative expression and scientific discovery. We aim to be the best and most enriching academic community in the world for researchers, artists, and learners alike.

To advance this goal, the university launched the implementation phase of our Shared Values Initiative, a renewed effort to express who we are as an institution and provide a platform for advancing a healthy and ethical culture at Ohio State. By remaining focused on our core principles of excellence and impact, diversity and innovation, inclusion and equity, care and compassion, and integrity and respect, we can redefine both what the land-grant university of the 21st century can accomplish and how it achieves it.

With these values firmly in mind, we remain dedicated to enhancing the culture of care that thrives on our campuses. The university is currently implementing the recommendations of our Commission on Student Mental Health and Well-Being to provide additional tools, resources, and connections to better enable Buckeyes to take care of themselves and each other. We also continue to hone our holistic approach to enhancing safety on and near our Columbus campus.

### ***Service and Clinical Excellence***

Ohio State has always been inspired by our land-grant mission of enabling all people to achieve the extraordinary. The Scarlet & Gray Advantage program is the latest step in this enduring commitment. The program will offer pathways for our undergraduate students to earn their degrees debt-free through a mix of paid internships, on-campus work experiences, financial aid, and philanthropy.

We are excited to pilot the program this fall and to incorporate what we learn as we deliver it at scale. Our ultimate goal is to enable thousands more students each year

## Management's Discussion & Analysis (Unaudited) - continued

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to graduate without the burden of loans — allowing them to take advantage of every great opportunity that comes their way.

The Scarlet & Gray Advantage program builds on the university's long-standing focus on affordability. A sixth incoming class of in-state students will enter under the Ohio State Tuition Guarantee, which locks in rates for tuition, mandatory fees, room and board for four years. The program provides students and families with predictability about the cost of a four-year education.

Beyond enhancing educational affordability and access, the university's academic health care enterprise remains a cornerstone of our ability to serve the people of our region and state. The Ohio State University Wexner Medical Center (OSUWMC) continues to reinvest projected margin in patient care and capital planning to support growing demand, including several strategic initiatives currently under construction and the development of new partnerships to continue the accelerating the pace of innovation in research, education, and patient care.

Strategic growth initiatives include:

- **Outpatient Care New Albany** – Opened in 2021, the 251,000-square-foot outpatient care facility will expand ambulatory surgery, primary care, and specialty clinics in the region.
- **Outpatient Care Dublin** – Opened in the summer of 2022, the 272,000-square-foot outpatient care facility will provide expanded offerings in the region like those referenced for New Albany.
- **Outpatient Care West Campus** – Scheduled to open in 2023, the 385,000-square-foot project will include outpatient operating rooms, clinical and diagnostic space, pharmacy, medical office, and support spaces. The location will also include central Ohio's first proton therapy treatment facility in partnership with Nationwide Children's Hospital.
- **Interdisciplinary Research Facility** – Also planning to open in 2023, the 305,000-square-foot facility will serve a variety of research disciplines, including the Ohio State University Comprehensive Cancer Center, biomedical, life sciences, engineering, and environmental sciences.
- **Inpatient Hospital** – Scheduled to open in 2026, the 1.9 million-square-foot hospital will enhance a unified Ohio State Wexner Medical Center campus providing leading-edge research, outstanding clinical training and world-class patient care.

Development of new partnerships include:

- **Dispatch Health** – To provide access to in-home medical care for OSUWMC patients and providers throughout the Columbus community.
- **Alternative Solutions Health Network** – A joint venture to provide central Ohio patients with high-quality connected care directly in their homes, reduce preventable hospital readmissions and enhance operational efficiencies.
- **Teladoc Health** – To offer improved care and support for individuals living with Type 2 diabetes.

## Management's Discussion & Analysis (Unaudited) - continued

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- **One Medical** – To expand Ohio State's outpatient care strategy to meet the needs of the communities we serve by building on our exceptional primary-care offerings, increasing access to digital health care solutions and improving access to services that are essential to better health.

### ***Operational Excellence***

Strategic benchmarking, revenue optimization and diligent efficiency initiatives are pillars of Ohio State's efforts to be a trusted steward of our resources. Comprehensive administrative efficiencies enable us to direct funds to our core mission and support excellence in the above areas and across the university and medical center.

To continue safeguarding the university's resources and enable crucial investments in the future, the university set three efficiency savings goals for FY 2022.

- **University** - \$35 million of targeted savings across all colleges and support offices. \$88.3 million of savings have been realized through June 30, 2022.
- **Wexner Medical Center** - \$30 million of targeted savings. \$115 million of savings have been realized through June 30, 2022.
- **Capital** - \$25 million of targeted savings. \$61.6 million of savings have been realized through June 30, 2022.

Financial controls implemented in FY 2022 helped realize in total over \$265 million in cost savings — exceeding our \$90 million goal.

The impact of COVID-19 on university finances and operations may continue for at least the coming (FY2023) fiscal year, depending on vaccination rates and whether the COVID-19 virus or variations of the virus (including the Omicron variant) continue to spread in the United States and around the world. Future adverse consequences of the COVID-19 pandemic may include, but are not limited to: a decline in enrollment (including a disproportional decline in enrollment by international students); a decline in demand for university housing; a decline in demand for University programs that involve travel or that have international connections; cancellation, postponement and/or reduced attendance for athletic events; and an increase in costs associated with purchasing of personal protective equipment and implementing community-wide testing programs. University management continues to monitor the course of the pandemic and is prepared to take additional measures to protect the health of the university community and promote the continuity of its academic mission.

### **Cautionary Note Regarding Forward-Looking Statements**

Certain information provided by the university, including written as outlined above or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995.

All statements, other than statements of historical facts, which address activities, events or developments that the university expects or anticipates will or may occur in the future contain forward-looking information.



## **Management's Discussion & Analysis (Unaudited) - continued**

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In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The university does not undertake to update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.

**THE OHIO STATE UNIVERSITY**  
**STATEMENTS OF NET POSITION**  
June 30, 2022 and June 30, 2021  
(in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2022	2021	2022	2021	2022	2021
<b>ASSETS AND DEFERRED OUTFLOWS:</b>						
Current Assets:						
Cash and cash equivalents	\$ 303,120	\$ 677,386	\$ 176,481	\$ 260,758	\$ 479,601	\$ 938,144
Temporary investments	2,547,715	2,693,789	83,296	1,614	2,631,011	2,695,403
Accounts receivable, net	772,050	736,500	76,710	68,725	848,760	805,225
Notes receivable - current portion, net	25,231	25,231	-	-	25,231	25,231
Pledges receivable - current portion, net	61,395	63,799	-	-	61,395	63,799
Accrued interest receivable	23,109	19,848	-	-	23,109	19,848
Inventories and prepaid expenses	141,765	146,817	4,636	4,623	146,401	151,440
Investments held under securities lending program	201,994	118,266	-	-	201,994	118,266
Amounts due from (to) primary institution	(68,401)	(75,422)	68,401	75,422	-	-
Total Current Assets	4,007,978	4,406,214	409,524	411,142	4,417,502	4,817,356
Noncurrent Assets:						
Unexpended bond proceeds	679,040	276,243	-	-	679,040	276,243
Notes receivable, net	18,413	36,766	800	800	19,213	37,566
Pledges receivable, net	116,230	97,441	-	-	116,230	97,441
Net other post-employment benefit asset	441,127	275,182	-	-	441,127	275,182
Long-term investment pool	6,960,782	7,041,973	-	-	6,960,782	7,041,973
Other long-term investments	301,855	348,227	-	-	301,855	348,227
Leases receivable, net	38,136	37,427	17,136	15,184	55,272	52,611
Amounts due from (to) primary institution - leases	(67,181)	(71,086)	67,181	71,086	-	-
Other noncurrent assets	226,571	202,911	2,336	557	228,907	203,468
Capital assets, net	7,194,565	6,408,423	388,582	344,439	7,583,147	6,752,862
Total Noncurrent Assets	15,909,538	14,653,507	476,035	432,066	16,385,573	15,085,573
Total Assets	19,917,516	19,059,721	885,559	843,208	20,803,075	19,902,929
Deferred Outflows:						
Pension	584,364	339,679	-	-	584,364	339,679
Other post-employment benefits	11,545	104,182	-	-	11,545	104,182
Other deferred outflows	22,505	23,739	-	-	22,505	23,739
Total Deferred Outflows	618,414	467,600	-	-	618,414	467,600
Total Assets and Deferred Outflows	\$ 20,535,930	\$ 19,527,321	\$ 885,559	\$ 843,208	\$ 21,421,489	\$ 20,370,529
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION:</b>						
Current Liabilities:						
Accounts payable and accrued expenses	\$ 757,606	\$ 774,841	\$ 25,595	\$ 33,586	\$ 783,201	\$ 808,427
Medicare advance payment program	79,601	254,854	-	10,191	79,601	265,045
Deposits and advance payments for goods and services	447,404	371,040	2,711	1,992	450,115	373,032
Current portion of bonds, notes and leases payable	109,458	69,993	3,479	2,686	112,937	72,679
Long-term bonds payable, subject to remarketing	275,000	289,970	-	-	275,000	289,970
Liability under securities lending program	201,994	118,266	-	-	201,994	118,266
Other current liabilities	101,989	110,847	37,336	11,801	139,325	122,648
Amounts due to (from) primary institution	(114,610)	(135,230)	114,610	135,230	-	-
Amounts due to (from) primary institution - leases	(4,979)	(3,855)	4,979	3,855	-	-
Total Current Liabilities	1,853,463	1,850,726	188,710	199,341	2,042,173	2,050,067
Noncurrent Liabilities:						
Bonds, notes and leases payable	3,357,938	2,736,441	30,947	29,196	3,388,885	2,765,637
Concessionaire payable	355,786	223,721	-	-	355,786	223,721
Net pension liability	1,497,793	2,679,333	-	-	1,497,793	2,679,333
Net other post-employment benefit liability	15,661	22,683	-	-	15,661	22,683
Compensated absences	203,505	214,428	-	-	203,505	214,428
Self-insurance accruals	100,497	85,083	-	-	100,497	85,083
Amounts due to third-party payors - Health System	87,306	90,403	-	-	87,306	90,403
Irrevocable split-interest agreements	32,324	36,328	-	-	32,324	36,328
Refundable advances for Federal Perkins loans	23,238	26,005	-	-	23,238	26,005
Advance from concessionaire	963,663	980,953	-	-	963,663	980,953
Other noncurrent liabilities	276,345	283,643	4,700	4,701	281,045	288,344
Amounts due to (from) primary institution	(192,948)	(169,670)	192,948	169,670	-	-
Amounts due to (from) primary institution - leases	(54,198)	(29,800)	54,198	29,800	-	-
Total Noncurrent Liabilities	6,666,910	7,179,551	282,793	233,367	6,949,703	7,412,918
Total Liabilities	8,520,373	9,030,277	471,503	432,708	8,991,876	9,462,985
Deferred Inflows:						
Parking service concession arrangement	387,652	397,283	-	-	387,652	397,283
Pension	1,681,316	682,490	-	-	1,681,316	682,490
Other post-employment benefits	456,823	675,698	-	-	456,823	675,698
Other deferred inflows	169,650	109,895	136,516	142,939	306,166	252,834
Total Deferred Inflows	2,695,441	1,865,366	136,516	142,939	2,831,957	2,008,305
Net Position:						
Net investment in capital assets	3,706,371	3,473,109	99,036	263,879	3,805,407	3,736,988
Restricted:						
Nonexpendable	1,870,686	1,789,304	-	-	1,870,686	1,789,304
Expendable	1,560,810	2,030,928	-	-	1,560,810	2,030,928
Unrestricted	2,182,249	1,338,337	178,504	3,682	2,360,753	1,342,019
Total Net Position	9,320,116	8,631,678	277,540	267,561	9,597,656	8,899,239
Total Liabilities, Deferred Inflows and Net Position	\$ 20,535,930	\$ 19,527,321	\$ 885,559	\$ 843,208	\$ 21,421,489	\$ 20,370,529

The accompanying notes are an integral part of these financial statements.

**THE OHIO STATE UNIVERSITY**  
**STATEMENTS OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**Years ended June 30, 2022 and June 30, 2021**  
**(in thousands)**

	Primary Institution		Discretely Presented Component Units		Total University	
	2022	2021	2022	2021	2022	2021
Operating Revenues:						
Student tuition and fees (net of scholarship allowances of \$268,547 and \$234,727, respectively)	\$ 1,003,060	\$ 869,740	\$ -	\$ -	\$ 1,003,060	\$ 869,740
Federal grants and contracts	426,216	407,404	18,735	18,969	444,951	426,373
State grants and contracts	85,976	76,611	-	-	85,976	76,611
Local grants and contracts	32,538	27,538	-	-	32,538	27,538
Private grants and contracts	269,344	272,468	55,721	37,461	325,065	309,929
Sales and services of educational departments	166,121	168,707	10,028	10,053	176,149	178,760
Sales and services of auxiliary enterprises (net of scholarship allowances of \$42,872 and \$26,375, respectively)	364,308	175,961	-	-	364,308	175,961
Sales and services of the OSU Health System, net	4,178,956	3,952,605	-	-	4,178,956	3,952,605
Sales and services of OSU Physicians, Inc., net	-	-	701,680	647,601	701,680	647,601
Other operating revenues	67,957	39,150	4,132	1,847	72,089	40,997
Total Operating Revenues	6,594,476	5,990,184	790,296	715,931	7,384,772	6,706,115
Operating Expenses:						
Educational and General:						
Instruction and departmental research	1,027,196	957,504	8,597	7,782	1,035,793	965,286
Separately budgeted research	502,475	436,886	22,769	21,110	525,244	457,996
Public service	147,900	139,565	9,950	6,209	157,850	145,774
Academic support	235,370	190,097	-	-	235,370	190,097
Student services	86,345	52,086	-	-	86,345	52,086
Institutional support	261,348	220,675	26,153	20,883	287,501	241,558
Operation and maintenance of plant	127,294	95,672	1,031	717	128,325	96,389
Scholarships and fellowships	164,093	146,187	-	-	164,093	146,187
Auxiliary enterprises	351,554	205,928	-	-	351,554	205,928
OSU Health System	3,236,935	2,728,378	-	-	3,236,935	2,728,378
OSU Physicians, Inc.	-	-	681,610	597,475	681,610	597,475
Depreciation and amortization	494,360	460,478	23,585	18,973	517,945	479,451
Total Operating Expenses	6,634,870	5,633,456	773,695	673,149	7,408,565	6,306,605
Net Operating Income (loss)	(40,394)	356,728	16,601	42,782	(23,793)	399,510
Non-operating Revenues (Expenses):						
State share of instruction and line-item appropriations	493,248	486,115	-	-	493,248	486,115
Federal subsidies for Build America Bonds interest	11,304	10,790	-	-	11,304	10,790
Federal non-exchange grants	64,077	66,124	-	-	64,077	66,124
Federal COVID-19 assistance programs	168,967	150,037	11,686	-	180,653	150,037
State non-exchange grants	34,591	13,246	-	-	34,591	13,246
Gifts	233,381	129,723	-	-	233,381	129,723
Net investment income (loss)	(292,335)	1,859,173	(8,379)	1,753	(300,714)	1,860,926
Interest expense on plant debt	(158,501)	(128,780)	(5,456)	(4,028)	(163,957)	(132,808)
Other non-operating revenues (expenses)	(104)	46,890	(5,655)	(30,445)	(5,759)	16,445
Net Non-operating Revenue (Expenses)	554,628	2,633,318	(7,804)	(32,720)	546,824	2,600,598
Income before Other Changes in Net Position	514,234	2,990,046	8,797	10,062	523,031	3,000,108
Other Changes in Net Position:						
State capital appropriations	52,886	63,988	-	-	52,886	63,988
Private capital gifts	44,112	78,942	-	-	44,112	78,942
Additions to permanent endowments	77,206	63,157	-	-	77,206	63,157
Capital contributions and changes in net position	-	6,923	1,182	941	1,182	7,864
Total Changes in Net Position	174,204	213,010	1,182	941	175,386	213,951
Increase in Net Position	688,438	3,203,056	9,979	11,003	698,417	3,214,059
Net Position - Beginning of Year						
Beginning of year, as previously reported	8,631,678	5,424,494	267,561	257,827	8,899,239	5,682,321
Cumulative effect of accounting change	-	4,128	-	(1,269)	-	2,859
Beginning of year, as restated	8,631,678	5,428,622	267,561	256,558	8,899,239	5,685,180
Net Position - End of Year	\$ 9,320,116	\$ 8,631,678	\$ 277,540	\$ 267,561	\$ 9,597,656	\$ 8,899,239

The accompanying notes are an integral part of these financial statements.

**THE OHIO STATE UNIVERSITY**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2022 and June 30, 2021**  
(in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2022	2021	2022	2021	2022	2021
<b>Cash Flows from Operating Activities:</b>						
Tuition and fee receipts	\$ 868,342	\$ 758,837	\$ -	\$ -	\$ 868,342	\$ 758,837
Grant and contract receipts	814,127	746,479	69,443	77,991	883,570	824,470
Receipts for sales and services	4,556,007	4,227,793	708,039	599,436	5,264,046	4,827,229
Receipt from energy concessionaire	16,408	-	-	-	16,408	-
Payments to or on behalf of employees	(3,109,359)	(2,771,435)	(530,930)	(435,974)	(3,640,289)	(3,207,409)
University employee benefit payments	(790,577)	(784,093)	(113,828)	(98,310)	(904,405)	(882,403)
Payments to vendors for supplies and services	(2,757,473)	(2,405,751)	(136,548)	(17,339)	(2,894,021)	(2,423,090)
Payments to students and fellows	(151,727)	(133,905)	-	-	(151,727)	(133,905)
Student loans issued	(4,092)	(3,764)	-	-	(4,092)	(3,764)
Student loans collected	12,263	9,778	-	-	12,263	9,778
Student loan interest and fees collected	1,437	911	-	-	1,437	911
Other receipts (payments)	11,238	(33,037)	-	-	11,238	(33,037)
Net cash provided (used) by operating activities	(533,406)	(388,187)	(3,824)	125,804	(537,230)	(262,383)
<b>Cash Flows from Noncapital Financing Activities:</b>						
State share of instruction and line-item appropriations	493,248	486,115	-	-	493,248	486,115
Non-exchange grant receipts	98,668	79,370	2,098	-	100,766	79,370
Federal COVID-19 assistance programs	168,967	144,286	31,565	-	200,532	144,286
Gift receipts for current use	206,882	93,413	-	-	206,882	93,413
Additions to permanent endowments	77,206	63,157	-	-	77,206	63,157
Drawdowns of federal direct loan proceeds	320,043	310,679	-	-	320,043	310,679
Disbursements of federal direct loans to students	(317,934)	(312,319)	-	-	(317,934)	(312,319)
Amounts received from irrevocable split-interest agreements	750	10,192	-	-	750	10,192
Amounts paid to annuitants and life beneficiaries	(2,191)	(2,063)	-	-	(2,191)	(2,063)
Agency funds receipts	5,588	5,052	-	-	5,588	5,052
Agency funds disbursements	(5,051)	(4,546)	-	-	(5,051)	(4,546)
Other receipts	14,283	16,223	(7,562)	8,784	6,721	25,007
Net cash provided by noncapital financing activities	1,060,459	889,559	26,101	8,784	1,086,560	898,343
<b>Cash Flows from Capital Financing Activities:</b>						
Proceeds from capital debt	739,775	-	29,478	1,596	769,253	1,596
State capital appropriations	-	67,302	-	-	-	67,302
Gift receipts for capital projects	56,061	78,197	-	-	56,061	78,197
Payments for purchase or construction of capital assets	(1,055,311)	(891,524)	(37,332)	(66,540)	(1,092,643)	(958,064)
Principal payments on capital debt and leases	(77,741)	(81,554)	(3,339)	(6,023)	(81,080)	(87,577)
Interest payments on capital debt and leases	(156,512)	(128,056)	(4,548)	(4,010)	(161,060)	(132,066)
Federal subsidies for Build America Bonds interest	15,921	10,790	-	-	15,921	10,790
Net cash (used) by capital financing activities	(477,807)	(944,845)	(15,741)	(74,977)	(493,548)	(1,019,822)
<b>Cash Flows from Investing Activities:</b>						
Net (purchases) sales of temporary investments	-	(882,182)	-	13,852	-	(868,330)
Purchases of investments	(8,034,259)	(3,985,959)	(81,916)	-	(8,116,175)	(3,985,959)
Proceeds from sales and maturities of investments	7,187,502	3,648,843	-	-	7,187,502	3,648,843
Investment income (loss), net of related expenses	147,002	370,290	(8,897)	590	138,105	370,880
Net cash provided (used) by investing activities	(699,755)	(849,008)	(90,813)	14,442	(790,568)	(834,566)
<b>Net Increase (Decrease) in Cash</b>	(650,509)	(1,292,481)	(84,277)	74,053	(734,786)	(1,218,428)
Cash and Cash Equivalents - Beginning of Year	953,629	2,246,110	260,758	186,705	1,214,387	2,432,815
Cash and Cash Equivalents - End of Year	\$ 303,120	\$ 953,629	\$ 176,481	\$ 260,758	\$ 479,601	\$ 1,214,387

**THE OHIO STATE UNIVERSITY**  
**STATEMENTS OF CASH FLOWS, Cont'd**  
**Years Ended June 30, 2022 and June 30, 2021**  
(in thousands)

	<b>Primary Institution</b>		<b>Discretely Presented Component Units</b>		<b>Total University</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Reconciliation of Net Operating Income (Loss) to Net Cash Used by Operating Activities:</b>						
Operating income (loss)	\$ (40,394)	\$ 356,728	\$ 16,601	\$ 42,784	\$ (23,793)	\$ 399,512
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization expense	494,360	460,478	23,585	18,973	517,945	479,451
Changes in assets and liabilities:						
Accounts receivable, net	(41,927)	(211,658)	(9,298)	-	(51,225)	(211,658)
Leases receivable, net	(709)	5,580	(1,390)	(13,343)	(2,099)	(7,763)
Amounts due from (to) primary institution - leases	(3,905)	-	-	-	(3,905)	-
Notes receivable, net	4,070	5,359	-	474	4,070	5,833
Accrued interest receivable	(1,590)	(648)	-	-	(1,590)	(648)
Inventories and prepaid expenses	5,053	20,156	(13)	(345)	5,040	19,811
Amounts due to/from primary institution	(9,679)	(92,948)	(16,354)	54,945	(26,033)	(38,003)
Amounts due to (from) primary institution - leases	(25,522)	-	-	-	(25,522)	-
Net other post-employment benefit asset	(165,945)	(197,281)	-	-	(165,945)	(197,281)
Deferred outflows	(152,048)	234,551	-	-	(152,048)	234,551
Other noncurrent assets	14,521	(190,622)	(1,890)	(665)	12,631	(191,287)
Accounts payable and accrued liabilities	(54,431)	159,506	192	3,146	(54,239)	162,652
Medicare advance payment program	(175,253)	(20,061)	(10,191)	(2,394)	(185,444)	(22,455)
Self-insurance accruals	15,414	(2,845)	-	-	15,414	(2,845)
Amounts due to third-party payors - Health System	(3,097)	29,887	-	-	(3,097)	29,887
Deposits and advanced payments	79,826	115,655	1,245	1,600	81,071	117,255
Compensated absences	(10,923)	4,270	-	-	(10,923)	4,270
Refundable advances for Federal Perkins loans	(2,767)	(3,690)	-	-	(2,767)	(3,690)
Advance from concessionaire	(17,290)	(21,816)	-	-	(17,290)	(21,816)
Net pension liability	(1,181,540)	(345,696)	-	-	(1,181,540)	(345,696)
Net other post-employment benefit liability	(7,022)	(1,436,889)	-	-	(7,022)	(1,436,889)
Deferred inflows	770,320	554,997	(6,494)	-	763,826	554,997
Other liabilities	(22,928)	188,800	183	20,629	(22,745)	209,429
Net cash provided (used) by operating activities	\$ (533,406)	\$ (388,187)	\$ (3,824)	\$ 125,804	\$ (537,230)	\$ (262,383)
<b>Non Cash Transactions:</b>						
Construction in process in accounts payable	\$ 1,601	\$ 47,852	\$ 3,205	\$ 9,414	\$ 4,806	\$ 57,266
Construction in process in concessionaire payable	150,843	101,507	-	-	150,843	101,507
Capital lease	-	11,316	-	-	-	11,316
Stock gifts	19,583	19,473	-	-	19,583	19,473
Net increase (decrease) in fair value of investments	(441,354)	1,487,302	(8,899)	1,064	(450,253)	1,488,366
Forgiveness of debt	-	-	266	278	266	278
State capital appropriations	52,474	-	-	-	52,474	-

The accompanying notes are an integral part of these financial statements.

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES**

**Organization**

The Ohio State University (the “university”) is a land grant institution created in 1870 by the Ohio General Assembly under provisions of the Morrill Act. The university is one of several state-supported universities in Ohio. It is declared by statute to be a body politic and corporate and an instrumentality of the State.

The university is governed by a Board of Trustees, which is granted authority under Ohio law to do all things necessary for the proper maintenance and continual successful operation of the university. Trustees are appointed by the governor, with the advice and consent of the state Senate. In 2005, the Ohio General Assembly voted to expand the Board from 11 to 17 members. The standard term for voting members of the Board is nine years. The Board also includes two non-voting student trustees who are appointed to two-year terms.

In 2009, the Board appointed its first charter trustee, which expanded the Board to 18 members. A maximum of three charter trustees may be appointed and removed by a vote of the Board. Charter trustees, who must be non-Ohio residents, are appointed to three-year terms and do not have voting privileges.

The Board of Trustees has responsibility for all the university’s financial affairs and assets. The university operates largely on a decentralized basis by delegating this authority to its academic and support departments. The Board must approve the annual budgets for unrestricted academic and support functions, departmental earnings operations and restricted funds operations, but these budgets are managed at the department level.

**Basis of Presentation**

The accompanying financial statements present the accounts of the following, which constitute the primary government for financial reporting purposes:

- The Ohio State University and its hospitals and clinics
- Ohio Agricultural Research and Development Center
- The Ohio Technology Consortium (OH-TECH)

In addition, these financial statements include component units, i.e., legally separate organizations for which the university is financially accountable. Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61, *The Financial Reporting Entity: Omnibus* and Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14.*, defines financial accountability.

## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

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The criteria for determining financial accountability include the following circumstances:

- Appointment of a voting majority of an organization's governing authority and the ability of the primary government (i.e., the university) to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or;
- An organization is fiscally dependent on the primary government and provides specific financial benefits to, or imposes specific financial burdens on, the primary government.
- The primary government is financially accountable for an organization if its holding of a majority equity interest in that organization does not meet the definition of an investment.

The university's blended component units and the reasons for their inclusion in the university's financial statements are described below:

- **The Ohio State University Foundation** – The fiscal dependency criteria apply to this not-for-profit fundraising organization, which operates exclusively for the benefit of The Ohio State University.
- **OSU Health Plan, Inc.** – The university appoints a voting majority of the board for this organization, which provides medical benefit plan administration services to the university and its faculty and staff.
- **Oval Limited** – The university holds all of the voting stock of this captive insurance entity, which was established by the university to provide medical malpractice coverage to physicians in the university's medical center.
- **Pelotonia** – The fiscal dependency criteria apply to this not-for-profit fundraising organization, which operates exclusively for the benefit of The Ohio State University.

The component units listed above provide services entirely, or almost entirely, to the university or otherwise exclusively, or almost exclusively, benefit the university. Therefore, the transactions and balances for these organizations have been blended with those of the primary government, collectively referred to as the primary institution.

In addition to the blended component units described above, the university's financial statements include the following discretely presented component units:

- **The Ohio State University Physicians, Inc.** – The university appoints a voting majority of the board of the medical practice group for physician faculty members in the Colleges of Medicine and Public Health.
- **Campus Partners for Community Urban Redevelopment, Inc.** – This non-profit organization, which participates in the redevelopment of neighborhoods adjacent to the Columbus campus, is fiscally dependent on the university.
- **Transportation Research Center of Ohio, Inc.** – The university appoints a voting majority of the board for this automotive research and testing facility in East Liberty, Ohio.

## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

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- **Dental Faculty Practice Association, Inc.** – The university appoints a voting majority of the board for the dental practice group for faculty in the College of Dentistry.
- **Science and Technology Campus Corporation (SciTech)** – This non-profit organization, which was established for further development of the university's Science and Technology Campus, is fiscally dependent on the university.

Summary financial statement information for the university's blended and discretely presented component units is provided in Notes 20 and 21. Audited financial statements for the discretely presented component units considered to be material to the university may be obtained from the Office of the Controller. A total university column in the financial statements is provided as memorandum only for purposes of additional analysis by users.

The university, as a component unit of the State of Ohio, is included as a discretely presented entity in the State of Ohio's Annual Comprehensive Financial Report.

### Basis of Accounting

The financial statements of the university have been prepared in accordance with U.S. generally accepted accounting principles, as prescribed by the GASB. The university is reported as a special-purpose government engaged in business-type activities (BTA) on the accrual basis. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods and services. In accordance with BTA reporting, the university presents Statements of Net Position; Statements of Revenues, Expenses and Changes in Net Position; Statements of Cash Flows; and Notes to the Financial Statements. In the financial statements, separate columns are presented for the *primary institution* (which includes the primary government and the blended component units), *discretely presented component units*, and the *total university*. The Notes to the Financial Statements include separate disclosures for the primary institution and the discretely presented component units, where relevant and material.

The university's financial resources are classified for accounting and reporting purposes into the following four net position categories:

- **Net investment in capital assets:** Capital assets, net of accumulated depreciation, and related debt attributable to the acquisition, construction or improvement of those assets.
- **Restricted - nonexpendable:** Amounts subject to externally-imposed stipulations that they be maintained in perpetuity and invested for the purpose of generating present and future income, which may either be expended or added to principal by the university. These assets primarily consist of the original gift corpus of the university's permanent endowments.
- **Restricted - expendable:** Amounts whose use is subject to externally-imposed stipulations that can be fulfilled by actions of the university pursuant to those stipulations or that expire by the passage of time.



## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

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- **Unrestricted:** Amounts not subject to externally-imposed stipulations. Substantially all unrestricted balances are internally designated for use by university departments to support working capital needs, to fund related academic or research programs, and to provide for unanticipated shortfalls in revenues and deviations in enrollment.

The university first applies resources in restricted net position when an expense or outlay is incurred for purposes for which resources in both restricted and unrestricted net position are available.

For internal financial management purposes, the university classifies financial resources into funds that reflect the specific activities, objectives or restrictions of the resources.

### Cash and Investments

Cash and cash equivalents consist primarily of petty cash, demand deposit accounts, money market accounts, savings accounts, and investments with original maturities of ninety days or less. Such investments consist primarily of U.S. Government obligations, U.S. Agency obligations, repurchase agreements and money market funds.

Investments are reported at fair value. The average cost method is used for purposes of determining gains and losses on the sale of investments. The specific identification method is used for purposes of determining gains and losses on the sale of gifted securities.

The university holds investments in limited partnerships, private equity and other investments, which are generally reported at net asset value (NAV) of the university's interest used as a practical expedient to estimate fair value. NAVs are generally provided by the management of these limited partnerships. The purpose of this alternative investment class is to increase portfolio diversification and reduce risk due to the low correlation with other asset classes. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed, and such differences could be material. As of June 30, 2022, the university has made commitments to limited partnerships totaling \$1,303,367 that have not yet been funded. These commitments may extend for a maximum of twelve years.

Investment income is recognized on an accrual basis. Interest and dividend income is recorded when earned.

### Endowment Policy

All endowments are invested in the university's Long-Term Investment Pool, which consists of 6,172 Board authorized funds and 202 pending funds. Each named fund is assigned a number of shares in the Long-Term Investment Pool based on the value of the gifts, income-to-principal transfers, or transfers of operating funds to that named fund. For donor restricted endowments, the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted in Ohio, permits the university's Board of Trustees to appropriate an amount of realized and unrealized endowment appreciation as the Board deems prudent. The UPMIFA, as adopted in Ohio, establishes a 5% safe harbor of prudence for funds appropriated for expenditure. Net realized

## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

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and unrealized appreciation, after the spending rule distributions, is retained in the Long-Term Investment Pool, and the associated net position is generally classified as restricted-expendable.

Annual distributions to named funds in the Long-Term Investment Pool are computed using the share method of accounting for pooled investments. The annual distribution per share is 4.5% of the average fair value per share of the Long-Term Investment Pool over the most recent seven year period.

At June 30, 2022, the fair value of the university and Foundation gifted endowments is \$2,605,928, which is \$641,551 above the historical dollar value of \$1,964,377. Although the fair value of the gifted endowments in total exceeds the historical cost at June 30, 2022, there are 553 named funds that remain underwater (excluding income-to-principal transfers, or transfers of operating funds to that named fund). The fair value of these underwater funds at June 30, 2022 is \$190,543, which is \$14,675 below the historical dollar value of \$205,218.

At June 30, 2021, the fair value of the university and Foundation gifted endowments is \$2,678,895, which is \$811,004 above the historical dollar value of \$1,867,891. Although the fair value of the gifted endowments in total exceeds the historical cost at June 30, 2021, there are 191 named funds that remain underwater (excluding income-to-principal transfers, or transfers of operating funds to that named fund). The fair value of these underwater funds at June 30, 2021 is \$73,494, which is \$4,884 below the historical dollar value of \$78,338.

The depreciation on non-expendable endowment funds is recorded as a reduction to restricted non-expendable net position. Recovery on these funds is recorded as an increase in restricted non-expendable up to the historical value of each fund. Per UPMIFA (§ 1715.53(D)(C)), the reporting of such deficiencies does not create an obligation on the part of the endowment fund to restore the fair value of those funds.

### Gift Pledges Receivable

The university receives pledges and bequests of financial support from corporations, foundations and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements have been met. In the absence of such promise, revenue is recognized when the gift is received. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, endowment pledges are not recorded as assets until the related gift is received.

An allowance for uncollectible pledges receivable is provided based on management's judgment of potential uncollectible amounts and includes such factors as prior collection history, type of gift and nature of fundraising.

### Inventories

The university's inventories, which consist principally of publications, general stores and other goods for resale by earnings operations, are valued at the lower of moving average cost or market. The inventories of the Health System, which consist principally of pharmaceuticals and operating supplies, are valued at cost on a first-in, first-out basis.

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

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**Capital Assets and Collections**

Capital assets are long-life assets in the service of the university and include land, buildings, improvements, equipment, software and library books. The university applies capitalization thresholds of \$5,000 for moveable equipment, \$100,000 for capital projects, and \$500,000 for software (actual dollar amounts shown). Capital assets are stated at cost or acquisition value at date of gift. Depreciation of capital assets (excluding land and construction in progress) is provided on a straight-line basis over the following estimated useful lives:

Type of Asset	Estimated Useful Life
Improvements other than buildings	20 years
Buildings	10 to 100 years
Moveable equipment, software and furniture	5 to 15 years
Library books	10 years

The university does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are neither disposed of for financial gain nor encumbered in any way. Accordingly, such collections are not recognized or capitalized for financial statement purposes.

**Advance Payments for Goods and Services**

Advance payments for goods and services primarily consist of receipts relating to tuition, room, board, grants, contracts and athletic events received in advance of the services to be provided. Tuition and fees relating to the summer academic term are recorded as revenue in the year to which they pertain. The university will recognize revenue to the extent these services are provided over the coming fiscal year.

**Derivative Instruments**

Derivative instruments are reported at fair value in the Statements of Net Position. The university has entered into interest-rate swap agreements, which are considered effective hedging derivatives. Changes in the fair value of these instruments are reported as deferred outflows or deferred inflows in the Statements of Net Position. Additional information on derivative instruments is provided in Note 10.

**Operating and Non-Operating Revenues and Expenses**

The university defines operating activities, for purposes of reporting on the Statements of Revenues, Expenses, and Changes in Net Position, as those activities that generally result from exchange transactions, such as payments received for providing services and payments made for goods or services received. With the exception of interest expense on long-term indebtedness and certain expenses related to investments, substantially all university expenses are considered to be operating expenses. Certain significant revenue streams relied upon for operations are

## **Notes to Financial Statements – Years Ended June 30, 2022 and 2021**

(dollars in thousands)

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recorded as non-operating revenues, including state appropriations, current-use gifts and net investment income. In addition, amounts provided to the university under Federal COVID-19 assistance grant programs are recognized as non-operating revenues as eligibility requirements are met.

### **Tuition, Room and Board**

Student tuition and residence hall fees are presented net of scholarships applied to student accounts. Stipends and other payments made directly to students are presented as scholarship and fellowship expense. Fee authorizations provided to graduate teaching, research and administrative associates as part of an employment arrangement are presented in instruction, research and other functional categories of operating expense.

### **State Support**

The university is a state-assisted institution of higher education which receives a student enrollment-based instructional subsidy from the State of Ohio. This subsidy, which is based upon a formula devised by the Ohio Board of Regents, is determined annually and is adjusted to state resources available.

The state also provides line-item appropriations which partially support the current operations of various activities, including clinical teaching expenditures incurred at The Ohio State University Health System and other health sciences teaching facilities, The Ohio State University Extension, the Ohio Agricultural Research and Development Center, and the Center for Labor Research.

In addition to current operating support, the State of Ohio provides funding for construction and renovation of major plant facilities on the university's campuses. This funding is reported as state capital appropriations, and the related facilities are reported as capital assets.

### **Government Grants and Contracts**

Government grants and contracts normally provide for the recovery of direct and indirect costs and are subject to audit by the appropriate government agency. Federal funds are subject to an annual OMB Uniform Guidance audit. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to three years.

The university generally considers grants, contracts and non-capital appropriations to be exchange transactions. Under these arrangements, the university provides a bargained-for benefit, typically in the form of instruction, research or public service programs, either directly to the funding entity or to its constituents. The overall scope and nature of these program activities is determined by the level of funding and the requirements set forth by these resource providers.

### **Federal COVID-19 Assistance Programs**

In response to the COVID-19 outbreak, the federal government has provided support to individuals, companies and non-profit institutions in the form of loans, grants, tax changes and other types of relief. The university is a recipient of grant funds from several federal COVID-19

## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

assistance programs, including Higher Education Emergency Relief Fund (HEERF) grants to students, HEERF institutional grants, Provider Relief Funds, FEMA Public Assistance funds, Shuttered Venue Operators grants and pass-through funding from the State of Ohio. Amounts provided to the university under these grant programs are recognized as non-operating revenues in the Statements of Revenues, Expenses and Changes in Net Position as eligibility requirements are met.

The university's Health System and OSU Physicians, a discretely presented component unit of the university, received advance payments under the Medicare Accelerated and Advance Payment program. These payments are considered short-term loans and are reported as current liabilities in the Statements of Net Position. Current liabilities for advance payments provided to the Health System totaled \$79,601 and \$254,854 at June 30, 2022 and 2021, respectively. Current liabilities for advance payments provided to OSU Physicians totaled zero and \$10,191 at June 30, 2022 and 2021, respectively.

### OSU Health System Revenue

Net patient service revenue represents amounts received and the estimated realizable amounts due from patients and third-party payors for services rendered net of contractual allowances, charity care and bad debt expenses. Revenue received under third-party cost reimbursement agreements (primarily the federal Medicare and Medicaid programs) are subject to examination and retroactive adjustments by the agencies administering the programs. In the normal course of business, the Health System contests certain issues resulting from examination of prior years' reimbursement reports. The accompanying financial statements include provisions for estimated retroactive adjustments arising from such examinations and contested issues. The Health System recognizes settlements of protested adjustments or appeals upon resolution of the matters.

Health System patient service revenue amounts recognized from major payor sources (based on primary payor) for the years ended June 30, 2022 and 2021, respectively, are as follows:

Payor	Primary Institution	
	2022	2021
Medicare	\$ 1,055,544	\$ 1,006,113
Medicaid	553,121	532,386
Managed Care:		
Anthem	707,125	636,140
United Healthcare	474,790	470,125
Other	908,194	889,689
Self Pay	4,678	5,908
Total net patient service revenue	3,703,452	3,540,361
Add: Other Health System sales and services revenue	475,504	412,244
Total Health System sales and services, net	\$ 4,178,956	\$ 3,952,605

## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

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### OSU Physicians Revenue

Net patient service revenue represents amounts received and the estimated realizable amounts due from patients and third-party payors for services rendered net of contractual allowances, charity care, self-pay discounts and bad debt expenses.

OSU Physicians (OSUP), a discretely presented component unit of the university, provides care to patients under various reimbursable agreements, including governmental and commercial payors (third party payors). These arrangements provide for payment for covered services at agreed-upon rates and under certain fee schedules and various discounts from charges. Provisions have been made in the financial statements for estimated contractual adjustments, representing the difference between the customary charges for services rendered and related reimbursements, and for administrative adjustments.

### Charity Care and Community Benefit

Care is provided to patients regardless of their ability to pay. A patient is classified as charity care in accordance with policies established by the OSU Health System and OSUP. Because collection of amounts determined to qualify as charity care are not pursued, such amounts are written off and not reported as gross patient service revenue. OSU Health System and OSUP maintain records to identify and monitor the level of charity care provided, including the amount of charges foregone for services rendered. Net charity care costs for the OSU Health System for the years ended June 30, 2022 and 2021 are \$39,989 and \$51,138, respectively, after applying a decrease of \$15,370 and \$468, respectively, for support received under the Health Care Assurance Program (HCAP). HCAP is administered by the State of Ohio to help hospitals cover a portion of the cost of providing charity care. Charity care costs for OSUP for the years ended June 30, 2022 and 2021 are \$14,634 and \$7,458, respectively.

### Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting periods. Disclosure of contingent assets and liabilities at the dates of the financial statements may also be affected. Actual results could differ from those estimates.

### Newly Issued Accounting Pronouncements

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement addresses P3s and APAs and amends current guidance in GASB 60, Accounting and Financial Reporting for Service Concession Arrangements. In general, the Statement applies the right-of-use model set forth in GASB 87 to P3 arrangements and provides accounting and disclosure guidance for both transferors and operators of governmental assets. The Statement is effective for periods beginning after June 15, 2022 (FY2023).

## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

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In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement requires recognition of a right-to-use subscription asset, initially measured as the sum of the initial subscription liability amount, payments made to the vendor before commencement of the subscription term, and capitalizable implementation costs. The subscription asset is then amortized over the subscription term. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 (FY2023).

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. This Statement includes an extension of the use of LIBOR, clarifies provisions related to the new Statements for leases, public-private partnerships and subscription-based IT arrangements, and the classification and reporting of derivative instruments. The provisions related to LIBOR are effective upon issuance, the provisions related to leases, PPPs and SBITAs are effective for periods beginning after June 15, 2022 (FY2023), and the provisions related to derivatives are effective for periods beginning after June 15, 2023 (FY2024).

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment to GASB Statement No. 62*. This Statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Statement also provides guidance on related note disclosures and addresses corrections to Required Supplementary Information and Supplementary Information. The Statement is effective for fiscal years beginning after June 15, 2023 (FY2024).

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The Statement is effective for fiscal years beginning after December 15, 2023 (FY2025).

University management is currently assessing the impact that implementation of GASB Statements No. 93, 94, 96, 99, 100 and 101 will have on the university's financial statements.

### Implementation of GASB Statement No. 87

In fiscal year 2022, the university implemented GASB Statement No. 87, *Leases*. This standard establishes accounting and reporting for leases, based on the foundational principle that all leases are financings of the right to use an underlying asset for a period of time. Lessees record an intangible right-of-use asset and corresponding lease liability, based on the present value of payments expected to be made during the lease term. Lessors record a lease receivable and a corresponding deferred inflow of resources. The standard provides an exception for short-term leases with a maximum possible term of 12 months or less. The cumulative effect of adopting GASB Statement No. 87 was a \$4,128 increase in net position as of July 1, 2020 for the primary institution and a \$1,269 decrease in net position for the discretely presented component units as

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

of July 1, 2020. The effects of adopting Statement No. 87 retroactively to the university's financial statements for the year ended June 30, 2021 were as follows:

	As Previously Reported	Effect of Adoption of Statement No. 87	As Restated
<b>2021 Statement of Net Position - Primary Institution</b>			
Current Assets:			
Inventories and prepaid expenses	\$ 150,576	\$ (3,759)	\$ 146,817
Total current assets	4,409,973	(3,759)	4,406,214
Noncurrent Assets:			
Leases receivable	-	37,427	37,427
Capital assets, net	6,267,672	140,751	6,408,423
Amounts due from (to) primary institution for leases	-	(71,086)	(71,086)
Total noncurrent assets	14,546,415	107,092	14,653,507
Total assets	18,956,388	103,333	19,059,721
Current Liabilities:			
Current portion of bonds, notes and leases payable	62,746	7,247	69,993
Deposits and advance payments for goods and services			
Amounts due to (from) primary institution for leases - current	-	(3,855)	(3,855)
Total current liabilities	1,847,334	3,392	1,850,726
Noncurrent Liabilities:			
Bonds, notes and leases payable	2,690,587	45,854	2,736,441
Amounts due to (from) primary institution for leases - noncurrent	-	(29,800)	(29,800)
Total noncurrent liabilities	7,163,497	16,054	7,179,551
Total liabilities	9,010,831	19,446	9,030,277
Deferred Inflows:			
Other deferred inflows	40,766	69,129	109,895
Total deferred inflows	1,796,237	69,129	1,865,366
Net Position:			
Net investment in capital assets	3,471,509	1,600	3,473,109
Unrestricted	1,325,179	13,158	1,338,337
Total net position	\$ 8,616,920	\$ 14,758	\$ 8,631,678



**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

	As Previously Reported	Effect of Adoption of Statement No. 87	As Restated
<b>2021 Statement of Revenues, Expenses and Other Changes in Net Position - Primary Institution</b>			
Other operating revenues	\$ 37,198	\$ 1,952	\$ 39,150
Total operating revenues	5,988,232	1,952	5,990,184
Operating Expenses:			
Public service	139,588	(23)	139,565
Institutional support	229,993	(9,318)	220,675
Auxiliary enterprises	206,123	(195)	205,928
OSU Health System	2,733,141	(4,763)	2,728,378
Depreciation and amortization	457,950	2,528	460,478
Total operating expenses	5,645,227	(11,771)	5,633,456
Net operating income (loss)	343,005	13,723	356,728
Interest expense	(125,687)	(3,093)	(128,780)
Net Non-operating Revenue	2,636,411	(3,093)	2,633,318
Increase (Decrease) in Net Position	3,192,426	10,630	3,203,056
Net Position - Beginning of Year	\$ 5,424,494	\$ 4,128	\$ 5,428,622

	As Previously Reported	Effect of Adoption of Statement No. 87	As Restated
<b>2021 Statement of Cash Flows - Primary Institution</b>			
Cash Flows from Operating Activities:			
Payments to vendors for supplies and services	\$ (2,419,832)	\$ 14,081	\$ (2,405,751)
Net cash provided (used) by operating activities	(402,268)	14,081	(388,187)
Cash Flows from Capital Financing Activities:			
Principal payments on capital debt and leases	(70,566)	(10,988)	(81,554)
Interest payments on capital debt and leases	(124,963)	(3,093)	(128,056)
Net cash (used) by capital financing activities	(930,764)	(14,081)	(944,845)
Reconciliation of Net Operating Income (Loss) to Net Cash Used by Operating Activities:			
Operating income (loss)	343,005	13,723	356,728
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	457,950	2,528	460,478
Changes in assets and liabilities:			
Leases receivable	-	5,580	5,580
Deferred inflows	562,747	(7,750)	554,997
Net cash provided (used) by operating activities	\$ (402,268)	\$ 14,081	\$ (388,187)

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

	As Previously Reported	Effect of Adoption of Statement No. 87	As Restated
<b>2021 Statement of Net Position - Discretely Presented Component Units</b>			
Current Assets:			
Accounts receivable	\$ 69,268	\$ (543)	\$ 68,725
Total noncurrent assets	411,685	(543)	411,142
Noncurrent Assets:			
Leases receivable	-	15,184	15,184
Other noncurrent assets	1,222	(665)	557
Capital assets, net	296,209	48,230	344,439
Amounts due from (to) primary institution for leases	-	71,086	71,086
Total noncurrent assets	298,231	133,835	432,066
Total assets	709,916	133,292	843,208
Current Liabilities:			
Current portion of bonds, notes and leases payable	1,455	1,231	2,686
Deposits and advance payments for goods and services	4,742	(2,750)	1,992
Amounts due to (from) primary institution for leases - current	-	3,855	3,855
Total current liabilities	197,005	2,336	199,341
Noncurrent Liabilities:			
Bonds, notes and leases payable	14,911	14,285	29,196
Other noncurrent liabilities	59,960	(55,259)	4,701
Amounts due to (from) primary institution for leases - noncurrent	-	29,800	29,800
Total noncurrent liabilities	244,541	(11,174)	233,367
Total liabilities	441,546	(8,838)	432,708
Deferred Inflows:			
Other deferred inflows	-	142,939	142,939
Total deferred inflows	-	142,939	142,939
Net Position:			
Net investment in capital assets	271,367	(7,488)	263,879
Unrestricted	(2,997)	6,679	3,682
Total net position	\$ 268,370	\$ (809)	\$ 267,561

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

	As Previously Reported	Effect of Adoption of Statement No. 87	As Restated
<b>2021 Statement of Revenues, Expenses and Other Changes in Net Position - Discretely Presented Component Units</b>			
Other operating revenues	\$ -	\$ 1,847	\$ 1,847
Total operating revenues	714,084	1,847	715,931
Operating Expenses:			
Institutional support	22,345	(1,462)	20,883
OSU Physicians	603,324	(5,849)	597,475
Depreciation and amortization	12,754	6,219	18,973
Total operating expenses	674,241	(1,092)	673,149
Net operating income (loss)	39,843	2,939	42,782
Interest expense	(1,549)	(2,479)	(4,028)
Increase (Decrease) in Net Position	10,543	460	11,003
Net Position - Beginning of Year	\$ 257,827	\$ (1,269)	\$ 256,558

	As Previously Reported	Effect of Adoption of Statement No. 87	As Restated
<b>2021 Statement of Cash Flows - Discretely Presented Component Units</b>			
Cash Flows from Operating Activities:			
Payments to vendors for supplies and services	\$ (24,650)	\$ 7,311	\$ (17,339)
Net cash provided (used) by operating activities	118,493	7,311	125,804
Cash Flows from Capital Financing Activities:			
Principal payments on capital debt and leases	(1,191)	(4,832)	(6,023)
Interest payments on capital debt and leases	(1,531)	(2,479)	(4,010)
Net cash (used) by capital financing activities	\$ (67,666)	\$ (7,311)	\$ (74,977)

**Income Tax Status**

As an integral part of the State of Ohio, the university is generally exempt from Federal and state income tax. The university is subject to the unrelated business income tax for activities that are not related to its tax-exempt purposes.

**Related Parties**

Members of the Board of Trustees, officers, and employees are subject to the university's conflict of interest policies, under which business and financial relationships must be disclosed and are subject to review and approval. Disclosures about the university's related parties, including its

## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

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discretely presented component units, are included in notes 1, 20, and 21 to the financial statements.

### NOTE 2 — CASH AND CASH EQUIVALENTS

At June 30, 2022, the carrying amount of the primary institution's cash and cash equivalents is \$303,120 as compared to bank balances of \$362,460. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit.

Of the bank balances, \$3,105 is covered by federal deposit insurance and \$359,355 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

At June 30, 2021, the carrying amount of the primary institution's cash, cash equivalents and restricted cash is \$953,629 as compared to bank balances of \$953,759. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$87,861 is covered by federal deposit insurance and \$865,898 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

At June 30, 2022, the carrying amount of the discretely presented component units' cash, cash equivalents and restricted cash is \$176,481 as compared to bank balances of \$174,704. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$2,007 is covered by federal deposit insurance and \$172,697 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

At June 30, 2021, the carrying amount of the discretely presented component units' cash, cash equivalents and restricted cash is \$260,758 as compared to bank balances of \$261,688. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$2,027 is covered by federal deposit insurance and \$259,661 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

### NOTE 3 — INVESTMENTS

University investments are grouped into three major categories for financial reporting purposes: Temporary Investments, the Long-Term Investment Pool and Other Long-Term Investments.

Temporary Investments are amounts available for current operations. The target is to maximize value while protecting the liquidity of the assets. Temporary Investments include the following instruments with varying maturities: obligations of the U. S. Treasury and other federal agencies and instrumentalities, municipal and state bonds, corporate bonds, certificates of deposit, commercial paper, repurchase agreements, money market funds and equity and bond funds.

## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

The Long-Term Investment Pool is a unitized investment pool consisting of gifted endowment funds of the university, gifted endowment funds of the OSU Foundation, and quasi-endowment funds which are internally designated funds that are to function as endowments.

The Long-Term Investment Pool operates with a long-term investment goal of preserving and maintaining the real purchasing power of the principal while allowing for the generation of a predictable stream of annual distribution.

The university's Board of Trustees approved the following thematic asset classes, allocation ranges and benchmarks for the Long-Term Investment Pool:

<b>Asset Class</b>	<b>Range</b>	<b>Benchmark</b>
Public Equity	30-55%	MSCI All Country World Index (ACWI) – Net Dividend (ND)
Private Equity (Includes Buyouts, Growth & Venture Capital)	15-40%	MSCI ACWI ND - 1-Qtr. Lag
Real Estate & Infrastructure	5-15%	Cambridge Associates Real Estate (50%) & Infrastructure (50%) – 1 Qtr. Lag
Legacy Investments	N/A	Return of Actual Underlying Funds
Hedge Funds (Includes Opportunistic Credit)	0-25%	HFRI Fund of Funds Composite (Final)
Cash & High-Grade Bonds	0-25%	Bloomberg Barclays U.S. Aggregate Bond

Other Long-Term Investments are non-unitized investments that relate primarily to gift arrangements between donors and the OSU Foundation. Included in this category are charitable remainder trust assets invested in equity and bond funds, OSU Foundation interests in unitrust, gift annuities, annuity trust and pooled income agreements, life insurance policies for which the OSU Foundation has been named owner and beneficiary, and certain real estate investments. Also included in this category are other private equity investments and investments in certain organizations that are affiliated with the OSU Health System.

U. S. Government and Agency securities are invested through trust agreements with banks who keep the securities in their safekeeping accounts at the Federal Reserve Bank in "book entry" form. The banks internally designate the securities as owned by or pledged to the university. Common stocks, corporate bonds and money market instruments are invested through trust agreements with banks who keep the investments in their safekeeping accounts at Northern Trust and BNY Mellon in "book entry" form. The banks internally designate the securities as owned by or pledged to the university.

The cash and cash equivalents amount represents cash held in the Long-Term Investment Pool by various investment managers. Such amounts were generated by gifts received throughout the fiscal year and sales of investments in the Long-Term Investment Pool. Subsequently, the cash and cash equivalents will be used to purchase long-term investments.

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

Total university investments by major category for the primary institution at June 30, 2022 and 2021 are as follows:

	<b>Primary Institution</b>	
	<b>2022</b>	<b>2021</b>
Temporary Investments (a)	\$ 3,226,755	\$ 2,693,789
Long-Term Investment Pool:		
Gifted Endowment - University	1,261,196	1,333,836
Gifted Endowment - OSU Foundation	1,344,732	1,345,059
Quasi Endowment - Operating	1,740,849	1,740,687
Quasi Endowment - Designated	2,614,005	2,622,391
Total Long-Term Investment Pool	6,960,782	7,041,973
Securities Lending Collateral Investments	201,994	118,266
Other Long-Term Investments	301,855	348,227
Total Investments	<u>\$ 10,691,386</u>	<u>\$ 10,202,255</u>

- (a) At June 30, 2022, Temporary Investments included \$679,040 of unexpended bond proceeds. At June 30, 2021, unexpended bond proceeds totaling \$276,243 were reported as restricted cash. Unexpended bond proceeds represent bond proceeds restricted for capital expenditures.

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

Total university investments by investment type for the primary institution at June 30, 2022 are as follows:

	Primary Institution				
	Temporary Investments		Other Long-Term Investments		Total
	Bond Proceeds	Investment Pool	Investments	Securities Lending Collateral Investments	
U.S. equity	\$ 5	\$ 1,084,100	\$ -	\$ -	\$ 1,084,105
International equity	-	227,665	-	-	227,665
Equity funds	89,406	1,107,523	21,637	-	1,218,566
U.S. government obligations	502,453	(740)	756	-	502,469
U.S. government agency obligations	178,298	-	-	-	178,298
Corporate bonds and notes	1,885,371	-	-	-	1,885,371
Bond funds	333,094	290,925	43,261	-	667,280
Foreign government bonds	40,629	-	-	-	40,629
Real assets	5	806,152	22,080	-	828,237
Hedge funds	-	688,079	-	-	688,079
Private equity	-	2,274,497	192,339	-	2,466,836
Commercial paper	146,685	-	-	-	146,685
Cash equivalents	-	482,581	-	-	482,581
Certificates of deposit	13,056	-	-	-	13,056
Other	37,753	-	21,782	-	59,535
Securities Lending Collateral Assets:					
Repurchase agreements	-	-	-	51,173	51,173
Certificates of deposit	-	-	-	114,730	114,730
Cash and other adjustments	-	-	-	36,091	36,091
	\$ 3,226,755	\$ 6,960,782	\$ 301,855	\$ 201,994	\$ 10,691,386

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

Total university investments by investment type for the primary institution at June 30, 2021 are as follows:

	Primary Institution				
	Temporary Investments	Long-Term Investment Pool	Other Long-Term Investments	Securities Lending Collateral Investments	Total
U.S. equity	\$ -	\$ 1,159,881	\$ 22,530	\$ -	\$ 1,182,411
International equity	-	513,586	-	-	513,586
Equity funds	109,272	1,072,486	27,451	-	1,209,209
U.S. government obligations	183,912	605	844	-	185,361
U.S. government agency obligations	128,991	-	-	-	128,991
Corporate bonds and notes	1,663,809	-	-	-	1,663,809
Bond funds	505,032	539,956	25,602	-	1,070,590
Foreign government bonds	25,119	-	-	-	25,119
Real assets	5	762,928	23,577	-	786,510
Hedge funds	-	565,599	-	-	565,599
Private equity	-	2,058,643	225,102	-	2,283,745
Commercial paper	32,534	-	-	-	32,534
Cash and cash equivalents	-	368,289	-	-	368,289
Other	45,115	-	23,121	-	68,236
Securities Lending Collateral Assets:					
Repurchase agreements	-	-	-	72,042	72,042
Cash and other adjustments	-	-	-	46,224	46,224
	<u>\$ 2,693,789</u>	<u>\$ 7,041,973</u>	<u>\$ 348,227</u>	<u>\$ 118,266</u>	<u>\$ 10,202,255</u>

The components of the net investment income and loss for the primary institution are as follows:

	2022	2021
Interest and dividends	\$ 219,884	\$ 190,698
Net increase (decrease) in fair value of investments	(441,354)	1,727,863
Investment expenses	(70,865)	(59,388)
Total	<u>\$ (292,335)</u>	<u>\$ 1,859,173</u>

**Information on Fair Value of Investments**

Fair value is defined in the accounting standards as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value.

Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument.



## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

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A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

*Level 1* – Prices based on unadjusted quoted prices in active markets that are accessible for identical assets or liabilities are classified as Level 1. Directly held equity securities, registered bond and equity funds, and other miscellaneous investments classified in Level 1 are valued using prices quoted in active markets that the custodian and university have the ability to access.

*Level 2* – Quoted prices in the markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly, are classified as Level 2. Level 2 investments include U.S. government agencies and obligations, corporate bonds, municipal bonds, foreign government bonds, repurchase agreements, commercial paper, and other debt related investments. The evaluated prices may be determined by factors which include, but are not limited to, market quotations, yields, maturities, call features, ratings, institutional size trading in similar groups of securities and developments related to specific securities.

*Level 3* – Investments classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value of these investments are based upon the best information in the circumstance and may require significant management judgment. Investments included in Level 3 consist primarily of the university's ownership in real estate, certain limited partnerships and equity positions in private companies.

*Net Asset Value (NAV)* – Investments whose fair value is measured at NAV are excluded from the fair value hierarchy. Investments in non-governmental entities that do not have a readily determinable fair value may be valued at NAV if the NAV is determined in accordance with the fair value measurement principles relevant to investment companies. Interests in investment funds with a NAV reported under an alternative basis or which meet the intent to sell criteria are reflected as Level 3 investments. As of June 30, 2022, the Long-Term Investment Pool does not have any funds held for secondary sale.

Investments measured at NAV consist mainly of non-publicly traded equity and bond funds, hedge funds, private equity, and other alternative funds. These assets are valued by the associated external investment manager/general partner and reviewed by the university using the most recent audited and unaudited financial statements available.

*Not Leveled* – Cash is not measured at fair value and, thus, is not subject to the fair value disclosure requirements. Cash not subject to such requirements amounted to \$140,606 and \$123,786 at June 30, 2022 and 2021, respectively.

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

Investments by fair value category for the primary institution at June 30, 2022 are as follows:

	<b>Primary Institution</b>				
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV as Practical Expedient (NAV)	Total Fair Value
U.S. equity	\$ 1,084,105	\$ -	\$ -	\$ -	\$ 1,084,105
International equity	227,665	-	-	-	227,665
Equity funds	244,466	-	-	974,100	1,218,566
U.S. government obligations	(740)	503,209	-	-	502,469
U.S. government agency obligations	-	178,298	-	-	178,298
Corporate bonds and notes	-	1,885,371	-	-	1,885,371
Bond funds	523,891	-	-	143,389	667,280
Foreign government bonds	-	40,629	-	-	40,629
Real assets	123,734	-	25,387	679,116	828,237
Hedge funds	-	-	-	688,079	688,079
Private equity	-	-	73,057	2,393,779	2,466,836
Commercial paper	-	146,685	-	-	146,685
Cash equivalents	341,975	-	-	-	341,975
Certificates of deposit	-	13,056	-	-	13,056
Other	-	37,208	22,327	-	59,535
Securities Lending Collateral Assets:					
Repurchase agreements	-	51,173	-	-	51,173
Certificates of deposit	-	114,730	-	-	114,730
Cash and other adjustments	-	36,091	-	-	36,091
	<u>\$ 2,545,096</u>	<u>\$ 3,006,450</u>	<u>\$ 120,771</u>	<u>\$ 4,878,463</u>	<u>\$ 10,550,780</u>

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

Investments by fair value category for the primary institution at June 30, 2021 are as follows:

	Primary Institution				
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV as Practical Expedient (NAV)	Total Fair Value
U.S. equity	\$ 1,182,411	\$ -	\$ -	\$ -	\$ 1,182,411
International equity	513,586	-	-	-	513,586
Equity funds	357,359	-	-	851,850	1,209,209
U.S. government obligations	605	184,756	-	-	185,361
U.S. government agency obligations	-	128,991	-	-	128,991
Corporate bonds and notes	-	1,663,809	-	-	1,663,809
Bond funds	948,268	-	-	122,322	1,070,590
Foreign government bonds	-	25,119	-	-	25,119
Real assets	127,615	-	94,137	564,758	786,510
Hedge funds	-	-	-	565,599	565,599
Private equity	-	-	403,773	1,879,972	2,283,745
Commercial paper	-	32,534	-	-	32,534
Cash equivalents	244,503	-	-	-	244,503
Other	-	44,584	23,652	-	68,236
Securities Lending Collateral Assets:					
Repurchase agreements	-	72,042	-	-	72,042
Cash and other adjustments	-	46,224	-	-	46,224
	<u>\$ 3,374,347</u>	<u>\$ 2,198,059</u>	<u>\$ 521,562</u>	<u>\$ 3,984,501</u>	<u>\$ 10,078,469</u>

**Additional Information on Investments Measured at the NAV**

Additional information on fair values, unfunded commitments, remaining life and redemption for investments measured at the NAV for the primary institution at June 30, 2022 is as follows:

	Fair Value	Unfunded Commitments	Remaining Life	Redemption Notice Period	Redemption Restrictions
Equity and bond funds - non-public international	\$ 1,117,489	-	No limit	1 to 30 days	None
Hedge funds - absolute return, credit, long/short equities	688,079	36,000	No limit	30 to 180 day notice periods	Lock-up provisions ranging from none to 2 years; side pockets on a few funds
Private equity - private credit, buyouts, venture, secondary	2,393,779	1,037,889	1-12 years	Partnerships ineligible for redemption	Not redeemable
Real assets - natural resources, real estate, infrastructure	679,116	163,336	1-12 years	Partnerships ineligible for redemption	Not redeemable
	<u>\$ 4,878,463</u>	<u>\$ 1,237,225</u>			

**Additional Risk Disclosures for Investments**

GASB Statements No. 3 and 40 require certain additional disclosures related to the liquidity, interest-rate, custodial, credit and foreign currency risks associated with deposits and investments.

## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

**Liquidity risk** – The university’s private equity and real asset investments in the Long-Term Investment Pool are illiquid and subject to redemption restrictions in accordance with their respective governing documents. The university’s Investment Policy defines Operating Funds available for liquidity to exclude funds invested in the LTIP, bond proceeds and certain other funds designated by leadership and requires a minimum of 90 days liquidity be maintained at all times (based on the most recent Board of Trustees’ approved budget for total expenditures).

**Interest-rate risk** – Interest-rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates. University Operating Funds are used to maintain adequate liquidity within an appropriate risk profile. Under the university’s Investment Policy, the short-term working capital pool’s weighted average duration may not exceed one (1) year. The intermediate-term investment pool’s weighted average duration may not exceed five (5) years.

The maturities of the university’s interest-bearing investments for the primary institution at June 30, 2022 are as follows:

	Primary Institution				
	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	\$ 502,469	\$ 152,176	\$ 346,919	\$ 3,374	\$ -
U.S. government agency obligations (a)	133,701	14	42,366	9,793	81,528
Corporate bonds	1,885,371	422,836	1,157,479	155,660	149,396
Bond funds	667,280	184,396	231,999	106,518	144,367
Foreign governmental bonds	40,629	32,380	7,937	-	312
Commercial paper	146,685	146,685	-	-	-
Certificates of deposit	13,056	13,056	-	-	-
Other governmental bonds (b)	37,209	16,601	20,430	178	-
Securities Lending Collateral:					
Repurchase agreements	51,173	51,173	-	-	-
Certificates of deposit	114,730	114,730	-	-	-
Total	<u>\$ 3,592,303</u>	<u>\$ 1,134,047</u>	<u>\$ 1,807,130</u>	<u>\$ 275,523</u>	<u>\$ 375,603</u>

(a) TBA investments are excluded from this caption as there are no maturities.

(b) Life insurance policies and hospital in investment subsidiaries are excluded from this caption as there are no maturities.

## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

The maturities of the university's interest-bearing investments for the primary institution at June 30, 2021 are as follows:

	Primary Institution				
	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	\$ 185,361	\$ 35,954	\$ 147,691	\$ 1,716	\$ -
U.S. government agency obligations (a)	128,784	1,351	23,943	33,736	69,754
Corporate bonds	1,663,809	373,786	968,603	154,052	167,368
Bond funds	1,070,590	337,094	478,241	114,304	140,951
Foreign governmental bonds	25,119	13,101	10,994	832	192
Commercial paper	32,534	32,534	-	-	-
Other governmental bonds (b)	44,584	5,803	31,732	253	6,796
Securities Lending Collateral:					
Repurchase agreements	72,042	72,042	-	-	-
Total	\$ 3,222,823	\$ 871,665	\$ 1,661,204	\$ 304,893	\$ 385,061

(a) TBA investments are excluded from this caption as there are no maturities.

(b) Life insurance policies and hospital in investment subsidiaries are excluded from this caption as there are no maturities.

**Custodial credit risk** – Custodial credit risk is the risk that, in the event of the failure of the custodian, university investments may not be recovered. It is the policy of the university to hold investments in custodial accounts, and the securities are registered solely in the name of the university. All investments are transacted with nationally reputable brokerage firms offering protection by the Securities Investor Protection Corporation.

**Credit risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. Credit quality information – as commonly expressed in terms of the credit ratings issued by nationally recognized statistical rating organizations such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings – provides a current depiction of potential variable cash flows and credit risk. The university's Investment Policy requires Operating Funds to be invested in securities that, in aggregate, represent a credit quality of "A" or better (on a weighted average basis). Not more than five percent (5%) of operating funds will be invested in below investment grade securities.

Per GASB Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment to GASB Statement No. 3*, securities with split ratings, or a different rating assignment, are disclosed using the rating indicative of the greatest degree of risk.

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

The credit ratings of the university's interest-bearing investments for the primary institution at June 30, 2022 are as follows:

	Primary Institution											
	Total	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Not Rated
U.S. government obligations	\$ 502,469	\$ -	\$ 502,469	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. government agency obligations	178,297	3,275	91,903	77,258	2,673	-	-	-	-	-	-	3,188
Corporate bonds	1,885,371	171,241	116,673	592,039	656,678	29,977	7,080	-	-	-	-	311,683
Bond funds	667,280	116,283	79,439	115,267	142,641	24,895	26,323	16,887	24,412	5,460	266	115,407
Foreign government bonds	40,629	21,071	13,035	1,465	312	-	-	-	-	-	-	4,746
Commercial paper	146,685	-	7,949	87,040	-	-	-	-	-	-	-	51,696
Certificates of deposit	13,056	-	-	1,990	-	-	-	-	-	-	-	11,066
Other governmental bonds (a)	37,209	5,647	15,141	12,065	346	-	-	-	-	-	-	4,010
Securities Lending Collateral:												
Repurchase agreements	51,173	-	-	-	-	-	-	-	-	-	-	51,173
Certificates of deposit	114,730	-	-	105,750	-	-	-	-	-	-	-	8,980
Total	\$ 3,636,899	\$ 317,517	\$ 826,609	\$ 992,874	\$ 802,650	\$ 54,872	\$ 33,403	\$ 16,887	\$ 24,412	\$ 5,460	\$ 266	\$ 561,949

(a) Life insurance policies and hospital in investment subsidiaries are excluded from this caption as they do not have a credit rating.

The credit ratings of the university's interest-bearing investments for the primary institution at June 30, 2021 are as follows:

	Primary Institution											
	Total	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Not Rated
U.S. government obligations	\$ 185,361	\$ -	\$ 185,078	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 283
U.S. government agency obligations	128,992	2,892	46,962	75,785	3,209	-	-	-	-	-	-	144
Corporate bonds	1,663,809	128,683	151,803	556,677	582,777	35,585	7,559	-	-	-	-	200,725
Bond funds	1,070,590	147,791	110,394	258,440	274,999	31,019	17,545	3,993	2,148	514	514	223,233
Foreign government bonds	25,119	1,069	13,189	6,364	2,195	-	2,024	-	-	-	-	278
Commercial paper	32,534	4,996	3,165	22,623	1,750	-	-	-	-	-	-	-
Other governmental bonds (a)	44,584	655	24,123	13,591	1,483	-	-	-	-	-	-	4,732
Securities Lending Collateral:												
Repurchase agreements	72,042	-	-	-	-	-	-	-	-	-	-	72,042
Total	\$ 3,223,031	\$ 286,086	\$ 534,714	\$ 933,480	\$ 866,413	\$ 66,604	\$ 27,128	\$ 3,993	\$ 2,148	\$ 514	\$ 514	\$ 501,437

(a) Life insurance policies and hospital in investment subsidiaries are excluded from this caption as they do not have a credit rating.

**Concentration of credit risk** – Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the university to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments.

There is no investment in issuers other than U. S. government guaranteed securities that represents five percent or more of investments held at June 30, 2022 and June 30, 2021.

**Foreign currency risk** – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. A portion of the university's investments in limited partnerships are held in Sterling, Euro, and Francs. The university is indirectly invested in additional foreign currencies through commingled funds. Commingled funds may hold a variety of international assets that align with the university's investment strategy. Currency risk can be managed by hedging the foreign currency, but many managers choose to go unhedged and accept the currency risk, which also presents an opportunity if the foreign currency becomes more valuable than the U.S. Dollar on a relative basis.

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

At June 30, 2022, exposure to foreign currency risk for the primary institution is as follows:

	Primary Institution					
	Common Stock	Equity Funds	Bond Funds	Corporate Bonds and Notes	Foreign Government Bonds	Partnerships and Hedge Funds
Argentine Peso	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -
Australian Dollar	9,027	50,430	(26)	17,401	-	-
Brazilian Real	-	8,883	266	-	-	-
Canadian Dollar	9,592	28,833	59	7,540	-	-
Cayman Islands Dollar	-	1,617	-	-	-	-
Chilean Peso	42	61	23	-	-	-
Chinese Yuan/Yuan Renminbi	66,823	113,022	(329)	-	-	-
Colombian Peso	-	23	15	-	-	-
Costa Rican Colon	-	35	-	-	-	-
Czech Koruna	-	469	29	-	-	-
Danish Krone	1,693	21,373	(14)	-	-	-
Egyptian Pound	-	229	-	-	-	-
Euro	47,273	112,791	(3,545)	9,421	-	207,978
Great Britain Pound Sterling	13,475	31,819	(398)	18,300	-	215,642
Hong Kong Dollar	10,589	44,934	44	-	-	-
Hungarian Forint	-	682	14	-	-	-
Iceland Krona	-	-	1	-	-	-
Indian Rupee	-	70,900	45	-	-	-
Indonesian Rupiah	-	8,057	(74)	-	-	-
Israeli Shekel	-	(76)	(1)	-	1,199	-
Japanese Yen	58,087	42,458	295	-	-	-
Kenyan Shilling	-	361	-	-	-	-
Kuwaiti Dinar	-	83	-	-	-	-
Malaysian Ringgit	-	1,294	-	-	-	-
Mexican Peso	439	3,549	40	-	-	-
Netherlands Antillean Guilder	-	143	-	-	-	-
New Taiwan Dollar	759	26,643	-	-	-	-
New Turkish Lira	-	57	(44)	-	-	-
New Zealand Dollar	-	81	2	-	-	-
Norwegian Krone	332	304	533	-	-	-
Pakistan Rupee	-	6	-	-	-	-
Peruvian Nuevo Sol	-	2	(6)	-	-	-
Philippine Peso	-	3,188	-	-	-	-
Polish Zloty	-	764	59	-	-	-
Qatar Rial	-	113	-	-	-	-
Romanian New Leu	-	6	-	-	-	-
Russian Ruble	-	573	15	-	-	-
Saudi Riyal	-	3,350	-	-	-	-
Singapore Dollar	-	10,984	-	-	-	-
South African Rand	-	3,090	(52)	-	-	-
South Korean Won	822	21,094	15	-	-	-
Sri Lanka Rupee	-	-	15	-	-	-
Swedish Krona	410	9,439	59	-	-	-
Swiss Franc	8,302	14,704	880	-	-	27,782
Thai Baht	-	2,020	-	-	-	-
UAE dirham	-	1,483	-	-	-	-
Vietnamese Dong	-	2	-	-	-	-
Total	\$ 227,665	\$ 639,873	\$ (2,079)	\$ 52,662	\$ 1,199	\$ 451,402

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

At June 30, 2021, exposure to foreign currency risk for the primary institution is as follows:

	Primary Institution					
	Common Stock	Equity Funds	Bond Funds	Corporate Bonds and Notes	Foreign Government Bonds	Partnerships and Hedge Funds
Argentine peso	\$ -	\$ -	2	\$ -	\$ -	-
Australian dollar	13,268	17,509	37	12,060	-	-
Brazilian real	904	14,857	42	-	-	-
Canadian dollar	34,149	19,543	18	10,822	-	-
Cayman Islands dollar	-	1,489	-	-	-	-
Chilean peso	82	62	19	-	-	-
Chinese yuan	(202)	75,481	8	-	-	-
Columbian peso	27	24	-	-	-	-
Czech Republic koruna	27	931	-	-	-	-
Danish krone	3,142	5,062	2	-	-	-
Egyptian pound	14	13	-	-	-	-
Euro	157,006	90,616	10	8,176	42	173,594
Great Britain pound sterling	57,597	55,533	36	28,686	-	284,936
Hong Kong dollar	37,836	57,016	-	-	-	-
Hungarian forint	41	31	-	-	-	-
Iceland krona	-	-	9	-	-	-
Indian rupee	1,739	26,530	9	-	-	-
Indonesian rupiah	192	2,123	10	-	-	-
Israeli shekel	123	237	-	-	5,860	-
Japanese yen	142,466	45,694	2	901	-	-
Kenyan shilling	-	504	-	-	-	-
Kuwaiti dinar	96	66	-	-	-	-
Malaysian ringgit	219	218	-	-	-	-
Mexican peso	301	4,933	52	-	-	-
New Taiwan dollar	6,806	33,480	-	-	-	-
New Turkish lira	41	592	-	-	-	-
New Zealand dollar	253	96	-	-	-	-
Norwegian krone	6,052	4,716	19	-	-	-
Pakistan rupee	-	8	-	-	-	-
Peruvian nuevo sol	-	1,165	(2)	-	-	-
Philippine peso	109	1,624	-	-	-	-
Polish zloty	109	466	-	-	-	-
Qatari riyal	109	85	-	-	-	-
Romanian new leu	-	4	-	-	-	-
Russian ruble	397	6,511	19	-	-	-
Saudi riyal	506	405	-	-	-	-
Singapore dollar	868	630	-	-	-	-
South African rand	616	4,737	-	-	-	-
South Korean won	13,612	42,995	54	-	-	-
Swedish krona	12,766	13,802	-	-	-	-
Swiss franc	21,945	11,961	(1)	-	-	26,429
Thailand bhat	274	3,809	-	-	-	-
UAE dirham	96	91	-	-	-	-
Total	\$ 513,586	\$ 545,649	\$ 345	\$ 60,645	\$ 5,902	\$ 484,959

**Securities Lending**

The university has engaged in a securities lending program through its custodian bank of the Long-Term Investment Pool. Securities loaned at June 30, 2022 and 2021 were comprised completely of equities, and these loans were secured by collateral in the form of repurchase agreements, certificates of deposit, and cash and other adjustments. All loans must be secured by collateral amounting to no less than 102% of the current fair value of domestic securities loaned and no less than 105% of the current fair value of foreign securities loaned.



## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

As of June 30, 2022, there was no credit risk on securities loaned due to the fair value of the collateral held being greater than the fair value of securities on loan to each individual broker. The university, the custodian, and the borrower each maintain the right to terminate a loan. Upon maturity or termination of a loan agreement, the custodian is contractually obligated to indemnify the university if the borrowers fail to return loaned securities and if liquidation of the collateral is insufficient to replace the value of the securities loaned. Noncash collateral cannot be pledged or sold by the university without a borrower's default. While earning fees received by the university during the loan period, cash collateral is simultaneously invested in short term, highly liquid securities in order to further increase interest earned while also matching a weighted average maturity of loans which is not to exceed 60 days.

As of June 30, 2022, securities loaned by the university amounted to a fair value of \$216,214 and were secured by collateral in the amount of \$222,411. The portion of this collateral that was received in cash amounted to \$201,994 and is reflected within the university's Statement of Net Position as a current asset and a corresponding current liability.

As of June 30, 2021, securities loaned by the university amounted to a fair value of \$163,207 and were secured by collateral in the amount of \$171,796. The portion of this collateral that was received in cash amounted to \$118,266 and is reflected within the university's Statement of Net Position as a current asset and a corresponding current liability.

### NOTE 4 — ACCOUNTS, NOTES AND PLEDGES RECEIVABLE

Accounts receivable for the primary institution at June 30, 2022 and 2021 consist of the following:

	Primary Institution	
	2022	2021
Patient and other receivables - OSU Health System	\$ 625,406	\$ 585,599
Grant and contract receivables	171,363	154,484
Tuition and fees receivable	18,273	16,486
Receivables for departmental and auxiliary sales and services	58,281	65,097
State and federal receivables	5,244	11,629
Other receivables	2,120	3,379
Total receivables	880,687	836,674
Less: Allowances for doubtful accounts	108,637	100,174
Total receivables, net	\$ 772,050	\$ 736,500

Notes receivable consist primarily of Perkins and health professions loans and are net of an allowance for doubtful accounts of \$12,373 and \$16,294 at June 30, 2022 and 2021, respectively. Federal capital contributions to the Perkins loan programs represent advances which are ultimately refundable to the federal government.

## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

The university has recorded \$187,043 in non-endowment pledges receivable and a related allowance for doubtful accounts of \$9,418 at June 30, 2022. The university recorded \$168,613 in non-endowment pledges receivable and a related allowance for doubtful accounts of \$7,372 at June 30, 2021.

Accounts receivable for the discretely presented component units at June 30, 2022 and 2021 consist of the following:

	<b>Discretely Presented Component Units</b>	
	<b>2022</b>	<b>2021</b>
Patient and other receivables - OSU Physicians	\$ 72,694	\$ 64,350
Other receivables	14,732	11,895
Total receivables	87,426	76,245
Less: Allowances for doubtful accounts	10,716	7,520
Total receivables, net	\$ 76,710	\$ 68,725

## NOTE 5 — CAPITAL ASSETS

Capital assets activity for the primary institution for the year ended June 30, 2022 is summarized as follows:

	<b>Primary Institution</b>			
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements and Transfers</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 110,207	\$ 28,107	\$ -	\$ 138,314
Intangibles	18,465	-	-	18,465
Construction in progress	1,021,812	1,088,759	256,661	1,853,910
Total non depreciable assets	1,150,484	1,116,866	256,661	2,010,689
Capital assets being depreciated:				
Improvements other than buildings	977,247	21,855	-	999,102
Buildings and fixed equipment	7,357,954	234,806	5,121	7,587,639
Movable equipment, furniture and software	1,989,614	159,177	87,003	2,061,788
Library books	200,191	2,710	-	202,901
Total depreciable assets	10,525,006	418,548	92,124	10,851,430
Less: Accumulated depreciation for				
Improvements other than buildings	432,067	47,772	-	479,839
Buildings and fixed equipment	3,488,749	243,503	956	3,731,296
Movable equipment, furniture and software	1,378,778	174,801	85,593	1,467,986
Library books	176,939	4,343	-	181,282
Total accumulated depreciation	5,476,533	470,419	86,549	5,860,403
Total depreciable assets, net	5,048,473	(51,871)	5,575	4,991,027
Capital assets, net excluding lease assets	\$ 6,198,957	\$ 1,064,995	\$ 262,236	\$ 7,001,716
Lease assets, net (Note 11)				192,849
Total capital assets, net as reported in statement of net position				\$ 7,194,565

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

Capital assets activity for the primary institution for the year ended June 30, 2021 is summarized as follows:

	Primary Institution			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	\$ 108,136	\$ 2,071	\$ -	\$ 110,207
Intangibles	18,563	-	98	18,465
Construction in progress	880,224	141,588	-	1,021,812
Total non depreciable assets	1,006,923	143,659	98	1,150,484
Capital assets being depreciated:				
Improvements other than buildings	950,770	26,477	-	977,247
Buildings and fixed equipment	6,876,603	506,100	24,749	7,357,954
Movable equipment, furniture and software	1,703,984	310,588	24,958	1,989,614
Library books	196,468	3,942	219	200,191
Total depreciable assets	9,727,825	847,107	49,926	10,525,006
Less: Accumulated depreciation for				
Improvements other than buildings	388,856	43,211	-	432,067
Buildings and fixed equipment	3,277,305	231,631	20,187	3,488,749
Movable equipment, furniture and software	1,237,210	164,541	22,973	1,378,778
Library books	172,531	4,626	218	176,939
Total accumulated depreciation	5,075,902	444,009	43,378	5,476,533
Total depreciable assets, net	4,651,923	403,098	6,548	5,048,473
Capital assets, net excluding lease assets	\$ 5,658,846	\$ 546,757	\$ 6,646	\$ 6,198,957
Lease assets, net (Note 11)				209,466
Total capital assets, net as reported in statement of net position				\$ 6,408,423

The increase in construction in progress of \$141,588 in fiscal year 2021 represents the amount of capital expenditures for new projects of \$947,213, net of assets placed in service of \$805,625.

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

Capital assets activity for the discretely presented component units for the year ended June 30, 2022 is summarized as follows:

	Discretely Presented Component Units			
	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 31,461	-	-	\$ 31,461
Intangibles	-	-	-	-
Construction in progress	50,159	36,752	20,888	66,023
Total non depreciable assets	81,620	36,752	20,888	97,484
Capital assets being depreciated:				
Improvements other than buildings	31,999	7,614	7,748	31,865
Buildings and fixed equipment	241,820	13,274	5,144	249,950
Movable equipment, furniture and software	35,282	22,303	17,218	40,367
Total depreciable assets	309,101	43,191	30,110	322,182
Less: Accumulated depreciation for				
Improvements other than buildings	18,203	3,355	2,549	19,009
Buildings and fixed equipment	53,561	12,301	2,295	63,567
Movable equipment, furniture and software	22,545	10,071	8,422	24,194
Total accumulated depreciation and amortization	94,309	25,727	13,266	106,770
Total depreciable assets, net	214,792	17,464	16,844	215,412
Capital assets, net	\$ 296,412	\$ 54,216	\$ 37,732	\$ 312,896
Lease assets, net (Note 11)				75,686
Total capital assets, net as reported in statement of net position				\$ 388,582

Capital assets activity for the discretely presented component units for the year ended June 30, 2021 is summarized as follows:

	Discretely Presented Component Units			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	\$ 31,461	-	-	\$ 31,461
Intangibles	27	-	27	-
Construction in progress	70,499	-	20,340	50,159
Total non depreciable assets	101,987	-	20,367	81,620
Capital assets being depreciated:				
Improvements other than buildings	28,269	3,739	9	31,999
Buildings and fixed equipment	159,922	81,898	-	241,820
Movable equipment, furniture and software	35,946	11,054	11,718	35,282
Total depreciable assets	224,137	96,691	11,727	309,101
Less: Accumulated depreciation for				
Improvements other than buildings	14,557	2,312	(1,334)	18,203
Buildings and fixed equipment	46,474	7,119	32	53,561
Movable equipment, furniture and software	21,815	3,323	2,593	22,545
Total accumulated depreciation and amortization	82,846	12,754	1,291	94,309
Total depreciable assets, net	141,291	83,937	10,436	214,792
Capital assets, net	\$ 243,278	\$ 83,937	\$ 30,803	\$ 296,412
Lease assets, net (Note 11)				48,027
Total capital assets, net as reported in statement of net position				\$ 344,439

## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

The decrease in construction in progress of \$20,341 in fiscal year 2021 represents the amount of capital expenditures for new projects of \$58,481, net of assets placed in service of \$78,822.

The university recognized asset retirement obligations (AROs) of \$17,934 at both June 30, 2022 and 2021. Assets with AROs include university facilities in which radioactive materials are used, facilities handling hazardous chemicals or waste and fuel storage tanks, all of which are subject to regulation by the State of Ohio. Liability estimates are based on decommissioning funding plans (for facilities handling radioactive materials) and historical experience (for hazardous waste facilities and fuel storage tanks). The estimated remaining useful lives of these assets range from 0 to 26 years.

### NOTE 6 — ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses for the primary institution at June 30, 2022 and 2021 consist of the following:

	Primary Institution	
	2022	2021
Payables to vendors for supplies and services	\$ 506,899	\$ 518,560
Accrued compensation and benefits	167,942	132,067
Retirement system contributions payable	69,575	67,256
Other accrued expenses	13,190	56,958
Total payables and accrued expenses	<u>\$ 757,606</u>	<u>\$ 774,841</u>

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

**NOTE 7 — DEPOSITS AND ADVANCE PAYMENTS FOR GOODS AND SERVICES**

Deposits and advance payments for goods and services for the primary institution at June 30, 2022 and 2021 consist of the following:

	Primary Institution	
	2022	2021
Current deposits and advance payments:		
Tuition and fees	\$ 88,233	\$ 56,453
Departmental and auxiliary sales and services	94,718	68,105
Affinity agreements	1,848	7,177
Advance from concessionaire	24,648	21,786
Grant and contract advances	166,601	156,179
Health system advances	24,964	24,263
Other deposits and advance payments	46,392	37,077
Total current deposits and advance payments	<u>\$ 447,404</u>	<u>\$ 371,040</u>
Noncurrent deposits and advance payments:		
Advance from concessionaire	\$ 963,663	\$ 980,953

Deposits and advance payments for goods and services for the discretely presented component units at June 30, 2022 and 2021 consist of the following:

	Discretely Presented Component Units	
	2022	2021
Current deposits and advance payments:		
Unearned rental income and deposits - Campus Partners	\$ 127	\$ 113
Unearned revenues - Transportation Research Center	2,412	1,597
Unearned rental income - SciTech	172	282
Total current deposits and advance payments	<u>\$ 2,711</u>	<u>\$ 1,992</u>
Non-current deposits and advance payments:		
Unearned rental income and deposits - SciTech	\$ 4,701	\$ 4,700
Total (shown as other non-current liabilities)	<u>\$ 4,701</u>	<u>\$ 4,700</u>

**NOTE 8 — SELF-INSURANCE ACCRUALS**

The university maintains self-insurance programs for professional medical malpractice, employee health insurance and workers' compensation. Information on each of these programs is provided below.

## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

### Medical Malpractice

The university has established trustee self-insurance funds for professional medical malpractice liability claims with a \$4,000 limit per occurrence and \$18,000 annual aggregate. The university self-insurance funds have insurance in excess of \$4,000 per occurrence through Oval Limited, a blended component unit of the university. Effective July 1, 2021, Oval Limited provides coverage with limits of \$85,000 per occurrence and in the aggregate.

Previous coverage levels for Oval Limited are as follows:

Accident Period for Oval	Gross Oval Limit (Occurrence and Annual Aggregate)
7/1/21 – 6/30/22	\$85,000
7/1/20 – 6/30/21	\$80,000
7/1/16 – 6/30/20	\$85,000
7/1/15 – 6/30/16	\$75,000
7/1/08 – 6/30/15	\$55,000
7/1/06 – 6/30/08	\$40,000
7/1/05 – 6/30/06	\$35,000
7/1/02 – 6/30/05	\$25,000
7/1/97 – 6/30/02	\$15,000
9/30/94 – 6/30/97	\$10,000

The limits are in excess of underlying policies with limits of \$4,000 per occurrence and \$18,000 in the aggregate. For the year ended June 30, 2022, Oval reinsured, in excess of the self-insured retention, 100% of the first \$15,000 of risk to Berkshire Hathaway Specialty Insurance. The next \$20,000 was fully ceded to The Medical Protective Company, then \$10,000 ceded to Arch Specialty Insurance Company, with the next \$10,000 ceded to Chubb, then \$5,000 was ceded to The Medical Protective Company and above that the Company ceded \$10,000 of the risk to Markel, with the remaining \$15,000 of the risk to Liberty Specialty Markets Agency Limited.

The estimated liability and the related contributions to the trustee fund are based upon an independent actuarial determination as of June 30, 2022. OSUP participates in the university self-insurance fund for professional medical malpractice liability claims.

The university's estimate of professional malpractice liability includes provisions for known claims and actuarially determined estimates of incurred but not reported claims and incidents. This liability at June 30, 2022 of the anticipated future payments on gross claims is estimated at its present value of \$65,019 discounted at an estimated rate of 3% (university funds) and an additional \$23,487 discounted at an estimated rate of 3% (Oval Limited).

Although actual experience upon the ultimate disposition of the claims may vary from this estimate, the self-insurance fund assets of \$197,629 (which primarily consist of bond and equity funds, money market funds and U.S. treasury notes) are more than the recorded liability at June 30, 2022, and the surplus of \$109,123 is included in unrestricted net position.

## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

At June 30, 2021, the anticipated future payments on gross claims was estimated at its present value of \$54,118 discounted at an estimated rate of 3% (university funds) and an additional \$20,179 discounted at an estimated rate of 3% (Oval Limited). The self-insurance fund assets of \$222,299 (which primarily consist of bond and equity funds, money market funds and U.S. treasury notes) were more than the recorded liability at June 30, 2021, and the surplus of \$148,002 was included in unrestricted net position.

### Employee Health Insurance

The university is also self-insured for employee health insurance. As of June 30, 2022 and 2021, \$42,100 and \$46,332, respectively is recorded as a liability relating to both claims received but not paid and estimates of claims incurred but not yet reported.

### Workers' Compensation

Effective January 1, 2013, the university became self-insured for workers' compensation. As of June 30, 2022 and 2021, respectively, \$17,073 and \$17,122, are recorded as a liability relating to both claims received but not paid and estimates of claims incurred but not yet reported.

Changes in reported self-insurance liabilities for the primary institution since June 30, 2020 result from the following activities:

	Malpractice		Health		Workers' Compensation	
	2022	2021	2022	2021	2022	2021
Liability at beginning of fiscal year	\$ 74,297	\$ 76,166	\$ 46,332	\$ 32,583	\$ 17,122	\$ 18,102
Current year provision for losses	18,683	1,977	419,002	416,109	5,026	5,355
Claim payments	(4,475)	(3,846)	(423,234)	(402,360)	(5,074)	(6,335)
Balance at fiscal year end	\$ 88,505	\$ 74,297	\$ 42,100	\$ 46,332	\$ 17,073	\$ 17,122

## NOTE 9 — DEBT

The university may finance the construction, renovation and acquisition of certain facilities through the issuance of debt obligations, which include general receipts bonds, special purpose receipts bonds, capital lease obligations, and other borrowings.



**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

Debt activity for the primary institution for the year ended June 30, 2022 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<b>Direct Borrowings and Direct Placements - Notes:</b>					
WOSU	\$ 1,508	\$ -	\$ 159	\$ 1,349	\$ 159
OH Air Quality Note Series A	1,338	-	440	898	447
OH Air Quality Note Series B	2,340	-	-	2,340	-
St. Stephens Church Note	2,401	-	93	2,308	98
<b>Direct Borrowings and Direct Placements - Other:</b>					
Financed Equipment Purchases	1,115	-	1,115	-	-
Ohio State Energy Partners	235,869	150,843	12,172	374,540	18,754
<b>General Receipts Bonds - Fixed Rate:</b>					
2010C, due 2040	654,785	-	-	654,785	-
2010D, due serially through 2032	79,990	-	11,675	68,315	9,640
2011, due 2111	500,000	-	-	500,000	-
2012A, due 2030	41,440	-	8,190	33,250	8,425
2012B, due serially through 2033	8,985	-	1,575	7,410	1,610
2014A, due serially through 2044	121,560	-	2,825	118,735	2,970
2016A, due in 2046 and 2056	600,000	-	-	600,000	-
2016B, due serially through 2030	16,130	-	1,465	14,665	1,550
2017, due serially through 2028	55,595	-	7,640	47,955	7,955
2020A, due serially through 2030	185,995	-	7,195	178,800	23,975
2021A, due serially through 2052	-	600,000	-	600,000	9,415
<b>Special Purpose General Receipts Bonds - Fixed Rate:</b>					
2013A, due 2043	337,955	-	-	337,955	10,195
<b>General Receipts Bonds - Variable Rate:</b>					
1997, due serially through 2027	1,700	-	1,700	-	-
1999B1, due serially through 2029	820	-	820	-	-
2001, due serially through 2032	3,450	-	3,450	-	-
2008B, due serially through 2028	9,000	-	9,000	-	-
2010E, due serially through 2035	125,000	-	-	125,000	125,000
2014B, due serially through 2044	150,000	-	-	150,000	150,000
<b>Unamortized Bond Premiums</b>	105,130	118,541	12,378	211,293	-
Total outstanding debt, excluding lease liabilities	\$ 3,242,106	\$ 869,384	\$ 81,892	\$ 4,029,598	\$ 370,193
Lease liabilities (Note 11)				68,584	14,265
Total outstanding debt as reported in the statement of net position				\$ 4,098,182	\$ 384,458

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

Debt activity for the primary institution for the year ended June 30, 2021 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<b>Direct Borrowings and Direct Placements - Notes:</b>					
WOSU	\$ 1,667	\$ -	\$ 159	\$ 1,508	\$ 159
OH Air Quality Note Series A	1,771	-	433	1,338	440
OH Air Quality Note Series B	2,340	-	-	2,340	-
St. Stephens Church Note	2,489	-	88	2,401	93
<b>Direct Borrowings and Direct Placements - Other:</b>					
Financed Equipment Purchases	2,974	-	1,858	1,115	1,115
Ohio State Energy Partners	141,932	101,507	7,570	235,869	12,148
<b>General Receipts Bonds - Fixed Rate:</b>					
2010A, due serially through 2020	6,125	-	6,125	-	-
2010C, due 2040	654,785	-	-	654,785	-
2010D, due serially through 2032	84,625	-	4,635	79,990	11,675
2011, due 2111	500,000	-	-	500,000	-
2012A, due 2030	49,310	-	7,870	41,440	8,190
2012B, due 2033	10,525	-	1,540	8,985	1,575
2014A, due serially through 2044	124,250	-	2,690	121,560	2,825
2016A, due serially through 2111	600,000	-	-	600,000	-
2016B, due serially through 2030	17,535	-	1,405	16,130	1,465
2017, due serially through 2028	62,915	-	7,320	55,595	7,640
2020A, due serially through 2030	185,995	-	-	185,995	7,195
<b>Special Purpose General Receipts Bonds - Fixed Rate:</b>					
2013A, due 2043	337,955	-	-	337,955	-
<b>General Receipts Bonds - Variable Rate:</b>					
1997, due serially through 2027	3,350	-	1,650	1,700	1,700
1999B1, due serially through 2029	1,640	-	820	820	820
2001, due serially through 2032	6,765	-	3,315	3,450	3,450
2003C, due serially through 2031	5,190	-	5,190	-	-
2005B, due serially through 2035	8,120	-	8,120	-	-
2008B, due serially through 2028	17,650	-	8,650	9,000	9,000
2010E, due serially through 2035	125,000	-	-	125,000	125,000
2014B, due serially through 2044	150,000	-	-	150,000	150,000
<b>Unamortized Bond Premiums</b>	114,545	-	9,415	105,130	-
Total outstanding debt, excluding lease liabilities	\$ 3,219,453	\$ 101,507	\$ 78,853	\$ 3,242,106	\$ 344,490
Lease liabilities (Note 11)				78,019	15,473
Total outstanding debt as reported in the statement of net position				\$ 3,320,125	\$ 359,963

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

Debt activity for the discretely presented component units for the year ended June 30, 2022 is as follows:

	Discretely Presented Component Units				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<b>Direct Borrowings and Direct Placements:</b>					
OSU Physicians - Series 2013 Health Care					
Facilities Revenue Bond, due through 2035	\$ 10,754	\$ -	\$ 1,117	\$ 9,637	\$ 629
OSU Physicians - Term Loan Payable, due 2023	558	-	284	274	267
TRC Ohio Development Service Agency Note Payable	4,216	-	318	3,898	322
SciTech - Credit Facility	252	-	168	84	84
Campus Partners PPP Loan	276	-	276	-	-
Campus Partners EIDL Loan	150	-	150	-	-
Campus Partners Finance Fund Loan	44	-	44	-	-
Financed Equipment Purchases	115	-	17	98	51
Total outstanding debt, excluding lease liabilities	\$ 16,365	\$ -	\$ 2,374	\$ 13,991	\$ 1,353
Lease liabilities (Note 11)				20,435	2,126
Total outstanding debt as reported in the statement of net position				\$ 34,426	\$ 3,479

Debt activity for the discretely presented component units for the year ended June 30, 2021 is as follows:

	Discretely Presented Component Units				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<b>Direct Borrowings and Direct Placements:</b>					
OSU Physicians - Series 2013 Health Care					
Facilities Revenue Bond, due through 2035	\$ 11,340	\$ -	\$ 586	\$ 10,754	\$ 601
OSU Physicians - Term Loan Payable, due 2023	837	-	279	558	284
TRC Ohio Development Service Agency Note Payable	4,454	-	238	4,216	318
SciTech - Project Notes Series 2001	340	-	340	-	-
SciTech - Credit Facility	419	-	167	252	167
Campus Partners PPP Loan	288	266	278	276	-
Campus Partners EIDL Loan	160	-	10	150	4
Campus Partners Finance Fund Loan	59	-	15	44	30
Financed Equipment Purchases	-	152	37	115	51
Total outstanding debt, excluding lease liabilities	\$ 17,897	\$ 418	\$ 1,950	\$ 16,365	\$ 1,455
Lease liabilities (Note 11)				15,517	1,231
Total outstanding debt as reported in the statement of net position				\$ 31,882	\$ 2,686

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

Debt obligations are generally callable by the university, bear interest at fixed and variable rates ranging from 0% to 6% and mature at various dates through 2111. Maturities and interest on debt obligations for the next five years and in five-year periods for the primary institution are as follows:

	Primary Institution					
	Bonds			Direct Borrowings and Direct Placements		
	Principal	Interest		Principal	Interest	Total
2023	\$ 350,735	\$ 142,395		\$ 19,458	\$ 28,205	\$ 540,793
2024	70,670	136,265		19,469	26,791	253,195
2025	72,040	132,765		19,020	25,380	249,205
2026	59,580	129,337		19,026	23,973	231,916
2027	62,820	126,546		19,031	22,566	230,963
2028-2032	286,235	589,465		92,034	91,681	1,059,415
2033-2037	199,755	536,151		81,455	59,930	877,291
2038-2042	900,505	421,725		72,770	30,145	1,425,145
2043-2047	527,895	269,769		39,172	7,762	844,598
2048-2052	156,635	181,531		-	-	338,166
2053-2057	250,000	165,540		-	-	415,540
2058-2062	-	120,000		-	-	120,000
2063-2067	-	120,000		-	-	120,000
2068-2072	-	120,000		-	-	120,000
2073-2077	-	120,000		-	-	120,000
2078-2082	-	120,000		-	-	120,000
2083-2087	-	120,000		-	-	120,000
2088-2092	-	120,000		-	-	120,000
2093-2197	-	120,000		-	-	120,000
2098-2102	-	120,000		-	-	120,000
2103-2107	-	120,000		-	-	120,000
2108-2112	500,000	96,000		-	-	596,000
	<u>\$ 3,436,870</u>	<u>\$ 4,127,489</u>		<u>\$ 381,435</u>	<u>\$ 316,433</u>	<u>\$ 8,262,227</u>

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**

(dollars in thousands)

Maturities and interest on debt obligations for the next five years and in five-year periods for the discretely presented component units are as follows:

<b>Discretely Presented Component Units</b>			
<b>Direct Borrowings and Direct Placements</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 1,353	\$ 286	\$ 1,639
2024	1,017	260	1,277
2025	991	241	1,232
2026	1,011	220	1,231
2027	1,032	199	1,231
2028-2032	5,489	666	6,155
2033-2037	3,098	146	3,244
	<u>\$ 13,991</u>	<u>\$ 2,018</u>	<u>\$ 16,009</u>

General receipts bonds are backed by the unrestricted receipts of the university, excluding certain items as described in the bond indentures.

University bond indentures include provisions for Events of Default and Remedies. In general, if the university fails to pay any interest or principal when it is due and payable, the Trustee may, upon the request of the holders of at least 25% of the outstanding principal on the bonds, declare the principal and any accrued interest as immediately due and payable. For the Series 2013A Special Purpose General Receipts bonds, Events of Default also include failure to “set rates, charges and fees in each Fiscal Year so as to cause Special Purpose Pledged Revenues to be in an amount not less than 1.1 times the aggregate debt service for the then-current Fiscal Year on all Special Purpose General Receipts Obligations”.

The university’s private and direct placement debt consists primarily of long-term payables to Ohio State Energy Partners (OSEP) for capital improvements. The university’s Utility System Lease and Concession Agreement with OSEP includes Events of Default, including the failure to pay the Utility Fee. If the university fails to remedy the default as specified in the agreement, OSEP may terminate the agreement and require the university to pay OSEP the Utility System Concession Value as of the date of such termination. The Utility System Concession Value is defined as the fair market value of the Concessionaire Interest in the lease and concession agreement and would include principal and interest on any outstanding long-term payables to OSEP.

The outstanding bond indentures do not require mandatory reserves for future payment of principal and interest. However, the university has set aside \$397,157 for future debt service which is included in unrestricted net position.

## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

The university has defeased various bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The defeased bonds for the primary institution are as follows:

	Amount Defeased	Amount Outstanding at June 30, 2022
General Receipts Bonds:		
Series 2010D	3,710	2,995
	<u>\$ 3,710</u>	<u>\$ 2,995</u>

Neither the outstanding indebtedness nor the related trust account assets for the above bonds are included in the university's financial statements.

### Special-Purpose General Receipts Bonds

In January 2013, the university issued \$337,955 of Special Purpose General Receipts Bonds, Series 2013A. These bonds are solely payable from, and secured by, a pledge of the gross revenues of Special Purpose Revenue Facilities. Special Purpose Revenue Facilities are defined in the Series 2013 Supplement as all housing and dining facilities and such auxiliary facilities as shall constitute recreation facilities owned by the university. The bond indenture agreement includes a debt covenant, requiring the university "to set rates, charges and fees in each Fiscal Year so as to cause Special Purpose Pledged Revenues to be in an amount not less than 1.10 times the aggregate debt service for the then-current Fiscal Year on all Special Purpose General Receipts Obligations." At June 30, 2022, the university is in compliance with this covenant. Condensed financial information for the Special Purpose Revenue Facilities is provided in Note 22.

### Variable Rate Demand Bonds

Series 1997, 1999B1, 2001, 2008B, 2010E and 2014B variable rate demand bonds bear interest at rates based upon yield evaluations at par of comparable securities. The maximum interest rate allowable and the effective average interest rate from issue date to June 30, 2022 are as follows:

Series:	Interest Rate Not to Exceed	Effective Average Interest Rate
1997	12%	0.022%
1999B1	12%	0.028%
2001	12%	0.028%
2008B	12%	0.023%
2010E	8%	0.223%
2014B1	8%	0.218%
2014B2	8%	0.223%

## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

At the discretion of the university, the interest rate on the bonds can be converted to a fixed rate. The bonds may be redeemed by the university or sold by the bondholders to a remarketing agent appointed by the university at any time prior to conversion to a fixed rate at a price equal to the principal amount plus accrued interest.

The university's variable rate demand bonds mature at various dates through 2044. GASB Interpretation No. 1, *Demand Bonds Issued by State and Local Governmental Entities*, provides guidance on the statement of net position classification of these bonds. Under GASB Interpretation No. 1, outstanding principal balances on variable rate demand bonds may be classified as non-current liabilities if the issuer has entered into a "take-out agreement" to convert bonds "put" but not resold into some other form of long-term obligation. In the absence of such an agreement, the total outstanding principal balances for these bonds are required to be classified as current liabilities.

Although it is the university's intent to repay its variable rate demand bonds in accordance with the maturities set forth in the bond offering circulars, the university does not have "take-out agreements" in place per the GASB Interpretation No. 1 requirements. Accordingly, the university has classified the total outstanding principal balances on its variable rate demand bonds as current liabilities. The obligations totaled \$275,000 and \$289,970 at June 30, 2022 and 2021, respectively.

### NOTE 10 – DERIVATIVE INSTRUMENTS

In connection with the anticipated refunding of the university's Series 2013A Special Purpose General Receipts Bonds in June 2023, the university has entered into two forward-starting pay fixed/receive floating interest rate swap agreements to convert all or a portion of the associated variable rate debt (anticipated June 2023) to synthetic fixed rates to protect against the potential of rising interest rates.

The terms of the two agreements are summarized below (\$ in 1,000s):

	Notional Amount	University Pays	University Receives	Effective Date	Termination Date	Par Cancellation Option	Counterparty Credit Rating
Swap Agreement 1	\$ 164,400	1.188% Fixed Rate	Variable rate based on Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index	June 1, 2023	June 1, 2043	6/1/2035 at University's option	A1/A
Swap Agreement 2	\$ 164,400	1.264% Fixed Rate	Variable rate based on SIFMA Municipal Swap Index	June 1, 2023	June 1, 2043	6/1/2035 at University's option	Aa2/A+

The forward-starting pay fixed/receive floating interest rate swap agreements are considered effective hedging derivatives as of June 30, 2022. The fair value of these swaps generally represents the estimated amount that the university would pay to terminate the swap agreements at the statement of net position date taking into account market interest rates as of June 30, 2022. The valuation inputs used to determine the fair value of these instruments are considered Level 2, as they rely on observable inputs other than quoted market prices. The notional amount

## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

represents the underlying reference of the instrument and does not represent the amount of the university's settlement obligations.

Fair values, changes in fair value and financial classification of the swap agreements are summarized below:

Effective hedging derivatives: floating-to-fixed interest rate swaps	Amount	Financial Statement Classification
Fair Value as of June 30, 2022	\$ 50,479	Other non-current assets
Change in Fair Value for Year Ended June 30, 2022	\$ 38,181	Deferred inflows - other

Effective Hedging derivatives: floating-to-fixed interest rate swaps	Amount	Financial Statement Classification
Fair Value as of June 30, 2021	\$ 12,298	Other non-current assets
Change in Fair Value for Year Ended June 30, 2021	\$ 18,927	Deferred inflows - other

Using rates in effect as of June 30, 2022, the projected cash flows for the pay fixed/receive floating interest rate swaps deemed effective cash flow hedges, along with the debt service requirements of the associated variable rate debt (anticipated June 2023), are summarized as follows:

Primary Institution					
Fiscal Years	Variable Rate Bonds*		Swap		Total
	Principal	Interest	Payments, Net		Payments
2024	\$ -	\$ 2,992	\$ 1,368	\$	4,360
2025	-	2,992	1,368		4,360
2026	-	2,992	1,368		4,360
2027	-	2,992	1,368		4,360
2028-2032	74,945	14,068	6,429		95,442
2033-2037	110,820	9,561	4,369		124,750
2038-2042	118,415	4,383	2,003		124,801
2043	24,640	224	102		24,967
	\$ 328,820	\$ 40,205	\$ 18,375	\$	387,399

\* Variable rate bond interest based on 6/30/2022 SIFMA rate of 0.91%

### Hedging Derivative Instrument Risk Factors

By using derivative financial instruments to hedge exposure to changes in interest rates, the university is exposed to certain risk factors. A discussion of the risk factors applicable to the university's swaps and the steps that have been taken to mitigate each risk factor is presented below.



### **Termination Risk**

There is termination risk with pay fixed/receive floating interest rate swaps as the university or swap counterparty may terminate a swap if the other party fails to perform under the terms of the contract. The swaps also contain ratings-based termination provisions where a swap agreement may be terminated if the counterparty's or the university's General Receipts credit ratings fall below Baa2 or BBB. The university's swaps specify Market Quotation, Second Method as the method for determining the termination value. Additionally, the university holds a par cancellation option which enables the university to cancel the swap at no cost starting June 1, 2035. This option also acts to limit the calculation of negative fair value to just the years remaining between the termination date and the date of the par termination option, which in turn mitigates any potential termination payment which may be owed by the university.

### **Credit Risk**

Contracts with positive fair values to the university expose the university to credit risk to the extent the counterparty is unable to pay the termination value upon a Termination Event or an Event of Default. As a mitigant to this risk, the university's swaps include non-parallel collateral posting thresholds under which the counterparties must post collateral if the counterparties' ratings fall to the A+/A1 ratings category for fair values in excess of \$75 million, with that threshold declining at each lower ratings category until reaching a threshold of \$5 million at BBB/Baa2. No collateral had been posted at June 30, 2022.

## **NOTE 11 — LEASES**

### **University as Lessee**

The university is a lessee for various noncancellable leases of real estate and equipment. Lease assets are reported with capital assets and lease liabilities are reported with long-term debt in the Statement of Net Position. For leases between the primary institution and the university's discretely presented component units, the related lease receivables and payables are shown separately as amounts due to/from the primary institution in the Statement of Net Position. Transportation Research Center Inc., a discretely presented component unit of the university, entered into a Master Lease agreement and related subleases with Honda of America Manufacturing (HAM) and its affiliates which are considered lease-leaseback transactions under GASB Statement No. 87. In a lease-leaseback transaction, each party is both a lessor and lessee. Because each portion of the transaction is with the same counterparty, a right of offset exists. Lease receivables and deferred inflows associated with the HAM lease and subleases are netted against lease liabilities and lease assets for presentation in the Statement of Net Position.

## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

Intangible right-of-use asset activity for the primary institution for the year ended June 30, 2022 is summarized as follows:

	Primary Institution			
	Beginning Balance	Additions	Retirements	Ending Balance
Lease assets:				
Real estate	\$ 184,762	\$ -	\$ 1,610	\$ 183,152
Equipment	43,937	5,725	-	49,662
Total lease assets	228,699	5,725	1,610	232,814
Less accumulated amortization:				
Real estate	9,550	12,104	1,619	20,035
Equipment	9,683	10,247	-	19,930
Total accumulated amortization	19,233	22,351	1,619	39,965
Total lease assets, net	\$ 209,466	\$ (16,626)	\$ (9)	\$ 192,849

Intangible right-of-use asset activity for the primary institution for the year ended June 30, 2021 is summarized as follows:

	Primary Institution			
	Beginning Balance	Additions	Retirements	Ending Balance
Lease assets:				
Real estate	\$ 94,485	\$ 90,277	\$ -	\$ 184,762
Equipment	40,707	3,230	-	43,937
Total lease assets	135,192	93,507	-	228,699
Less accumulated amortization:				
Real estate	-	9,550	-	9,550
Equipment	-	9,683	-	9,683
Total accumulated amortization	-	19,233	-	19,233
Total lease assets, net	\$ 135,192	\$ 74,274	\$ -	\$ 209,466

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

Intangible right-of-use asset activity for the discretely presented component units for the year ended June 30, 2022 is summarized as follows:

Discretely Presented Component Units				
	Beginning Balance	Additions	Retirements	Ending Balance
Lease assets:				
Real estate	\$ 67,201	\$ 34,728	\$ -	\$ 101,929
Equipment	689	172	-	861
Total lease assets	67,890	34,900	-	102,790
Less accumulated amortization:				
Real estate	5,821	7,818	-	13,639
Equipment	137	204	-	341
Total accumulated amortization	5,958	8,022	-	13,980
Total lease assets, net	\$ 61,932	\$ 26,878	\$ -	\$ 88,810
Less: Lease assets netted against deferred inflows for lease-leaseback				\$ 13,124
Total lease assets, net, as presented on Statement of Net Position				\$ 75,686

Intangible right-of-use asset activity for the discretely presented component units for the year ended June 30, 2021 is summarized as follows:

Discretely Presented Component Units				
	Beginning Balance	Additions	Retirements	Ending Balance
Lease assets:				
Real estate	\$ 48,916	\$ 18,285	\$ -	\$ 67,201
Equipment	251	438	-	689
Total lease assets	49,167	18,723	-	67,890
Less accumulated amortization:				
Real estate	-	5,821	-	5,821
Equipment	-	137	-	137
Total accumulated amortization	-	5,958	-	5,958
Total lease assets, net	\$ 49,167	\$ 12,765	\$ -	\$ 61,932
Less: Lease assets netted against deferred inflows for lease-leaseback				\$ 13,905
Total lease assets, net, as presented on Statement of Net Position				\$ 48,027

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

Lease liability activity for the primary institution includes both leases with external parties and leases with discretely presented component units. Lease liability activity for the primary institution for the year ended June 30, 2022 is summarized as follows:

	Primary Institution					
	Beginning Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
Gross lease liabilities	\$ 149,105	\$ 3,447	\$ -	\$ 16,787	\$ 135,765	\$ 16,377
Less: Amounts due to discretely presented component units					(67,181)	
Lease liabilities with external parties (Note 9)					<u>\$ 68,584</u>	<u>\$ 14,265</u>

Lease liability activity for the primary institution for the year ended June 30, 2021 is summarized as follows:

	Primary Institution					
	Beginning Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
Gross lease liabilities	\$ 107,752	\$ 57,553	\$ -	\$ 16,200	\$ 149,105	\$ 16,580
Less: Amounts due to discretely presented component units					<u>\$ (71,086)</u>	
Lease liabilities with external parties (Note 9)					<u>\$ 78,019</u>	<u>\$ 15,473</u>

Lease liability activity for the discretely presented component units includes both leases with external parties and leases with the primary institution. Total lease liability activity for the discretely presented component units for the year ended June 30, 2022 is summarized as follows:

	Discretely Presented Component Units					
	Beginning Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
Gross lease liabilities	\$ 63,510	\$ 34,708	\$ -	\$ 4,791	\$ 93,427	\$ 6,458
Less: Lease liabilities netted against receivables for lease-leaseback					(13,815)	
Less: Amounts due to primary institution					<u>(59,177)</u>	
Lease liabilities with external parties, net (Note 9)					<u>\$ 20,435</u>	<u>\$ 2,126</u>

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

Lease liability activity for the discretely presented component units for the year ended June 30, 2021 is summarized as follows:

	Discretely Presented Component Units					
	Beginning Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
Gross lease liabilities	\$ 49,167	\$ 19,913	\$ -	\$ 5,570	\$ 63,510	\$ 4,885
Less: Lease liabilities netted against receivables for lease-leaseback					(14,338)	
Less: Amounts due to primary institution					(33,655)	
Lease liabilities with external parties, net (Note 9)					<u>\$ 15,517</u>	<u>\$ 1,231</u>

Future annual lease payments for the primary institution are as follows:

Year Ending June 30,	Primary Institution		
	Principal	Interest	Total
2023	\$ 16,377	\$ 5,550	\$ 21,927
2024	11,536	5,078	16,614
2025	7,972	4,759	12,731
2026	4,294	4,531	8,825
2027	3,462	4,372	7,834
2028-2032	14,528	19,881	34,409
2033-2037	16,565	16,316	32,881
2038-2042	15,082	12,636	27,718
2043-2047	19,700	8,632	28,332
2048-2052	21,189	3,286	24,475
2053-2057	3,057	744	3,801
2058-2062	1,012	356	1,368
2063-2067	990	93	1,083
	<u>\$ 135,764</u>	<u>\$ 86,234</u>	<u>\$ 221,998</u>

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

Future annual lease payments for the discretely presented component units are as follows:

Year Ending June 30,	Discretely Presented Component Units		
	Principal	Interest	Total
2023	\$ 6,458	\$ 3,932	\$ 10,390
2024	5,665	3,693	9,358
2025	6,162	3,455	9,617
2026	7,993	3,143	11,136
2027	6,960	2,824	9,784
2028-2032	33,519	9,390	42,909
2033-2037	16,890	3,992	20,882
2038-2042	9,780	816	10,596
	<u>\$ 93,427</u>	<u>\$ 31,245</u>	<u>\$ 124,672</u>

**University as Lessor**

The university is lessor for various noncancellable leases of real estate. Lease-related revenues recognized by the primary institution and the discretely presented component units for the years ended June 30, 2022 and 2021 are as follows:

	Primary Institution		Discretely Presented Component Units	
	2022	2021	2022	2021
Lease revenue	\$ 9,550	\$ 7,750	\$ 13,057	\$ 10,155
Interest revenue	4,096	2,809	4,415	2,084
	<u>\$ 13,646</u>	<u>\$ 10,559</u>	<u>\$ 17,472</u>	<u>\$ 12,239</u>

**NOTE 12 — COMPENSATED ABSENCES**

University employees earn vacation and sick leave on a monthly basis.

Classified civil service employees may accrue vacation benefits up to a maximum of three years credit. Administrative and professional staff and faculty may accrue vacation benefits up to a maximum of 240 hours. For all classes of employees, any earned but unused vacation benefit is payable upon termination.

Sick leave may be accrued without limit. However, earned but unused sick leave benefits are payable only upon retirement from the university with ten or more years of service with the state. The amount of sick leave benefit payable at retirement is one fourth of the value of the accrued but unused sick leave up to a maximum of 240 hours.

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

The university accrues sick leave liability for those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible to receive such payments. This liability is calculated using the “termination payment method” which is set forth in Appendix C, Example 4 of the GASB Statement No. 16, *Accounting for Compensated Absences*. Under the termination method, the university calculates a ratio, Sick Leave Termination Cost per Year Worked, that is based on the university’s actual historical experience of sick leave payouts to terminated employees. This ratio is then applied to the total years-of-service for current employees.

Certain employees of the university (mostly classified civil service employees) receive compensation time in lieu of overtime pay. Any unused compensation time must be paid to the employee at termination or retirement.

**NOTE 13 — OTHER LIABILITIES**

Other liability activity for the primary institution for the year ended June 30, 2022 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 238,720	\$ 31,143	\$ 33,179	\$ 236,684	\$ 33,179
Self-insurance accruals	137,751	442,710	432,783	147,678	47,181
Amounts due to third party payors	119,790	3,052	17,183	105,659	18,353
Irrevocable split-interest agreements	39,592	1,415	5,419	35,588	3,264
Refundable advances for Federal Perkins loans	26,004	-	2,766	23,238	-
Other noncurrent liabilities	283,646	-	7,301	276,345	-
Other current liabilities	1,236	-	1,224	12	12
	<u>\$ 846,739</u>	<u>\$ 478,320</u>	<u>\$ 499,855</u>	<u>\$ 825,204</u>	<u>\$ 101,989</u>

Other liability activity for the primary institution for the year ended June 30, 2021 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 225,561	\$ 37,451	\$ 24,292	\$ 238,720	\$ 24,292
Self-insurance accruals	126,851	423,441	412,541	137,751	52,668
Amounts due to third party payors	110,819	12,337	3,366	119,790	29,387
Irrevocable split-interest agreements	35,117	8,130	3,655	39,592	3,264
Refundable advances for Federal Perkins loans	29,695	-	3,690	26,005	-
Other noncurrent liabilities	104,255	190,039	10,651	283,643	-
Other current liabilities	316	1,236	316	1,236	1,236
	<u>\$ 632,614</u>	<u>\$ 672,634</u>	<u>\$ 458,511</u>	<u>\$ 846,737</u>	<u>\$ 110,847</u>

**NOTE 14 — OPERATING EXPENSES BY OBJECT**

In accordance with requirements set forth by the Ohio Board of Regents, the university reports operating expenses by functional classification on the Statement of Revenues, Expenses and

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

Changes in Net Position. Operating expenses by object for the primary institution for the years ended June 30, 2022 and 2021 are summarized as follows:

**Year Ended June 30, 2022**

	Primary Institution				
	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 871,372	\$ 155,824	\$ -	\$ -	\$ 1,027,196
Separately budgeted research	286,811	215,664	-	-	502,475
Public service	73,332	74,568	-	-	147,900
Academic support	150,381	84,989	-	-	235,370
Student services	69,080	17,265	-	-	86,345
Institutional support	178,027	83,321	-	-	261,348
Operation and maintenance of plant	38,936	88,358	-	-	127,294
Scholarships and fellowships	9,685	2,681	151,727	-	164,093
Auxiliary enterprises	140,990	210,564	-	-	351,554
OSU Health System	1,466,625	1,770,310	-	-	3,236,935
Depreciation	-	-	-	494,360	494,360
Total operating expenses	\$ 3,285,239	\$ 2,703,544	\$ 151,727	\$ 494,360	\$ 6,634,870

**Year Ended June 30, 2021**

	Primary Institution				
	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 859,138	\$ 98,366	\$ -	\$ -	\$ 957,504
Separately budgeted research	258,895	177,991	-	-	436,886
Public service	60,829	78,736	-	-	139,565
Academic support	119,728	70,369	-	-	190,097
Student services	40,796	11,290	-	-	52,086
Institutional support	165,206	55,469	-	-	220,675
Operation and maintenance of plant	6,714	88,958	-	-	95,672
Scholarships and fellowships	8,227	4,054	133,906	-	146,187
Auxiliary enterprises	88,875	117,053	-	-	205,928
OSU Health System	936,366	1,792,012	-	-	2,728,378
Depreciation	-	-	-	460,478	460,478
Total operating expenses	\$ 2,544,774	\$ 2,494,298	\$ 133,906	\$ 460,478	\$ 5,633,456

**NOTE 15 — RETIREMENT PLANS**

University employees are covered by one of three retirement systems. The university faculty is covered by the State Teachers Retirement System of Ohio (STRS Ohio). Substantially all other employees are covered by the Public Employees Retirement System of Ohio (OPERS). Employees may opt out of STRS Ohio and OPERS and participate in the Alternative Retirement Plan (ARP) if they meet certain eligibility requirements.



## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

STRS Ohio and OPERS are cost-sharing multiple-employer defined benefit pension plans. STRS Ohio and OPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. In addition, the retirement systems provide other post-employment benefits (OPEB), consisting primarily of healthcare. Benefits are established by state statute and are calculated using formulas that include years of service and final average salary as factors.

Employers participating in cost-sharing multiple-employer plans are required to recognize a proportionate share of the collective net pension and OPEB liabilities of the plans. Although changes in the net pension and OPEB liabilities generally are recognized as expense in the current period, certain items are 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 (except for contributions subsequent to the measurement date) are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 3 to 10 years).

### Defined Benefit Pension and OPEB Plans – Year Ended June 30, 2022

The collective net pension liabilities of the retirement systems and the university's proportionate share of these liabilities as of June 30, 2022 are as follows:

	STRS-Ohio	OPERS	Total
Net pension liability - all employers	\$ 12,785,899	\$ 8,288,243	
Proportion of the net pension liability - university	5.0%	10.4%	
Proportionate share of net pension liability	\$ 638,605	\$ 859,188	\$ 1,497,793

The collective net OPEB assets of the retirement systems and the university's proportionate share of these assets as of June 30, 2022 are as follows:

	STRS-Ohio	OPERS	Total
Net OPEB (asset) liability - all employers	\$ (2,108,418)	\$ (3,132,153)	
Proportion of the net OPEB (asset) liability - university	5.0%	10.7%	
Proportionate share of net OPEB (asset) liability	\$ (105,307)	\$ (335,820)	\$ (441,127)

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2022:

	STRS-Ohio	OPERS	Total
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$ 19,730	\$ 49,339	\$ 69,069
Changes in assumptions	177,160	117,455	294,615
Changes in proportion of university contributions	2,429	2,254	4,683
University contributions subsequent to the measurement date	90,864	125,132	215,996
<b>Total</b>	<b>\$ 290,183</b>	<b>\$ 294,180</b>	<b>\$ 584,363</b>
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$ 4,003	\$ 26,144	\$ 30,147
Net difference between projected and actual earnings on pension plan investments	550,355	1,100,745	1,651,100
Changes in proportion of university contributions	-	70	70
<b>Total</b>	<b>\$ 554,358</b>	<b>\$ 1,126,959</b>	<b>\$ 1,681,317</b>

Deferred outflows of resources and deferred inflows of resources for OPEB were related to the following sources as of June 30, 2022:

	STRS-Ohio	OPERS	Total
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$ 3,750	\$ -	\$ 3,750
Changes in assumptions	6,727	-	6,727
Changes in proportion of university contributions	94	974	1,068
<b>Total</b>	<b>\$ 10,571</b>	<b>\$ 974</b>	<b>\$ 11,545</b>
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$ 19,294	\$ 50,642	\$ 69,936
Changes in assumptions	62,823	135,156	197,979
Net difference between projected and actual earnings on pension plan investments	29,189	159,719	188,908
<b>Total</b>	<b>\$ 111,306</b>	<b>\$ 345,517</b>	<b>\$ 456,823</b>

Amounts reported as deferred outflows of resources related to pensions resulting from university contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows

## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ending June 30 as follows:

	<b>STRS-Ohio</b>	<b>OPERS</b>	<b>Total</b>
2023	\$ (88,300)	\$ (150,384)	\$ (238,684)
2024	(76,240)	(373,497)	(449,737)
2025	(82,238)	(258,778)	(341,016)
2026	(108,260)	(175,669)	(283,929)
2027	-	(63)	(63)
2028 and Thereafter	-	479	479
<b>Total</b>	<b>\$ (355,038)</b>	<b>\$ (957,912)</b>	<b>\$ (1,312,950)</b>

Net deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense during the years ending June 30 as follows:

	<b>STRS-Ohio</b>	<b>OPERS</b>	<b>Total</b>
2023	\$ (28,266)	\$ (213,312)	\$ (241,578)
2024	(27,561)	(73,337)	(100,898)
2025	(27,140)	(34,902)	(62,042)
2026	(12,914)	(22,994)	(35,908)
2027	(4,664)	-	(4,664)
2028 and Thereafter	(188)	-	(188)
<b>Total</b>	<b>\$ (100,733)</b>	<b>\$ (344,545)</b>	<b>\$ (445,278)</b>

The following table provides additional details on the benefit formulas, contribution requirements and significant assumptions used in the measurement of total pension and OPEB liabilities for the retirement systems for the year ended June 30, 2022 (information below applies to both pensions and OPEB unless otherwise indicated).

	<b>STRS-Ohio</b>	<b>OPERS</b>
<b>Statutory Authority</b>	Ohio Revised Code Chapter 3307	Ohio Revised Code Chapter 145

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

<p><b>Benefit Formula</b></p>	<p><b>Pensions</b> -- The annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until Aug. 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until Aug. 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.</p> <p><b>OPEB</b> – STRS Ohio provides access to health care coverage for eligible retirees who participated in the Defined Benefit or Combined Plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and partial reimbursement of the monthly Medicare Part B premiums. Pursuant to the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Benefit recipients contributed \$254.0 million or 58% of the total health care costs in fiscal 2021 (excluding deductibles, coinsurance and copayments).</p> <p>Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage. For the year ended June 30, 2021, STRS Ohio received \$96.5 million in Medicare Part D reimbursements.</p>	<p><b>Pensions</b> -- Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with five years of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with five years of service. For Groups A and B, the annual benefit is based on 2.2% of FAS multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.</p> <p><b>OPEB</b> – The Ohio Revised Code permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector, and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees included hospitalization, medical expenses and prescription drugs through December 31, 2021. The System determines</p>
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# Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

	STRS-Ohio	OPERS
		<p>the amount, if any, of the associated health care costs that will be absorbed by the System and attempted to control costs by using managed care, case management, and other programs. Effective January 1, 2022, eligible non-Medicare retirees are part of a Connector program, similar to Medicare-enrolled retirees. Additional details on health care coverage can be found in the Plan Statement in the annual report.</p> <p>OPERS no longer participates in the Medicare Part D program as of December 31, 2016.</p>
<b>Cost-of-Living Adjustments (COLAs)</b>	Effective July 1, 2017, the COLA was reduced to 0%.	Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, current law provides for an annual COLA. The COLA is calculated on the member's base pension benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan receive a COLA on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, current law provides for a 3% COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%.
<b>Contribution Rates</b>	Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14% and the statutory member rate is 14% of covered payroll. Under Ohio law, funds to pay health care costs may be deducted from employer contributions. For the year ended June 30, 2021, no employer allocation was made to the health care fund.	Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2019, employer rates for the State and Local Divisions were 14% of covered payroll (and 18.1% for the Law Enforcement and Public Safety Divisions). Member rates for the State and Local Divisions were 10% of covered payroll (13% for Law Enforcement and 12% for Public Safety).
<b>Measurement Date</b>	June 30, 2021	December 31, 2021 (OPEB is rolled forward from December 31, 2020 actuarial valuation date)

# Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

	STRS-Ohio	OPERS
<b>Actuarial Assumptions</b>	<p><b>Valuation Date:</b> June 30, 2021 for pensions and OPEB</p> <p><b>Actuarial Cost Method:</b> Individual entry age</p> <p><b>Investment Rate of Return:</b> 7.00%</p> <p><b>Inflation:</b> 2.50%</p> <p><b>Projected Salary Increases:</b> 12.50% at age 20 to 2.50% at age 65</p> <p><b>Cost-of-Living Adjustments:</b> 0% effective July 1, 2017</p> <p><b>Payroll Increases:</b> 3.00%</p> <p><b>Health Care Cost Trends:</b> 5.00% to 29.98% initial; 4% ultimate</p>	<p><b>Valuation Date:</b> December 31, 2021 for pensions; December 31, 2020 for OPEB</p> <p><b>Actuarial Cost Method:</b> Individual entry age</p> <p><b>Investment Rate of Return:</b> 6.9% for pensions; 6.0% for OPEB</p> <p><b>Inflation:</b> 2.75%</p> <p><b>Projected Salary Increases:</b> 2.75% - 10.75%</p> <p><b>Cost-of-Living Adjustments:</b> Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 3.00% Simple through 2022, then 2.05% Simple</p> <p><b>Health Care Cost Trends:</b> 5.50% initial; 3.50% ultimate in 2034</p>
<b>Mortality Rates</b>	<p>Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.</p>	<p>Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.</p>
<b>Date of Last Experience Study</b>	June 30, 2016	December 31, 2020

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

	STRS-Ohio	OPERS																																																																											
<b>Investment Return Assumptions</b>	<p>The 10 year expected real rate of return on defined benefit pension and health care plan investments was determined by STRS Ohio's investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and long-term expected real rate of return for each major asset class are summarized as follows:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Domestic Equity</td><td>28.0%</td><td>7.35%</td></tr> <tr> <td>International Equity</td><td>23.0%</td><td>7.55%</td></tr> <tr> <td>Alternatives</td><td>17.0%</td><td>7.09%</td></tr> <tr> <td>Fixed Income</td><td>21.0%</td><td>3.00%</td></tr> <tr> <td>Real Estate</td><td>10.0%</td><td>6.00%</td></tr> <tr> <td>Liquidity Reserves</td><td>1.0%</td><td>2.25%</td></tr> <tr> <td><b>Total</b></td><td><b>100%</b></td><td></td></tr> </table> <p>* Returns presented as geometric means</p>	Asset Class	Target Allocation	Long Term Expected Return*	Domestic Equity	28.0%	7.35%	International Equity	23.0%	7.55%	Alternatives	17.0%	7.09%	Fixed Income	21.0%	3.00%	Real Estate	10.0%	6.00%	Liquidity Reserves	1.0%	2.25%	<b>Total</b>	<b>100%</b>		<p>The long term expected rates of return on defined benefit pension and health care investment assets were determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.</p> <p>The following table displays the Board-approved asset allocation policy for defined benefit pension assets for 2021 and the long-term expected real rates of return:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Fixed Income</td><td>24.0%</td><td>1.03%</td></tr> <tr> <td>Domestic Equities</td><td>21.0%</td><td>3.78%</td></tr> <tr> <td>Real Estate</td><td>11.0%</td><td>3.66%</td></tr> <tr> <td>Private Equity</td><td>12.0%</td><td>7.43%</td></tr> <tr> <td>International Equities</td><td>23.0%</td><td>4.88%</td></tr> <tr> <td>Risk Parity</td><td>5.0%</td><td>2.92%</td></tr> <tr> <td>Other Investments</td><td>4.0%</td><td>2.85%</td></tr> <tr> <td><b>Total</b></td><td><b>100.0%</b></td><td></td></tr> </table> <p>* Returns presented as geometric means</p> <p>The following table displays the Board-approved asset allocation policy for health care assets for 2021 and the long-term expected real rates of return:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Fixed Income</td><td>34.0%</td><td>0.91%</td></tr> <tr> <td>Domestic Equities</td><td>25.0%</td><td>3.78%</td></tr> <tr> <td>REITs</td><td>7.0%</td><td>3.71%</td></tr> <tr> <td>International Equities</td><td>25.0%</td><td>4.88%</td></tr> <tr> <td>Risk Parity</td><td>2.0%</td><td>2.92%</td></tr> <tr> <td>Other Investments</td><td>7.0%</td><td>1.93%</td></tr> <tr> <td><b>Total</b></td><td><b>100.0%</b></td><td></td></tr> </table> <p>* Returns presented as geometric means</p>	Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	24.0%	1.03%	Domestic Equities	21.0%	3.78%	Real Estate	11.0%	3.66%	Private Equity	12.0%	7.43%	International Equities	23.0%	4.88%	Risk Parity	5.0%	2.92%	Other Investments	4.0%	2.85%	<b>Total</b>	<b>100.0%</b>		Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	34.0%	0.91%	Domestic Equities	25.0%	3.78%	REITs	7.0%	3.71%	International Equities	25.0%	4.88%	Risk Parity	2.0%	2.92%	Other Investments	7.0%	1.93%	<b>Total</b>	<b>100.0%</b>	
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**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

<p><b>Discount Rate</b></p>	<p><b>Pensions</b> -- The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.</p> <p><b>OPEB</b> -- The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2021.</p>	<p><b>Pensions</b> -- The discount rate used to measure the total pension liability was 6.9% for the Traditional Pension Plan, the Combined Plan and the Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.</p> <p><b>OPEB</b> -- A single discount rate of 6.00% was used to measure the OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period</p>
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# Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

	STRS-Ohio	OPERS												
		through which projected health care payments are fully funded.												
<b>Changes in Assumptions Since the Prior Measurement Date</b>	<p><b>Pensions</b> – The discount rate was adjusted to 7.00% from 7.45% for the June 30, 2021 valuation.</p> <p><b>OPEB</b> – The discount rate was adjusted to 7.00% from 7.45% for the June 30, 2021 valuation.</p>	<p><b>Pensions</b> – The discount rate was adjusted to 6.90% from 7.20% for the December 31, 2021 valuation.</p> <p><b>OPEB</b> – There were no changes in assumptions since the prior measurement date of December 31, 2019.</p>												
<b>Benefit Term Changes Since the Prior Measurement Date</b>	<p><b>Pensions</b> – There were no changes in benefit terms since the prior measurement date of June 30, 2020.</p> <p><b>OPEB</b> -- The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.</p>	<p><b>Pensions</b> – There were no changes in benefit terms since the prior measurement date of December 31, 2020.</p> <p><b>OPEB</b> – On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees.</p>												
<b>Sensitivity of Net Pension Liability to Changes in Discount Rate</b>	<table> <tr> <th>1% Decrease (6.00%)</th><th>Current Rate (7.00%)</th><th>1% Increase (8.00%)</th></tr> <tr> <td>\$ 1,195,868</td><td>\$ 638,605</td><td>\$ 167,719</td></tr> </table>	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)	\$ 1,195,868	\$ 638,605	\$ 167,719	<table> <tr> <th>1% Decrease (5.90%)</th><th>Current Rate (6.90%)</th><th>1% Increase (7.90%)</th></tr> <tr> <td>\$ 2,345,870</td><td>\$ 859,188</td><td>\$ (377,346)</td></tr> </table>	1% Decrease (5.90%)	Current Rate (6.90%)	1% Increase (7.90%)	\$ 2,345,870	\$ 859,188	\$ (377,346)
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<b>Sensitivity of Net OPEB Liability (Asset) to Changes in Discount Rate</b>	<table> <tr> <th>1% Decrease (6.00%)</th><th>Current Rate (7.00%)</th><th>1% Increase (8.00%)</th></tr> <tr> <td>\$ (88,863)</td><td>\$ (105,307)</td><td>\$ (119,044)</td></tr> </table>	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)	\$ (88,863)	\$ (105,307)	\$ (119,044)	<table> <tr> <th>1% Decrease (5.00%)</th><th>Current Rate (6.00%)</th><th>1% Increase (7.00%)</th></tr> <tr> <td>\$ (197,503)</td><td>\$ (335,820)</td><td>\$ (450,655)</td></tr> </table>	1% Decrease (5.00%)	Current Rate (6.00%)	1% Increase (7.00%)	\$ (197,503)	\$ (335,820)	\$ (450,655)
1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)												
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\$ (197,503)	\$ (335,820)	\$ (450,655)												
<b>Sensitivity of Net OPEB Liability (Asset) to Changes in Medical Trend Rate</b>	<table> <tr> <th>1% Decrease in Trend Rate</th><th>Current Trend Rate</th><th>1% Increase in Trend Rate</th></tr> <tr> <td>\$ (118,487)</td><td>\$ (105,307)</td><td>\$ (89,009)</td></tr> </table>	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate	\$ (118,487)	\$ (105,307)	\$ (89,009)	<table> <tr> <th>1% Decrease in Trend Rate</th><th>Current Trend Rate</th><th>1% Increase in Trend Rate</th></tr> <tr> <td>\$ (339,466)</td><td>\$ (335,820)</td><td>\$ (331,531)</td></tr> </table>	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate	\$ (339,466)	\$ (335,820)	\$ (331,531)
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1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate												
\$ (339,466)	\$ (335,820)	\$ (331,531)												

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

**Defined Benefit Pension and OPEB Plans – Year Ended June 30, 2021**

The collective net pension liabilities of the retirement systems and the university's proportionate share of these liabilities as of June 30, 2021 are as follows:

	STRS-Ohio	OPERS	Total
Net pension liability - all employers	\$ 24,196,442	\$ 14,500,930	
Proportion of the net pension liability - university	4.9%	10.4%	
Proportionate share of net pension liability	\$ 1,175,835	\$ 1,503,497	\$ 2,679,333

The collective net OPEB assets of the retirement systems and the university's proportionate share of these assets as of June 30, 2021 are as follows:

	STRS-Ohio	OPERS	Total
Net OPEB (asset) liability - all employers	\$ (1,757,498)	\$ (1,781,580)	
Proportion of the net OPEB (asset) liability - university	4.9%	10.7%	
Proportionate share of net OPEB (asset) liability	\$ (85,406)	\$ (189,776)	\$ (275,182)

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2021:

	STRS-Ohio	OPERS	Total
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$ 2,638	\$ 1,579	\$ 4,217
Changes in assumptions	63,120	2,577	65,697
Net difference between projected and actual earnings on pension plan investments	57,181	-	57,181
Changes in proportion of university contributions	1,947	4,836	6,783
University contributions subsequent to the measurement date	87,064	118,738	205,802
<b>Total</b>	<b>\$ 211,950</b>	<b>\$ 127,730</b>	<b>\$ 339,680</b>
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$ 7,519	\$ 72,258	\$ 79,777
Net difference between projected and actual earnings on pension plan investments	-	602,692	602,692
Changes in proportion of university contributions	-	21	21
<b>Total</b>	<b>\$ 7,519</b>	<b>\$ 674,971</b>	<b>\$ 682,490</b>

## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

Deferred outflows of resources and deferred inflows of resources for OPEB were related to the following sources as of June 30, 2021:

	STRS-Ohio	OPERS	Total
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$ 5,472	\$ -	\$ 5,472
Changes in assumptions	1,410	91,112	92,522
Net difference between projected and actual earnings on OPEB plan investments	2,993	-	2,993
Changes in proportion of university contributions	119	3,076	3,195
<b>Total</b>	<b>\$ 9,994</b>	<b>\$ 94,188</b>	<b>\$ 104,182</b>
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$ 17,012	\$ 170,003	\$ 187,015
Changes in assumptions	81,122	307,493	388,615
Net difference between projected and actual earnings on pension plan investments	-	100,069	100,069
<b>Total</b>	<b>\$ 98,134</b>	<b>\$ 577,565</b>	<b>\$ 675,699</b>

Amounts reported as deferred outflows of resources related to pensions resulting from university contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ending June 30 as follows:

	STRS-Ohio	OPERS	Total
2022	\$ 39,364	\$ (245,432)	\$ (206,068)
2023	19,960	(91,050)	(71,090)
2024	32,020	(244,892)	(212,872)
2025	26,023	(83,567)	(57,544)
2026	-	(457)	(457)
2027 and Thereafter	-	(581)	(581)
<b>Total</b>	<b>\$ 117,367</b>	<b>\$ (665,979)</b>	<b>\$ (548,612)</b>

## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

Net deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense during the years ending June 30 as follows:

	<b>STRS-Ohio</b>	<b>OPERS</b>	<b>Total</b>
2022	\$ (21,688)	\$ (251,639)	\$ (273,327)
2023	(19,791)	(176,653)	(196,444)
2024	(19,085)	(43,175)	(62,260)
2025	(18,664)	(11,912)	(30,576)
2026	(4,439)	-	(4,439)
2027 and Thereafter	(4,471)	-	(4,471)
<b>Total</b>	<b>\$ (88,138)</b>	<b>\$ (483,379)</b>	<b>\$ (571,517)</b>

The following table provides additional details on the benefit formulas, contribution requirements and significant assumptions used in the measurement of total pension and OPEB liabilities for the retirement systems for the year ended June 30, 2021 (information below applies to both pensions and OPEB unless otherwise indicated).

	<b>STRS-Ohio</b>	<b>OPERS</b>
<b>Statutory Authority</b>	Ohio Revised Code Chapter 3307	Ohio Revised Code Chapter 145

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

<p><b>Benefit Formula</b></p>	<p><b>Pensions</b> -- The annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until Aug. 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until Aug. 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.</p> <p><b>OPEB</b> – STRS Ohio provides access to health care coverage for eligible retirees who participated in the Defined Benefit or Combined Plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and reimbursement of a portion of the monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. Pursuant to the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Benefit recipients contributed \$295.8 million or 60% of the total health care costs in fiscal 2020 (excluding deductibles, coinsurance and copayments).</p> <p>Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage.</p>	<p><b>Pensions</b> -- Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with five years of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with five years of service. For Groups A and B, the annual benefit is based on 2.2% of FAS multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.</p> <p><b>OPEB</b> – The Ohio Revised Code permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector, and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees includes hospitalization, medical expenses and prescription drugs. The System determines the amount, if any, of the</p>
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## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

	<b>STRS-Ohio</b>	<b>OPERS</b>
	For the year ended June 30, 2020, STRS Ohio received \$81.9 million in Medicare Part D reimbursements.	associated health care costs that will be absorbed by the System and attempts to control costs by using managed care, case management, and other programs. Additional details on health care coverage can be found in the Plan Statement in the OPERS 2020 CAFR.  OPERS no longer participates in the Medicare Part D program as of December 31, 2016.
<b>Cost-of-Living Adjustments (COLAs)</b>	Effective July 1, 2017, the COLA was reduced to 0%.	Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, current law provides for an annual COLA. The COLA is calculated on the member's base pension benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan receive a COLA on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, current law provides for a 3% COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%.
<b>Contribution Rates</b>	Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14% and the statutory member rate is 14% of covered payroll. Under Ohio law, funds to pay health care costs may be deducted from employer contributions. For the year ended June 30, 2020, no employer allocation was made to the health care fund.	Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2019, employer rates for the State and Local Divisions were 14% of covered payroll (and 18.1% for the Law Enforcement and Public Safety Divisions). Member rates for the State and Local Divisions were 10% of covered payroll (13% for Law Enforcement and 12% for Public Safety).
<b>Measurement Date</b>	June 30, 2020	December 31, 2020 (OPEB is rolled forward from December 31, 2019 actuarial valuation date)

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

	<b>STRS-Ohio</b>	<b>OPERS</b>
<b>Actuarial Assumptions</b>	<p><b>Valuation Date:</b> June 30, 2020 for pensions and OPEB</p> <p><b>Actuarial Cost Method:</b> Individual entry age</p> <p><b>Investment Rate of Return:</b> 7.45%</p> <p><b>Inflation:</b> 2.50%</p> <p><b>Projected Salary Increases:</b> 12.50% at age 20 to 2.50% at age 65</p> <p><b>Cost-of-Living Adjustments:</b> 0% effective July 1, 2017</p> <p><b>Payroll Increases:</b> 3.00%</p> <p><b>Health Care Cost Trends:</b> 5.00% to 11.87% initial; 4% ultimate</p>	<p><b>Valuation Date:</b> December 31, 2020 for pensions; December 31, 2019 for OPEB</p> <p><b>Actuarial Cost Method:</b> Individual entry age</p> <p><b>Investment Rate of Return:</b> 7.2% for pensions; 6.0% for OPEB</p> <p><b>Inflation:</b> 3.25%</p> <p><b>Projected Salary Increases:</b> 3.25% - 10.75%</p> <p><b>Cost-of-Living Adjustments:</b> Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 0.50% Simple through 2021, then 2.15% Simple</p> <p><b>Health Care Cost Trends:</b> 8.50% initial; 3.50% ultimate in 2035</p>
<b>Mortality Rates</b>	<p>Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.</p>	<p>Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.</p>
<b>Date of Last Experience Study</b>	June 30, 2016	December 31, 2015

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

	STRS-Ohio	OPERS																																																																					
<b>Investment Return Assumptions</b>	<p>The 10 year expected real rate of return on defined benefit pension and health care plan investments was determined by STRS Ohio's investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and long-term expected real rate of return for each major asset class are summarized as follows:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Domestic Equity</td><td>28.0%</td><td>7.35%</td></tr> <tr> <td>International Equity</td><td>23.0%</td><td>7.55%</td></tr> <tr> <td>Alternatives</td><td>17.0%</td><td>7.09%</td></tr> <tr> <td>Fixed Income</td><td>21.0%</td><td>3.00%</td></tr> <tr> <td>Real Estate</td><td>10.0%</td><td>6.00%</td></tr> <tr> <td>Liquidity Reserves</td><td>1.0%</td><td>2.25%</td></tr> <tr> <td><b>Total</b></td><td><b>100%</b></td><td></td></tr> </table> <p>* Returns presented as geometric means</p>	Asset Class	Target Allocation	Long Term Expected Return*	Domestic Equity	28.0%	7.35%	International Equity	23.0%	7.55%	Alternatives	17.0%	7.09%	Fixed Income	21.0%	3.00%	Real Estate	10.0%	6.00%	Liquidity Reserves	1.0%	2.25%	<b>Total</b>	<b>100%</b>		<p>The long term expected rates of return on defined benefit pension and health care investment assets were determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.</p> <p>The following table displays the Board-approved asset allocation policy for defined benefit pension assets for 2020 and the long-term expected real rates of return:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Fixed Income</td><td>25.0%</td><td>1.32%</td></tr> <tr> <td>Domestic Equity</td><td>21.0%</td><td>5.64%</td></tr> <tr> <td>Real Estate</td><td>10.0%</td><td>5.39%</td></tr> <tr> <td>Private Equity</td><td>12.0%</td><td>10.42%</td></tr> <tr> <td>International Equity</td><td>23.0%</td><td>7.36%</td></tr> <tr> <td>Other Investments</td><td>9.0%</td><td>4.75%</td></tr> <tr> <td><b>Total</b></td><td><b>100.0%</b></td><td></td></tr> </table> <p>* Returns presented as arithmetic means</p> <p>The following table displays the Board-approved asset allocation policy for health care assets for 2020 and the long-term expected real rates of return:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Fixed Income</td><td>34.0%</td><td>1.07%</td></tr> <tr> <td>Domestic Equities</td><td>25.0%</td><td>5.64%</td></tr> <tr> <td>REITs</td><td>7.0%</td><td>6.48%</td></tr> <tr> <td>International Equities</td><td>25.0%</td><td>7.36%</td></tr> <tr> <td>Other Investments</td><td>9.0%</td><td>4.02%</td></tr> <tr> <td><b>Total</b></td><td><b>100.0%</b></td><td></td></tr> </table> <p>* Returns presented as arithmetic means</p>	Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	25.0%	1.32%	Domestic Equity	21.0%	5.64%	Real Estate	10.0%	5.39%	Private Equity	12.0%	10.42%	International Equity	23.0%	7.36%	Other Investments	9.0%	4.75%	<b>Total</b>	<b>100.0%</b>		Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	34.0%	1.07%	Domestic Equities	25.0%	5.64%	REITs	7.0%	6.48%	International Equities	25.0%	7.36%	Other Investments	9.0%	4.02%	<b>Total</b>	<b>100.0%</b>	
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International Equity	23.0%	7.36%																																																																					
Other Investments	9.0%	4.75%																																																																					
<b>Total</b>	<b>100.0%</b>																																																																						
Asset Class	Target Allocation	Long Term Expected Return*																																																																					
Fixed Income	34.0%	1.07%																																																																					
Domestic Equities	25.0%	5.64%																																																																					
REITs	7.0%	6.48%																																																																					
International Equities	25.0%	7.36%																																																																					
Other Investments	9.0%	4.02%																																																																					
<b>Total</b>	<b>100.0%</b>																																																																						



**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

<p><b>Discount Rate</b></p>	<p><b>Pensions</b> -- The discount rate used to measure the total pension liability was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.</p> <p><b>OPEB</b> -- The discount rate used to measure the total OPEB liability was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2020.</p>	<p><b>Pensions</b> -- The discount rate used to measure the total pension liability was 7.2% for the Traditional Pension Plan, the Combined Plan and the Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.</p> <p><b>OPEB</b> -- A single discount rate of 6.00% was used to measure the OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period</p>
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# Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

	STRS-Ohio	OPERS												
		through which projected health care payments are fully funded.												
<b>Changes in Assumptions Since the Prior Measurement Date</b>	<p><b>Pensions</b> – There were no changes in assumptions since the prior measurement date of June 30, 2019.</p> <p><b>OPEB</b> -- There were no changes in assumptions since the prior measurement date of June 30, 2019.</p>	<p><b>Pensions</b> – There were no changes in assumptions since the prior measurement date of December 31, 2019.</p> <p><b>OPEB</b> -- The discount rate was increased from 3.16% to 6.00% based on the methodology defined under GASB Statement No. 74, <i>Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)</i>.</p>												
<b>Benefit Term Changes Since the Prior Measurement Date</b>	<p><b>Pensions</b> – There were no changes in benefit terms since the prior measurement date of June 30, 2019.</p> <p><b>OPEB</b> -- The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.</p>	<p><b>Pensions</b> – There were no changes in benefit terms since the prior measurement date of December 31, 2019.</p> <p><b>OPEB</b> – On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees.</p>												
<b>Sensitivity of Net Pension Liability to Changes in Discount Rate</b>	<table> <tr> <th>1% Decrease (6.45%)</th><th>Current Rate (7.45%)</th><th>1% Increase (8.45%)</th></tr> <tr> <td>\$ 1,674,185</td><td>\$ 1,175,835</td><td>\$ 753,526</td></tr> </table>	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)	\$ 1,674,185	\$ 1,175,835	\$ 753,526	<table> <tr> <th>1% Decrease (6.2%)</th><th>Current Rate (7.2%)</th><th>1% Increase (8.2%)</th></tr> <tr> <td>\$ 2,906,112</td><td>\$ 1,503,497</td><td>\$ 338,004</td></tr> </table>	1% Decrease (6.2%)	Current Rate (7.2%)	1% Increase (8.2%)	\$ 2,906,112	\$ 1,503,497	\$ 338,004
1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)												
\$ 1,674,185	\$ 1,175,835	\$ 753,526												
1% Decrease (6.2%)	Current Rate (7.2%)	1% Increase (8.2%)												
\$ 2,906,112	\$ 1,503,497	\$ 338,004												
<b>Sensitivity of Net OPEB Liability (Asset) to Changes in Discount Rate</b>	<table> <tr> <th>1% Decrease (6.45%)</th><th>Current Rate (7.45%)</th><th>1% Increase (8.45%)</th></tr> <tr> <td>\$ (74,309)</td><td>\$ (85,406)</td><td>\$ (94,822)</td></tr> </table>	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)	\$ (74,309)	\$ (85,406)	\$ (94,822)	<table> <tr> <th>1% Decrease (5.00%)</th><th>Current Rate (6.00%)</th><th>1% Increase (7.00%)</th></tr> <tr> <td>\$ (47,204)</td><td>\$ (189,776)</td><td>\$ (307,093)</td></tr> </table>	1% Decrease (5.00%)	Current Rate (6.00%)	1% Increase (7.00%)	\$ (47,204)	\$ (189,776)	\$ (307,093)
1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)												
\$ (74,309)	\$ (85,406)	\$ (94,822)												
1% Decrease (5.00%)	Current Rate (6.00%)	1% Increase (7.00%)												
\$ (47,204)	\$ (189,776)	\$ (307,093)												
<b>Sensitivity of Net OPEB Liability (Asset) to Changes in Medical Trend Rate</b>	<table> <tr> <th>1% Decrease in Trend Rate</th><th>Current Trend Rate</th><th>1% Increase in Trend Rate</th></tr> <tr> <td>\$ (94,237)</td><td>\$ (85,406)</td><td>\$ (74,649)</td></tr> </table>	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate	\$ (94,237)	\$ (85,406)	\$ (74,649)	<table> <tr> <th>1% Decrease in Trend Rate</th><th>Current Trend Rate</th><th>1% Increase in Trend Rate</th></tr> <tr> <td>\$ (194,464)</td><td>\$ (189,776)</td><td>\$ (184,661)</td></tr> </table>	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate	\$ (194,464)	\$ (189,776)	\$ (184,661)
1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate												
\$ (94,237)	\$ (85,406)	\$ (74,649)												
1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate												
\$ (194,464)	\$ (189,776)	\$ (184,661)												

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

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**Defined Contribution Plans**

ARP is a defined contribution pension plan. Full-time administrative and professional staff and faculty may choose enrollment in ARP in lieu of OPERS or STRS Ohio. Classified civil service employees hired on or after August 1, 2005 are also eligible to participate in ARP. ARP does not provide disability benefits, annual cost-of-living adjustments, post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

OPERS also offers a defined contribution plan, the Member-Directed Plan (MD). The MD plan does not provide disability benefits, annual cost-of-living adjustments, post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

STRS Ohio also offers a defined contribution plan in addition to its long established defined benefit plan. All employee contributions and employer contributions at a rate of 9.53% are placed in an investment account directed by the employee. Disability benefits are limited to the employee's account balance. Employees electing the defined contribution plan receive no post-retirement health care benefits.

**Combined Plans**

STRS Ohio offers a combined plan with features of both a defined contribution plan and a defined benefit plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive post-retirement health care benefits.

OPERS also offers a combined plan. This is a cost-sharing multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive post-retirement health care benefits. OPERS provides retirement, disability, survivor and post-retirement health benefits to qualifying members of the combined plan.

**Summary of Employer Pension and OPEB Expense**

For the years ended June 30, 2022 and 2021, the university recognized pension and OPEB expense of (\$310,382) and (\$770,322), respectively.

Pension and OPEB expenses are allocated to institutional functions on the Statement of Revenues, Expenses and Other Changes in Net Position.

Both STRS Ohio and OPERS issue separate, publicly available financial reports that include financial statements and required supplemental information. These reports may be obtained by contacting the two organizations.

## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

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### **STRS Ohio**

275 East Broad Street  
Columbus, OH 43215-3371  
(614) 227-4090  
(888) 227-7877  
[www.strsoh.org](http://www.strsoh.org)

### **OPERS**

277 East Town Street  
Columbus, OH 43215-4642  
(614) 222-5601  
(800) 222-7377  
[www.opers.org/investments/cafr.shtml](http://www.opers.org/investments/cafr.shtml)

### **OSU Physicians Retirement Plan**

Retirement benefits are provided for the employees of OSUP through a tax-sheltered 403(b) and 401(a) defined contribution plan administered by an insurance company. OSUP is required to make nondiscretionary contributions of no less than 7.5% under the Interim Retirement Plan; however, some subsidiaries make an additional discretionary contribution of up to 17.5%, for a range of total employer contributions of 7.5% to 25%. Employees are allowed, but not required, to make contributions to the 403(b) plan. OSUP's share of the cost of these benefits was \$7,800 and \$6,600 for the years ended June 30, 2022 and 2021, respectively. Employee contributions were \$3,500 and \$2,700 for the years ended June 30, 2022 and 2021, respectively.

### **415(m) Plans**

The university maintains two supplemental 415(m) retirement plans. These plans are unfunded and constitute an unsecured promise by the university to make benefit payments in the future from its general assets. The university sets aside assets for the 415(m) plans, which are invested primarily in mutual funds. These assets totaled \$176,092 and \$190,613 at June 30, 2022 and 2021, respectively, and are reported as Other Noncurrent Assets and Other Noncurrent Liabilities in the Statement of Net Position.

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

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**NOTE 16 — CAPITAL PROJECT COMMITMENTS**

At June 30, 2022, the university is committed to future contractual obligations for capital expenditures of approximately \$1,351,438 for the primary institution and \$18,900 for discretely presented component units. These projects are funded by the following sources:

	<u>Primary Institution</u>	<u>Discretely Presented Component Units</u>
State appropriations	\$ 14,835	\$ -
Internal and other sources	1,336,603	18,900
Total	<u>\$ 1,351,438</u>	<u>\$ 18,900</u>

**NOTE 17 — CONTINGENCIES AND RISK MANAGEMENT**

The university is a party in a number of legal actions. While the final outcome cannot be determined at this time, management is of the opinion that the liability, if any, for these legal actions will not have a material adverse effect on the university's financial position.

The university is self-insured for the Health System's professional malpractice liability, employee health benefits, workers' compensation and employee life, accidental death and dismemberment benefits. Additional details regarding these self-insurance arrangements are provided in Note 8. The university also carries commercial insurance policies for various property, casualty and excess liability risks. Over the past three years, settlement amounts related to these insured risks have not exceeded the university's coverage amounts.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. While questioned costs may occur, ultimate repayments required of the university have been infrequent in prior years.

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

On March 13, 2020, the university announced that it would suspend face-to face instruction and transition to remote instruction for the remainder of the spring semester. Nearly all university housing and dining facilities were closed on March 22, 2020 and remained closed through the summer 2020 semester.

On June 3, 2020, the university announced that it would resume in-person classes for the Autumn 2020 semester, with a mix of on-line, in-person and blended courses to reduce the number of students, faculty and staff that were on campus at any one time. The university conducted

## Notes to Financial Statements – Years Ended June 30, 2022 and 2021

(dollars in thousands)

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extensive testing of students, faculty and staff throughout the 2020-2021 academic year. As vaccination rates continued to increase and other health and safety protocols remained effective, the university announced that it expected to return to more of a traditional university experience for the Autumn 2021 semester. The University State of Emergency, which was declared by the university president on March 22, 2020, was lifted effective July 1, 2021.

Ohio and the rest of the nation experienced a significant surge of COVID-19 cases starting in the last two months of 2021, due in large part to the rapid spread of the Omicron variant. Prior to commencement of the Spring 2022 semester, the university implemented a number of measures to continue to minimize the spread of COVID-19 on its campuses. As the spread of the Omicron variant slowed in late January 2022, the university announced adjustments to its health and safety protocols, including transitioning back to in-person student meetings and events, restoring seating to full capacity in on-campus dining areas and expanding group activities at campus recreation centers. The university also announced it was reinstating concessions at athletic events.

The impact of COVID-19 on university finances and operations may continue for at least the coming (FY2023) fiscal year, depending on vaccination rates and whether the COVID-19 virus or variations of the virus (including the Omicron variant) continue to spread in the United States and around the world. Future adverse consequences of the COVID-19 pandemic may include, but are not limited to: a decline in enrollment (including a disproportional decline in enrollment by international students); a decline in demand for uUniversity housing; a decline in demand for University programs that involve travel or that have international connections; cancellation, postponement and/or reduced attendance for athletic events; and an increase in costs associated with purchasing of personal protective equipment and implementing community-wide testing programs.

### **NOTE 18 — PARKING LEASE AND CONCESSION AGREEMENT**

On September 21, 2012, the university entered into a 50-year lease and concession agreement with QIC Global Infrastructure (QIC GI). CampusParc LP, a QIC GI affiliate, owns and operates the university's parking concession on QIC GI's behalf. Under the agreement, CampusParc operates, maintains and retains parking revenues from the university's parking lots and garages. This agreement also regulates the parking rates that may be charged and future increases in these rates. The university received lump-sum payments totaling \$483,000 from QIC GI and used the proceeds to establish endowment funds, with income distributions internally designated to support student scholarships, faculty initiatives and research, transportation and sustainability and the university arts district.

The unamortized lump-sum payment under this service concession arrangement is reported as a deferred inflow of resources and is being amortized to operating revenue over the life of the agreement. Deferred inflows related to the parking agreement were \$387,652 and \$397,283 at June 30, 2022 and 2021, respectively. The university reports the parking lots and garages as capital assets with a carrying amount of \$122,953 and \$122,968 at June 30, 2022 and 2021, respectively.

**NOTE 19 — UTILITY SYSTEM LEASE AND CONCESSION AGREEMENT**

On April 10, 2017, the university entered into a 50-year agreement to lease the university's utility system to Ohio State Energy Partners (OSEP) and grant it the exclusive right to operate the utility system and provide utility services to the Columbus campus. On July 6, 2017, the university received an upfront payment of \$1,089,914. The upfront payment is reported as an Advance from Concessionaire and is being amortized as a reduction to operating expense (Operation and Maintenance of Plant) on a straight-line basis over the term of the agreement.

Under the agreement, OSEP operates, maintains and makes capital investments in the utility system and charges the university a Utility Fee, which includes fixed, variable and operating and maintenance (O&M) components. OSEP capital investments in the utility system are recognized as capital assets and a related long-term payable to the concessionaire. The fixed and O&M components of the Utility Fee are recognized as operating expense. The variable component of the Utility Fee will be recognized as a reduction in the long-term payable to the concessionaire and interest expense.

The university recognized fixed and O&M utility fees totaling \$61,707 and \$59,372, respectively for the years ended June 30, 2022 and 2021. The carrying amounts of OSEP capital investments and related payable to the concessionaire at June 30, 2022 and 2021 were \$374,540 and \$235,869, respectively.

**NOTE 20 — COMBINING INFORMATION FOR BLENDED COMPONENT UNITS**

As indicated in the Basis of Presentation in Note 1, the university consolidates certain component units in a blended presentation. Condensed combining financial information for the years ended June 30, 2022 and 2021 is presented below.

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

**Condensed Combining Information – Year Ended June 30, 2022**

	OSU Foundation	OSU Health Plan	Oval Limited	Pelotonia	Eliminations
<b>Condensed statements of net position:</b>					
Current assets	\$ 59,060	\$ 4,379	\$ 51,962	\$ 26,550	\$ (12,720)
Capital assets, net	-	365	-	4,033	-
Other assets	1,572,142	731	-	1,400	(63,940)
Amounts receivable from the university	-	4,248	-	-	-
Total assets	<u>\$ 1,631,202</u>	<u>\$ 9,723</u>	<u>\$ 51,962</u>	<u>\$ 31,983</u>	<u>\$ (76,660)</u>
Current liabilities	\$ 2,708	\$ 912	\$ 41	\$ 1,178	\$ -
Noncurrent liabilities	42,335	635	23,487	76,660	(76,660)
Amounts payable to the university	2	4,248	-	-	-
Deferred inflows	9,475	-	-	-	-
Total liabilities and deferred inflows	<u>54,520</u>	<u>5,795</u>	<u>23,528</u>	<u>77,838</u>	<u>(76,660)</u>
Net investment in capital assets	-	-	-	4,033	-
Restricted:					
Nonexpendable	1,150,341	-	-	-	-
Expendable	409,874	-	-	26,772	(76,660)
Unrestricted	16,467	3,928	28,434	(76,660)	76,660
Total net position	<u>1,576,682</u>	<u>3,928</u>	<u>28,434</u>	<u>(45,855)</u>	<u>-</u>
Total liabilities, deferred inflows and net position	<u>\$ 1,631,202</u>	<u>\$ 9,723</u>	<u>\$ 51,962</u>	<u>\$ 31,983</u>	<u>\$ (76,660)</u>



**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

	OSU Foundation	OSU Health Plan	Oval Limited	Pelotonia	Eliminations
<b>Condensed statements of revenues, expenses and changes in net position:</b>					
Operating revenues:					
Other sales, services and rental income	\$ 385	\$ 12,947	\$ (3,223)	\$ 272	\$ -
Total operating revenues	385	12,947	(3,223)	272	-
Operating expenses, excluding depreciation	7,168	12,936	(212)	21,778	-
Depreciation expense	-	51	-	1,677	-
Total operating expenses	7,168	12,987	(212)	23,455	-
Net operating income (loss)	(6,783)	(40)	(3,011)	(23,183)	-
Non-operating revenues and expenses:					
Gifts for current use	198,839	-	-	29,510	-
Net investment income (loss)	(32,384)	14	(5,470)	40	-
Federal COVID-19 assistance programs	-	-	-	-	-
Other non-operating revenue (expense)	1,191	-	-	-	-
Net non-operating revenue (expense)	167,646	14	(5,470)	29,550	-
Capital contributions and additions to permanent endowments	136,982	-	-	-	-
Transfers from (to) the university	(293,217)	(84)	-	12,673	-
Change in net position	4,628	(110)	(8,481)	19,040	-
Beginning net position	1,572,054	4,038	36,915	(64,895)	-
Ending net position	\$ 1,576,682	\$ 3,928	\$ 28,434	\$ (45,855)	\$ -
<b>Condensed statements of cash flows:</b>					
Net cash provided (used) by:					
Operating activities	\$ (4,477)	\$ 39	\$ (1,108)	\$ (20,655)	\$ -
Noncapital financing activities	(40,255)	(872)	-	30,866	-
Capital and related financing activities	59,775	(375)	-	(3,667)	-
Investing activities	(14,026)	84	996	40	-
Net increase (decrease) in cash	1,017	(1,124)	(112)	6,584	-
Beginning cash and cash equivalents	217	4,104	1,290	6,124	-
Ending cash and cash equivalents	\$ 1,234	\$ 2,980	\$ 1,178	\$ 12,708	\$ -

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

**Condensed Combining Information – Year Ended June 30, 2021**

	OSU Foundation	OSU Health Plan	Oval Limited	Pelotonia	Eliminations
<b>Condensed statements of net position:</b>					
Current assets	\$ 59,498	\$ 5,584	\$ 57,136	\$ 19,706	\$ (12,617)
Capital assets, net	-	41	-	2,043	-
Other assets	1,576,137	731	-	3,000	(76,715)
Amounts receivable from the university	-	(6)	-	-	-
Total assets	<u>\$ 1,635,635</u>	<u>\$ 6,350</u>	<u>\$ 57,136</u>	<u>\$ 24,749</u>	<u>\$ (89,332)</u>
Current liabilities	\$ 3,652	\$ 850	\$ 42	\$ 311	\$ -
Noncurrent liabilities	42,735	680	20,179	89,333	(89,332)
Amounts payable to the university	-	782	-	-	-
Deferred inflows	17,194	-	-	-	-
Total liabilities and deferred inflows	<u>63,581</u>	<u>2,312</u>	<u>20,221</u>	<u>89,644</u>	<u>(89,332)</u>
Net investment in capital assets	-	-	-	-	-
Restricted:					
Nonexpendable	1,073,269	-	-	-	-
Expendable	481,161	-	-	-	(89,333)
Unrestricted	<u>17,624</u>	<u>4,038</u>	<u>36,915</u>	<u>(64,895)</u>	<u>89,333</u>
Total net position	<u>1,572,054</u>	<u>4,038</u>	<u>36,915</u>	<u>(64,895)</u>	<u>-</u>
Total liabilities, deferred inflows and net position	<u>\$ 1,635,635</u>	<u>\$ 6,350</u>	<u>\$ 57,136</u>	<u>\$ 24,749</u>	<u>\$ (89,332)</u>

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

	OSU Foundation	OSU Health Plan	Oval Limited	Pelotonia	Eliminations
<b>Condensed statements of revenues, expenses and changes in net position:</b>					
Operating revenues:					
Other sales, services and rental income	\$ 15	\$ 12,702	\$ (1,781)	\$ 281	\$ -
Total operating revenues	15	12,702	(1,781)	281	-
Operating expenses, excluding depreciation	5,270	12,656	(202)	4,428	-
Depreciation expense	-	33	-	162	-
Total operating expenses	5,270	12,689	(202)	4,590	-
Net operating income (loss)	(5,255)	13	(1,579)	(4,309)	-
Non-operating revenues and expenses:					
Gifts for current use	136,414	-	-	23,249	-
Net investment income (loss)	335,238	18	6,542	-	-
Federal COVID-19 assistance programs	-	-	-	625	-
Other non-operating revenue (expense)	3,186	-	-	-	-
Net non-operating revenue (expense)	474,838	18	6,542	23,874	-
Capital contributions and additions to permanent endowments	142,943	-	-	-	-
Transfers from (to) the university	(258,132)	120	-	12,795	-
Change in net position	354,394	151	4,963	32,360	-
Beginning net position	1,217,660	3,887	31,952	(97,255)	-
Ending net position	\$ 1,572,054	\$ 4,038	\$ 36,915	\$ (64,895)	\$ -
<b>Condensed statements of cash flows:</b>					
Net cash provided (used) by:					
Operating activities	\$ (4,850)	\$ (875)	\$ (2,028)	\$ (4,677)	\$ -
Noncapital financing activities	(60,754)	908	-	8,103	-
Capital and related financing activities	79,612	-	-	(2,205)	-
Investing activities	(14,026)	(708)	2,223	-	-
Net increase (decrease) in cash	(18)	(675)	195	1,221	-
Beginning cash and cash equivalents	235	4,779	1,095	4,903	-
Ending cash and cash equivalents	\$ 217	\$ 4,104	\$ 1,290	\$ 6,124	\$ -

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

**NOTE 21 — COMBINING INFORMATION FOR DISCRETELY PRESENTED COMPONENT UNITS**

As indicated in the Basis of Presentation in Note 1, the university consolidates certain component units in a discrete presentation. Condensed combining financial information for the years ended June 30, 2022 and 2021 is presented below.

**Condensed Combining Information – Year Ended June 30, 2022**

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan	Science and Technology Campus Corporation	Total Discretely Presented Component Units
<b>Condensed statements of net position:</b>						
Current assets	\$ 300,653	\$ 7,890	\$ 13,047	\$ 5,188	\$ 14,345	\$ 341,123
Capital assets, net	97,967	210,744	52,515	233	27,123	388,582
Other assets	149	16,223	1,713	-	2,187	20,272
Amounts receivable from the university	72,383	56,656	4,609	-	1,934	135,582
Total assets and deferred outflows	<u>\$ 471,152</u>	<u>\$ 291,513</u>	<u>\$ 71,884</u>	<u>\$ 5,421</u>	<u>\$ 45,589</u>	<u>\$ 885,559</u>
Current liabilities	\$ 52,487	\$ 6,327	\$ 7,341	\$ -	\$ 2,966	\$ 69,121
Noncurrent liabilities	21,125	-	9,822	-	4,700	35,647
Amounts payable to the university	168,377	171,204	18,134	44	8,976	366,735
Deferred inflows	8,827	120,995	1,708	-	4,986	136,516
Total liabilities and deferred inflows	<u>250,816</u>	<u>298,526</u>	<u>37,005</u>	<u>44</u>	<u>21,628</u>	<u>608,019</u>
Net investment in capital assets	14,897	36,112	29,731	233	18,063	99,036
Unrestricted	205,439	(43,125)	5,148	5,144	5,898	178,504
Total net position	<u>220,336</u>	<u>(7,013)</u>	<u>34,879</u>	<u>5,377</u>	<u>23,961</u>	<u>277,540</u>
Total liabilities, deferred inflows and net position	<u>\$ 471,152</u>	<u>\$ 291,513</u>	<u>\$ 71,884</u>	<u>\$ 5,421</u>	<u>\$ 45,589</u>	<u>\$ 885,559</u>

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan	Science and Technology Campus Corporation	Total Discretely Presented Component Units
<b>Condensed statements of revenues, expenses and changes in net position:</b>						
Operating revenues:						
Grants and contracts	\$ -	\$ 12,844	\$ 53,989	\$ -	\$ 7,623	\$ 74,456
Sales and services of OSU Physicians	701,680	-	-	-	-	701,680
Other sales, services and rental income	2,079	1,423	252	10,027	379	14,160
Total operating revenues	703,759	14,267	54,241	10,027	8,002	790,296
Operating expenses, excluding depreciation	681,611	9,950	46,210	8,596	3,743	750,110
Depreciation expense	9,788	5,381	6,982	102	1,332	23,585
Total operating expenses	691,399	15,331	53,192	8,698	5,075	773,695
Net operating income (loss)	12,360	(1,064)	1,049	1,329	2,927	16,601
Non-operating revenues and expenses:						
CARES Assistance	11,686	-	-	-	-	11,686
Net investment income (loss)	(8,440)	104	178	(234)	13	(8,379)
Interest expense	(3,187)	-	(1,802)	-	(467)	(5,456)
Other non-operating revenue (expense)	(6,606)	1,306	(357)	2	-	(5,655)
Net non-operating revenue (expense)	(6,547)	1,410	(1,981)	(232)	(454)	(7,804)
Capital contributions and additions to permanent endowments	-	-	1,182	-	-	1,182
Change in net position	5,813	346	250	1,097	2,473	9,979
Beginning net position, as restated	214,523	(7,359)	34,629	4,280	21,488	267,561
Ending net position	\$ 220,336	\$ (7,013)	\$ 34,879	\$ 5,377	\$ 23,961	\$ 277,540
<b>Condensed statements of cash flows:</b>						
Net cash provided (used) by:						
Operating activities	\$ (11,217)	\$ (739)	\$ 2,586	\$ 1,884	\$ 3,662	\$ (3,824)
Noncapital financing activities	25,067	2,068	-	-	(1,034)	26,101
Capital and related financing activities	(9,289)	(2,539)	(2,337)	(633)	(943)	(15,741)
Investing activities	(90,355)	(471)	-	-	13	(90,813)
Net increase (decrease) in cash	(85,794)	(1,681)	249	1,251	1,698	(84,277)
Beginning cash and cash equivalents	237,247	5,774	3,093	2,562	12,082	260,758
Ending cash and cash equivalents	\$ 151,453	\$ 4,093	\$ 3,342	\$ 3,813	\$ 13,780	\$ 176,481

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

**Condensed Combining Information – Year Ended June 30, 2021**

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan	Science and Technology Campus Corporation	Total Discretely Presented Component Units
<b>Condensed statements of net position:</b>						
Current assets	\$ 298,779	\$ 8,526	\$ 10,966	\$ 4,625	\$ 12,824	\$ 335,720
Capital assets, net	68,362	194,459	53,200	271	28,147	344,439
Other assets	27	14,269	1,714	-	530	16,540
Amounts receivable from the university	80,023	57,219	4,908	-	4,359	146,509
Deferred outflows	-	-	-	-	-	-
Total assets and deferred outflows	<u>\$ 447,191</u>	<u>\$ 274,473</u>	<u>\$ 70,788</u>	<u>\$ 4,896</u>	<u>\$ 45,860</u>	<u>\$ 843,208</u>
Current liabilities	\$ 37,353	\$ 10,907	\$ 10,663	\$ 2	\$ 1,332	\$ 60,257
Noncurrent liabilities	18,643	438	10,032	-	4,783	33,896
Amounts payable to the university	165,931	146,887	16,817	614	10,010	340,259
Deferred inflows	9,728	123,717	-	-	7,790	141,235
Total liabilities and deferred inflows	<u>231,655</u>	<u>281,949</u>	<u>37,512</u>	<u>616</u>	<u>23,915</u>	<u>575,647</u>
Net investment in capital assets	7,431	185,856	42,770	(73)	27,895	263,879
Unrestricted	208,105	(193,332)	(9,494)	4,353	(5,950)	3,682
Total net position	<u>215,536</u>	<u>(7,476)</u>	<u>33,276</u>	<u>4,280</u>	<u>21,945</u>	<u>267,561</u>
Total liabilities, deferred inflows and net position	<u>\$ 447,191</u>	<u>\$ 274,473</u>	<u>\$ 70,788</u>	<u>\$ 4,896</u>	<u>\$ 45,860</u>	<u>\$ 843,208</u>

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan	Science and Technology Campus Corporation	Total Discretely Presented Component Units
<b>Condensed statements of revenues, expenses and changes in net position:</b>						
Operating revenues:						
Grants and contracts	\$ -	\$ 9,445	\$ 41,748	\$ -	\$ 7,303	\$ 58,496
Sales and services of OSU Physicians	647,382	-	-	-	-	647,382
Other sales, services and rental income	-	-	-	10,053	-	10,053
Total operating revenues	647,382	9,445	41,748	10,053	7,303	715,931
Operating expenses, excluding depreciation	596,570	6,220	40,057	7,782	3,547	654,176
Depreciation expense	7,750	3,881	5,945	65	1,332	18,973
Total operating expenses	604,320	10,101	46,002	7,847	4,879	673,149
Net operating income (loss)	43,062	(656)	(4,254)	2,206	2,424	42,782
Non-operating revenues and expenses:						
Net investment income	53	109	1,241	332	18	1,753
Interest expense	(2,003)	-	(1,502)	-	(523)	(4,028)
Other non-operating revenue (expense)	(31,237)	1,119	(327)	-	-	(30,445)
Net non-operating revenue (expense)	(33,187)	1,228	(588)	332	(505)	(32,720)
Changes in net position						
Capital contributions and changes in net position	-	278	663	-	-	941
Change in net position	9,875	850	(4,179)	2,538	1,919	11,003
Beginning net position, as previously reported	205,661	(7,057)	37,455	1,742	20,026	257,827
Cumulative effect of accounting change	-	(1,269)	-	-	-	(1,269)
Ending net position	\$ 215,536	\$ (7,476)	\$ 33,276	\$ 4,280	\$ 21,945	\$ 267,561
<b>Condensed statements of cash flows:</b>						
Net cash provided (used) by:						
Operating activities	\$ 82,167	\$ 16,388	\$ (566,854)	\$ 1,720	\$ 10,209	\$ (456,370)
Noncapital financing activities	(30,532)	37,844	2,442	-	(984)	8,770
Capital and related financing activities	2,697	(56,923)	562,571	217	(1,354)	507,208
Investing activities	13,908	-	519	-	18	14,445
Net increase (decrease) in cash	68,240	(2,691)	(1,322)	1,937	7,889	74,053
Beginning cash and cash equivalents	169,007	8,465	4,415	625	4,193	186,705
Ending cash and cash equivalents	\$ 237,247	\$ 5,774	\$ 3,093	\$ 2,562	\$ 12,082	\$ 260,758

**NOTE 22 — SEGMENT INFORMATION**

A segment is an identifiable activity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds or other revenue-backed debt and has related expenses, gains, losses, assets and liabilities that can be identified. The university has one segment that meets the GASB reporting requirements.

The Office of Student Life operates student housing, dining and recreational sports facilities on the university's main and regional campuses. In January 2013, the university issued \$337,955 of Special Purpose General Receipts Bonds, Series 2013A. These bonds are solely payable from, and secured by, a pledge of the gross revenues of Special Purpose Revenue Facilities. Special Purpose Revenue Facilities are defined in the Series 2013 Supplement as all housing and dining facilities and such auxiliary facilities as shall constitute recreation facilities owned by the university. Special Purpose Pledged Revenues include all revenues, fees, rentals, rates, charges, insurance

**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**

(dollars in thousands)

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proceeds and other moneys derived from the ownership or operation of these facilities. Special Purpose Pledged Revenues totaled \$204,783 and \$125,371 for the years ended June 30, 2022 and 2021, respectively.

Condensed financial information for the Special Purpose Revenue Facilities, before the elimination of certain intra-university transactions, as of and for the years ended June 30, 2022 and 2021 is as follows:



**Notes to Financial Statements – Years Ended June 30, 2022 and 2021**  
(dollars in thousands)

**Segment Disclosure Information – Year Ended June 30, 2022 and June 30, 2021**

	<b>2022</b>	<b>2021</b>
<b>Condensed Statement of Net Position</b>		
Assets and deferred outflows:		
Current assets	\$ 51,902	\$ 51,391
Capital assets	659,638	673,588
Total assets	<u>\$ 711,540</u>	<u>\$ 724,979</u>
Liabilities and deferred inflows:		
Current liabilities	\$ 9,664	\$ 6,571
Amounts payable to the university - Series 2013A Bonds	337,955	337,955
Total liabilities	<u>347,619</u>	<u>344,526</u>
Net position:		
Net investment in capital assets	321,683	335,633
Unrestricted	42,238	44,820
Total net position	<u>363,921</u>	<u>380,453</u>
Total liabilities and net position	<u>\$ 711,540</u>	<u>\$ 724,979</u>

	<b>2022</b>	<b>2021</b>
<b>Condensed Statement of Revenues, Expenses and Changes in Net Position</b>		
Special-purpose pledged revenues - operating	\$ 204,783	\$ 125,370
Operating expenses, excluding depreciation	(117,919)	(90,296)
Depreciation expense	(34,594)	(33,726)
Operating income	52,270	1,348
Nonoperating revenues, net	(14,431)	(14,576)
Net income (loss) before transfers	37,839	(13,228)
Transfers from (to) other university units, net	(54,371)	52,207
Increase (decrease) in net position	(16,532)	38,979
Beginning net position	380,453	341,474
Ending net position	<u>\$ 363,921</u>	<u>\$ 380,453</u>

**Condensed Statement of Cash Flows**

Net cash provided (used) by:		
Operating activities	\$ 83,986	\$ 34,804
Capital and related financing activities	(84,249)	(10,007)
Investing activities	305	242
Net increase (decrease) in cash	42	25,039
Beginning cash and cash equivalents	50,818	25,779
Ending cash and cash equivalents	<u>\$ 50,860</u>	<u>\$ 50,818</u>

**The Ohio State University**  
**Required Supplementary Information on GASB 68 Pension Liabilities (Unaudited)**  
**Year Ended June 30, 2022**

The schedule of the university's proportionate shares of STRS-Ohio and OPERS net pension liabilities are presented below:

<i>(dollars in thousands)</i>	2015	2016	2017	2018	2019	2020	2021	2022
<b>STRS-Ohio:</b>								
University's proportion of the net pension liability	4.4%	4.5%	4.5%	4.6%	4.6%	4.7%	4.9%	5.0%
University's proportionate share of the net pension liability	\$ 1,070,914	\$ 1,238,470	\$ 1,510,814	\$ 1,081,053	\$ 1,019,690	\$ 1,040,149	\$ 1,175,835	\$ 638,605
University's covered payroll	\$ 381,669	\$ 388,309	\$ 392,797	\$ 412,149	\$ 434,106	\$ 452,084	\$ 476,374	\$ 492,780
University's proportionate share of the net pension liability as a percentage of its covered payroll	281%	319%	385%	262%	235%	230%	247%	130%
Plan fiduciary net position as a percentage of the total pension liability	74.7%	72.1%	66.8%	75.3%	77.3%	77.4%	75.5%	87.8%
<b>OPERS:</b>								
University's proportion of the net pension liability	8.8%	9.0%	9.1%	9.4%	9.9%	10.2%	10.4%	10.4%
University's proportionate share of the net pension liability	\$ 1,059,519	\$ 1,556,156	\$ 2,054,548	\$ 1,466,955	\$ 2,695,368	\$ 1,984,881	\$ 1,503,497	\$ 859,188
University's covered payroll	\$ 1,188,828	\$ 1,236,914	\$ 1,289,346	\$ 1,381,054	\$ 1,521,447	\$ 1,574,490	\$ 1,704,763	\$ 1,669,918
University's proportionate share of the net pension liability as a percentage of its covered payroll	89%	126%	159%	106%	177%	126%	88%	51%
Plan fiduciary net position as a percentage of the total pension liability	86.5%	81.2%	77.4%	84.9%	74.9%	82.4%	87.2%	93.0%

The schedule of the university's contributions to STRS-Ohio and OPERS are presented below:

<i>(dollars in thousands)</i>	2015	2016	2017	2018	2019	2020	2021	2022
<b>STRS-Ohio:</b>								
Contractually required contribution	\$ 65,738	\$ 66,975	\$ 70,373	\$ 74,356	\$ 77,781	\$ 82,576	\$ 86,909	\$ 88,264
Contributions in relation to the contractually required	\$ 65,738	\$ 66,975	\$ 70,373	\$ 74,356	\$ 77,781	\$ 82,576	\$ 86,909	\$ 88,264
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 388,309	\$ 392,797	\$ 412,149	\$ 434,106	\$ 452,084	\$ 476,374	\$ 498,344	\$ 494,613
Contributions as a percentage of covered payroll	16.9%	17.1%	17.1%	17.1%	17.2%	17.3%	17.4%	17.8%
<b>OPERS:</b>								
Contractually required contribution	\$ 170,979	\$ 178,293	\$ 188,762	\$ 201,072	\$ 220,062	\$ 231,977	\$ 240,142	\$ 247,351
Contributions in relation to the contractually required	\$ 170,979	\$ 178,293	\$ 188,762	\$ 201,072	\$ 220,062	\$ 231,977	\$ 240,142	\$ 247,351
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 1,208,710	\$ 1,260,366	\$ 1,334,350	\$ 1,421,367	\$ 1,525,502	\$ 1,607,469	\$ 1,664,980	\$ 1,714,708
Contributions as a percentage of covered payroll	14.1%	14.1%	14.1%	14.1%	14.4%	14.4%	14.4%	14.4%

**The Ohio State University**  
**Required Supplementary Information on GASB 75 Net OPEB Liabilities (Unaudited)**  
**Year Ended June 30, 2022**

The schedule of the university's proportionate shares of STRS-Ohio and OPERS net OPEB liabilities (assets) are presented below:

<i>(dollars in thousands)</i>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>STRS-Ohio:</b>					
University's proportion of the net OPEB liability (asset)	4.6%	4.6%	4.7%	4.9%	5.0%
University's proportionate share of the net OPEB liability (asset)	\$ 177,556	\$ (74,520)	\$ (77,901)	\$ (85,406)	\$ (105,307)
University's covered payroll	\$ 412,149	\$ 434,106	\$ 452,084	\$ 452,084	\$ 492,780
University's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	43%	-17%	-17%	-19%	-21%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	47.1%	176.0%	174.7%	182.1%	174.7%
<b>OPERS:</b>					
University's proportion of the net OPEB liability (asset)	9.7%	10.1%	10.4%	10.7%	10.7%
University's proportionate share of the net OPEB liability (asset)	\$ 1,055,239	\$ 1,321,019	\$ 1,436,889	\$ (189,776)	\$ (335,820)
University's covered payroll	\$ 1,381,054	\$ 1,521,447	\$ 1,574,490	\$ 1,704,763	\$ 1,669,918
University's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	76%	87%	91%	-11%	-20%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	54.1%	46.3%	47.8%	115.6%	128.2%

**The Ohio State University**  
**Notes to Required Supplementary Information (Unaudited)**  
**Year Ended June 30, 2022**

**STRS-Ohio - Pensions:**

*Changes of benefit terms.* Amounts reported in 2019 reflect a reduction in the COLA rate to 0%, effective July 1, 2017.

*Changes of assumptions.* Amounts reported in 2022 reflect an adjustment of the discount rate from 7.45% to 7.00%. Amounts reported in 2018 also reflect an adjustment of mortality assumptions based on the use of the RF-2014 Annuitant Mortality Table rather than the RP-2000 Combined Mortality Table. Amounts reported in 2017 reflect an adjustment of the discount rate from 7.75% to 7.45%.

**OPERS – Pensions:**

*Changes of assumptions.* Amounts reported in 2022 reflect an adjustment of the discount rate from 7.20% to 6.90%. Amounts reported in 2019 reflect an adjustment of the discount rate from 7.50% to 7.20%. Amounts reported in 2017 reflect an adjustment of the discount rate from 8.00% to 7.50%. Amounts reported in 2017 also reflect an updated healthy and disabled mortality assumptions, based on the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

**STRS-Ohio – OPEB:**

*Changes of benefit terms.* Amounts reported in 2020 reflect postponement of the Medicare Part B monthly reimbursement elimination date to January 1, 2021. Amounts reported in 2019 reflect adoption of a new premium subsidy plan for 2019 and future years that is intended to extend the fund's solvency to 2047. Amounts reported in 2019 also reflect postponement of the Medicare Part B monthly reimbursement elimination date to January 1, 2020. Amounts reported in 2018 reflect discontinuation of Medicare Part B premium reimbursements for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements, beginning January 2019.

*Changes of assumptions.* Amounts reported in 2022 reflect an adjustment of the discount rate from 7.45% to 7.00%. Amounts reported in 2019 reflect an adjustment of the discount rate from 4.13% to 7.45%. Amounts reported in 2018 reflect an adjustment of the discount rate from 3.26% to 4.13%. Amounts reported in 2018 also reflect an adjustment of mortality assumptions based on the use of the RF-2014 Annuitant Mortality Table rather than the RP-2000 Combined Mortality Table.

**OPERS – OPEB:**

*Changes of benefit terms.* Amounts reported in 2021 reflect several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes, which were approved by the OPERS Board on January 15, 2020, are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances.

*Changes of assumptions.* Amounts reported in 2021 reflect an adjustment of the discount rate from 3.16% to 6.00%. Amounts reported in 2020 reflect an adjustment of the discount rate from

3.96% to 3.16%. Amounts reported in 2019 reflect an adjustment of the discount rate from 3.85% to 3.96%.

**The Ohio State University**  
**Supplementary Information on the Long-Term Investment Pool**  
**Year Ended June 30, 2022**

The following section of the financial report provides additional information on the university's Long-Term Investment Pool, including a summary of changes in market value, investment returns and related expenses. Additional details on university investments, including asset allocations, endowment distribution policies, investment by type and risk disclosures, are provided in Notes 1 and 3 to the Financial Statements.

In 2022, the market value of the university's Long-Term Investment Pool – which includes gifted endowments, long-term investments of university operating funds and other funds internally designated to function as endowments – decreased \$81 million, to \$6.96 billion at June 30, 2022. The Long-Term Investment Pool activity for 2022 is summarized below:

**Long-Term Investment Pool Activity (in thousands)**

	<u>Gifted Endowments</u>		<u>Quasi-Endowments</u>		<u>Total</u>
	<u>University</u>	<u>Foundation</u>	<u>Operating</u>	<u>Designated</u>	
<b>Balance at June 30, 2021</b>	<b>\$ 1,333,836</b>	<b>\$ 1,345,059</b>	<b>\$ 1,740,687</b>	<b>\$ 2,622,391</b>	<b>\$ 7,041,973</b>
Net Principal Additions (Withdrawals)	9,103	86,910	112,518	155,760	364,291
Change in Fair Value	(45,217)	(49,680)	(63,413)	(95,474)	(253,784)
Income Earned	29,946	30,982	40,238	59,472	160,638
Distributions	(48,452)	(49,896)	(64,968)	(95,895)	(259,211)
Expenses	<u>(18,020)</u>	<u>(18,643)</u>	<u>(24,213)</u>	<u>(32,249)</u>	<u>(93,125)</u>
<b>Balance at June 30, 2022</b>	<b><u>\$ 1,261,196</u></b>	<b><u>\$ 1,344,732</u></b>	<b><u>\$ 1,740,849</u></b>	<b><u>\$ 2,614,005</u></b>	<b><u>\$ 6,960,782</u></b>

**Net principal additions (withdrawals)** for gifted endowments include new endowment gifts and reinvestment of unused endowment distributions. Change in fair value includes realized gains and losses for assets sold during the year and unrealized gains and losses for assets held in the pool at June 30, 2022. Income earned includes interest and dividends and is used primarily to fund distributions. Expenses include investment management expenses (\$71 million), University Development related expenses (\$21 million) and other investment related expenses (\$1 million).

**Investment Returns and Expenses:**

The investment return for the Long-Term Investment Pool was 0.98% for fiscal year 2022. The annualized investment returns for the three-year and five-year periods were 9.7% and 7.5%, respectively. These returns -- which are net of investment management expenses as defined by Cambridge Associates in its annual survey -- are used for comparison purposes with other endowments and various benchmarks. In addition to the \$71 million of investment management expenses, which reduced the pool by 1.0% in fiscal year 2021, the \$21 million of University

Development expenses and \$1 million of other investment related expenses further reduced the pool by 0.3%.

**Additional Information:**

For more information on how the Long-Term Investment Pool is invested, please visit the Office of Investments website at: [investments.osu.edu](https://investments.osu.edu).

Additional details on university and foundation endowments, including balances for individual funds, are available on the Office of the Controller's website at: [go.osu.edu/EndowAdmin](https://go.osu.edu/EndowAdmin) (click on the "Endowment Descriptions and Balances" link).



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**Independent Auditors' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance With *Government Auditing Standards***

The Board of Trustees  
The Ohio State University:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of The Ohio State University (the University) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 17, 2022. Our report refers to the University's adoption of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, in 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of financial statement findings as items 2022-001 and 2022-002, that we consider to be significant deficiencies.





### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The University's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the University's responses to the findings identified in our audit and described in the accompanying schedule of financial statement findings. The University's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**KPMG LLP**

Columbus, Ohio  
November 17, 2022

**THE OHIO STATE UNIVERSITY**  
Schedule of Financial Statement Findings  
Year ended June 30, 2022

**Finding 2022-001: Reconciliation and analysis of bank accounts**

***Criteria***

Timely preparation and review of bank reconciliations is fundamental to preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

***Conditions Found***

During our testing of the University's main operating account, we determined the account was not reconciled to properly identify and evaluate timing differences between the general ledger and bank balance as of June 30, 2022. As a result, we identified a misstatement to reduce cash and accrued expenses by \$45.5 million. After this misstatement was corrected by management, cash and cash equivalents reported by the University was \$303.1 million as of June 30, 2022. Upon reconciliation of the main operating account and other bank accounts, the University identified certain other reconciling items. Such amounts were determined by management to be immaterial and not recorded in the 2022 financial statements.

***Cause***

The University's central bank reconciliations lacked effective protocols for identifying certain reconciling items. Further, such reconciliations were not independently reviewed before preparing the University's financial statements.

***Effect or potential effect***

Failure to timely identify and properly account for reconciling items between bank balances and the general ledger may result in errors, affect the entity's ability to properly manage and project cash flows, and increase the risk of misappropriation.

***Recommendation***

The University should revise policies and procedures to ensure timely preparation and review of all bank reconciliations by individuals having appropriate knowledge, objectivity, and authority.

***Views of University Officials***

Reconciliation activity is prepared timely; however, limitations and challenges with Workday reporting have made it difficult to identify and evaluate certain general ledger transactions. Work continues to improve Workday reporting capability. Additionally, improvements to the bank reconciliation process have been made to further facilitate analysis and communication, ensuring any necessary accounting entries can be made monthly.

(Continued)

**THE OHIO STATE UNIVERSITY**  
Schedule of Financial Statement Findings  
Year ended June 30, 2022

**Finding 2022-002: Classification of certain components of net position**

***Criteria***

GASB Codification 2200.117-125 requires entities to classify net position among net investment in capital assets, restricted amounts, and unrestricted amounts.

***Conditions Found***

The University's total net position was approximately \$9.3 billion as of June 30, 2022. During our testing of certain net position components, we noted that \$68.9 million of net investment in capital assets and \$92.2 million of certain internally designated funds classified within restricted expendable net position should have been classified as unrestricted net position. Management corrected these misstatements in the 2022 statement of financial position.

***Cause***

The University had not performed sufficiently detailed analyses of net position balances, including comparison to corresponding prior-year balances.

***Effect or potential effect***

Failure to properly account for and apply consistent policies to net investment in capital assets, expendable net position, and unrestricted net position could result in misclassifications within net position.

***Recommendation***

The University should centralize and strengthen policies and review controls to ensure appropriate evaluation and classification of the above net position components.

***Views of University Officials***

We will review and enhance our policies and processes for the evaluation of appropriate net position classification.

## Acknowledgements

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The 2022 Financial Report and the included financial statements are prepared by the staff of the Office of the Controller.

Robert D. Booker

Lisa A. Plaga

Natalie H. Darner

Wei Qu

Allison M. Dodson

Kathryn M. Seay

Thomas F. Ewing

Brady T. Siddall

Rachel R. Ford

Herman Singh

Ken C. Gast

Jeffrey A. Smith

Mitch P. Gill

Jan E. Soboslai

Christopher A. Kropp

Timothy A. Thibodeau

Ruth E. McCollum

Michael Papadakis – Senior Vice President and Chief Financial Officer

Kristine G. Devine – Vice President for Operations and Deputy Chief Financial Officer

## Board of Trustees

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The expiration date of each trustee's term is given in parentheses.

Hiroyuki Fujita, Chair, Pepper Pike (2024)

Abigail S. Wexner, Vice Chair, New Albany (2023)

Alex R. Fischer, Columbus (2023)

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Tanner R. Hunt – Undergraduate Student Trustee, Westerville (2023)

James D. Klingbeil – Charter Trustee, San Francisco, CA (2024)

## APPENDIX C

### BOOK ENTRY ONLY SYSTEM

#### **Book-Entry Only System—The Depository Trust Company**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2023 B/C Bonds. The Series 2023 B/C Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2023 B/C Bond certificate will be issued for each maturity in each series in the aggregate principal amount of the Series 2023 B/C Bonds for that maturity and series and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has S&P’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2023 B/C Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023 B/C Bonds on DTC’s records. The ownership interest of each actual purchaser of each of the Series 2023 B/C Bonds (the “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owners entered into the transaction. Transfers of ownership interests in the Series 2023 B/C Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Series 2023 B/C Bonds, except in the event that use of the Book Entry Only System for the Series 2023 B/C Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023 B/C Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2023 B/C Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2023 B/C

Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2023 B/C Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2023 B/C Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2023 B/C Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2023 B/C Bond documents. For example, Beneficial Owners of Series 2023 B/C Bonds may wish to ascertain that the nominee holding the Series 2023 B/C Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2023 B/C Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2023 B/C Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the University as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2023 B/C Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Series 2023 B/C Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the University or its agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants and not of DTC (or its nominee), or the University or its agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the University or its agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

### **Discontinuation of the Book Entry Only System**

DTC may discontinue providing its service with respect to the Series 2023 B/C Bonds at any time by giving reasonable notice to the University or its agent. Under such circumstances, in the event a successor securities depository is not obtained, the Series 2023 B/C Bond certificates are required to be printed and delivered.

### **Revision of Book Entry Only System - Replacement Bonds**

The Program II Resolution provides for issuance of fully registered Bonds (the "Replacement Bonds") directly to owners other than DTC or its nominee only if DTC determines not to continue to act as

security depository of the Series 2023 B/C Bonds. In such event, the University may in its discretion establish a securities depository/book entry relationship with another qualified securities depository. If the University does not or is unable to do so, and after appropriate notice to DTC, the University's Bond Registrar will authenticate and deliver fully registered Replacement Bonds, in the denominations of \$5,000 or any integral multiple thereof, to or at the direction of and, if the event is not the result of University action or inaction, at the expense (including printing costs) of, any persons requesting such issuance. The Replacement Bonds may be transferred, registered and assigned only in the registration books of the University's Bond Registrar.

### **DTC Letter of Representations**

Certain duties of DTC and procedures to be followed by DTC and the Trustee are set forth in DTC's operational arrangements (the "Operational Arrangements"). In the event of any conflict between the provisions of the Indenture and the provisions of the Operational Arrangements relating to delivery of Bonds to the Trustee, the provisions of the Operational Arrangements shall control. The University has executed a blanket letter of representations enabling the Series 2023 B/C Bonds to be eligible for DTC's book entry only system.

### **Disclaimer by University, Trustee and Underwriter**

Neither the University nor the Trustee has any responsibility or liability for any aspect of the records relating to, or payments made on account of book entry interest ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The University, the Trustee, and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or others will distribute to the Beneficial Owners (i) payments of Debt Service Charges on the Series 2023 B/C Bonds paid or (ii) notices sent to DTC as the Holder or that they will do so on a timely basis, or that DTC or DTC Participants will serve and act in the manner described in this Supplemental Official Statement.

THE UNIVERSITY, UNDERWRITERS AND THE TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2023 B/C BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE SERIES 2023 B/C BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE SERIES 2023 B/C BONDS; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2023 B/C BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS SUPPLEMENTAL OFFICIAL STATEMENT.

THE UNIVERSITY, THE UNDERWRITERS AND TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE SERIES 2023 B/C BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER



THE TERMS OF THE CERTIFICATE; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE SERIES 2023 B/C BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK ENTRY SYSTEMS HAS BEEN OBTAINED FROM DTC, AND THE UNIVERSITY MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

**Procedures May Change**

Although DTC has agreed to these procedures in order to facilitate transfers of securities among DTC and its participants, they are under no obligation to perform or continue to perform these procedures and these procedures may be discontinued and may be changed at any time by any of them.

## APPENDIX D

### FORM OF OPINION OF BOND COUNSEL

RBC Capital Markets  
Representative of the Underwriters  
identified in the Supplemental Official Statement  
New York, New York

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance of the General Receipts Bonds (Multiyear Debt Issuance Program II), Series 2023 B (the “Series 2023 B Bonds”) and General Receipts Refunding Bonds (Multiyear Debt Issuance Program II), Series 2023 C (the “Series 2023 C Bonds” and together with the Series 2023 B Bonds, the “Series 2023 B/C Bonds”) by The Ohio State University, Columbus, Ohio (the “University”), a state university and a body corporate and politic of the State of Ohio. We have examined the transcript of proceedings (the “Transcript”), which includes, among others, the following documents: (i) a copy of the Amended and Restated Trust Indenture (the “Original Indenture”), dated as of December 1, 1999, between the University and The Bank of New York Mellon Trust Company, N.A. as successor trustee to The Huntington National Bank (the “Trustee”), as supplemented by a Multiyear Debt Issuance Program II Supplement to the Amended and Restated Trust Indenture dated as of September 1, 2021 (the “Program II Supplement” and together with the Original Indenture, the “Indenture”), (ii) the 1999 General Bond Resolution (the “1999 General Bond Resolution”) adopted by the Board of Trustees of the University on November 5, 1999, as supplemented by the resolution adopted by the Board of Trustees of the University on August 19, 2021, (the “Program II Series Bond Resolution”) authorizing the issuance and sale of the Series 2023 B/C Bonds, (iii) a specimen of the form of the Series 2023 B Bonds and the Series 2023 C Bonds and (iv) the Tax Certificate of the University (the “Tax Certificate”), dated of even date herewith. We have also examined Section 2i of Article VIII of the Ohio Constitution, Sections 3345.11 and 3345.12 of the Revised Code (the “Act”) and such other law, as we deemed relevant and necessary to render this opinion. Terms used in this opinion with initial capitalization when the rules of grammar would not otherwise so require have the respective meanings given to them in the Indenture unless the context requires a different meaning.

Except to the extent set forth in our supplemental opinion addressed to you and dated the date hereof, we have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or the Supplemental Official Statement for the Series 2023 B/C Bonds dated \_\_\_\_\_, 2023 or other offering material relating to the Series 2023 B/C Bonds and we express no opinion herein relating thereto.

As to questions of fact material to our opinion, we have relied on the representations of the University contained in the Program II Series Bond Resolution and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing and in reliance upon this examination, we are of the opinion that, under the law in effect on the date of this opinion:

1. The Program II Series Bond Resolution has been duly adopted by the Board of Trustees of the University and constitutes a valid and binding obligation of the University enforceable against the University in accordance with its terms.

2. The Series 2023 B/C Bonds have been duly authorized, executed and delivered by the University and are valid and legally binding special obligations of the University payable solely from the sources provided therefor in the Program II Series Bond Resolution.

3. The Debt Service Charges on the Series 2023 B/C Bonds, along with the Debt Service Charges on other Obligations, are payable solely from and are equally and ratably secured by a first pledge of the gross amount of General Receipts and, except to the extent provided in the Original Indenture or any supplement thereto, including without limitation the Program II Supplement, by the Special Funds and accounts therein. The Series 2023 B/C Bonds are not otherwise secured and the owners and holders of the Series 2023 B/C Bonds are given no right to have any excises or taxes levied by the General Assembly of Ohio for the payment of Debt Service Charges on the Series 2023 B/C Bonds. General Receipts do not include appropriations by the General Assembly of Ohio.

4. Based on existing law and assuming that the Series 2023 B/C Bonds are issued in accordance with the Tax Certificate, the interest on the Series 2023 B/C Bonds is excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended (the “Code”) and is not an item of tax preference for purposes of the alternative minimum tax; however, for tax years beginning after December 31, 2022, interest on the Series 2023 B/C Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Internal Revenue Code of 1986, as amended. We express no opinion regarding other federal tax consequences arising with respect to the Series 2023 B/C Bonds.

5. The interest on the Series 2023 B/C Bonds, and any profits made on their sale, exchange or other disposition, are exempt from Ohio personal income tax, the Ohio commercial activities tax, the net income base of the Ohio corporate franchise tax and income taxes imposed by the Ohio Revised Code. We express no opinion regarding other state and local tax consequences arising with respect to the Series 2023 B/C Bonds.

In giving the opinions contained in this letter, we have assumed compliance with and the accuracy of, and have relied upon, the covenants, representations and certifications in the Transcript. We have not independently verified the accuracy of those representations and certifications. The accuracy of those representations and certifications, and the University’s compliance with those covenants, may be necessary for the interest on the Series 2023 B/C Bonds to be and remain excluded from gross income for federal income tax purposes and for other tax effects stated above. Failure to comply with certain requirements subsequent to issuance of the Series 2023 B/C Bonds could cause the interest on the Series 2023 B/C Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2023 B/C Bonds.

The opinions hereinabove expressed are qualified to the extent that the binding effect and enforceability of any of the provisions of the Series 2023 B/C Bonds and the Program II Series Bond Resolution, or of any rights pursuant thereto, are subject to applicable bankruptcy, insolvency, reorganization, moratorium, or other laws in effect from time to time affecting the rights of creditors heretofore or hereinafter enacted, and also to the extent that the enforceability thereof may be limited by application of general principles of equity or public policy.

We bring to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result.

We do not undertake to advise you of matters which might come to our attention subsequent to the date hereof which may affect our legal opinions expressed herein.

Very truly yours,

**APPENDIX E**  
**GREEN BOND SECOND PARTY OPINION**

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## Second Party Opinion

<b>Issuer:</b>	<b>The Ohio State University</b>
<b>Issue Description:</b>	General Receipts Bonds (Multiyear Debt Issuance Program II) Series 2023 B (Green Bonds)
<b>Project:</b>	The Ohio State University Wexner Medical Center Inpatient Hospital Facility
<b>Green Standard:</b>	ICMA Green Bond Principles
<b>Green Category:</b>	Green Buildings
<b>Keywords:</b>	Inpatient hospital facility, teaching hospital, energy efficiency, water use efficiency sustainable hospital design, resilience, net zero aligned, public higher education, Ohio
<b>Par:</b>	\$263,000,000*
<b>Evaluation Date:</b>	August 25, 2023

\*Preliminary, subject to change

### GREEN BONDS DESIGNATION

Kestrel, an Approved Verifier accredited by the Climate Bonds Initiative, conducted an independent external review of the General Receipts Bonds (Multiyear Debt Issuance Program II) Series 2023 B (Green Bonds) ("Series 2023 B Bonds") to evaluate conformance with the Green Bond Principles (June 2021 with June 2022 Appendix 1) established by the International Capital Market Association. Our team for this engagement included analysts with backgrounds in environmental science and social science.

This Second Party Opinion reflects our review of the uses and allocation of proceeds, oversight, and conformance of the Series 2023 B Bonds with the Green Bond Principles. In our opinion, the Series 2023 B Bonds are impactful, net zero aligned, conform with the four core components of the Green Bond Principles, and qualify for Green Bonds designation.

### ABOUT THE ISSUER

The Ohio State University ("Ohio State" or "University") is a public land-grant research university founded in 1870 and governed by the Ohio Department of Higher Education.<sup>1</sup> The University's main campus is located in the City of Columbus in Franklin County, Ohio, and is home to the College of Medicine and The Ohio State

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<sup>1</sup> Morrill Land-Grant Act, signed in 1862, provided each state with parcels of land that could be used or sold off to build an institution of higher learning. Many of these land-grant institutions dispossessed Native tribes and peoples. Ohio State University acknowledges the land the campus occupies is the ancestral and contemporary territory of the Shawnee, Potawatomi, Delaware, Miami, Peoria, Seneca, Wyandotte, Ojibwe and Cherokee peoples. The University continues to examine the effects its founding has had on the economic, educational, and health disparities of Ohio's Native peoples. First Nations Development Institute, <https://www.firstnations.org/stories/dotting-the-i-at-the-ohio-state-university/>; The Ohio State University Multicultural Center, <https://mcc.osu.edu/about-us/land-acknowledgement>.

University Wexner Medical Center (“OSUWMC”). Ohio State also has four extended campuses throughout the state. The academic organization of the University consists of 15 colleges, seven schools, the Graduate School and the Agricultural Technical Institute. In 2022, nearly 66,000 students were enrolled across Ohio State campuses with approximately 900 students enrolled in the College of Medicine.

The OSUWMC is a comprehensive academic medical center co-located in a health sciences district that includes the College of Medicine and its School of Health and Rehabilitation Sciences. Facilities include two full-service hospitals, five specialized hospitals, a unified physician practice of over 1,800 physicians, and a network of community-based primary and subspecialty care providers. The OSUWMC served approximately 61,000 inpatients in fiscal year 2023.

The Ohio State University and OSUWMC have developed several equity and anti-racism initiatives to support the *Roadmap for Health Equity*.<sup>2</sup> Initiatives to address health equity include the Healthy Community Center, a center designed to provide outreach and services to under-resourced communities, and the James Center for Cancer Health Equity, a center intended to improve cancer awareness in minority and underserved communities.<sup>3</sup> Initiatives and activities also include mobilizing research around the social determinants of health; and supporting a grant research fund to promote multi-disciplinary studies of and solutions to racism and racial disparities.<sup>4</sup> The OSUWMC released the “Health Equity and Anti-Racism Report 2022,” which outlines several goals, including:

- reducing disparities for Black men and women;
- building an increasingly anti-racist healthcare system;
- fully integrating equity, anti-racism efforts into education and practice;
- narrowing gaps in health outcomes;
- prioritizing community engagement to advance health equity;
- expanding LGBTQ+ inclusion and support; and
- responding to climate change as healthcare providers.<sup>5</sup>

The OSUWMC has also received the LGBTQ+ Healthcare Equality Leader Award from the Human Rights Campaign Foundation.<sup>6</sup>

### **Environmental Sustainability at Ohio State**

The Ohio State University demonstrates leadership in environmental sustainability through teaching and action. Ohio State has defined goals, metrics, and strategies to achieve environmental sustainability through the 2020 Climate Action Plan which commits the University to carbon neutrality by 2050. Ohio State achieved a Gold rating in 2019 through the Sustainability Tracking, Assessment & Rating

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<sup>2</sup> “Roadmap for Health Equity: A deliberate plan for improvement,” The Ohio State University Wexner Medical Center, accessed August 15, 2023, <https://wexnermedical.osu.edu/health-equity/roadmap-for-health-equity>.

<sup>3</sup> “Health Equity Initiatives,” The Ohio State University Wexner Medical Center, accessed August 15, 2023, <https://wexnermedical.osu.edu/health-equity/initiatives>.

<sup>4</sup> “Ohio State addresses institutional racism,” The Ohio State University Wexner Medical Center, June 10, 2020, <https://wexnermedical.osu.edu/-/media/files/wexnermedical/about-us/diversity/ohio-state-addresses-institutional-racism.pdf>.

<sup>5</sup> “Health Equity and Anti-Racism Report 2022,” The Ohio State University Wexner Medical Center and Health Science Colleges, accessed August 15, 2023, <https://wexnermedical.osu.edu/-/media/files/wexnermedical/about-us/anti-racism/hear-report-2022.pdf?rev=ea1186a5be5144d5ac123b66b6bf7b85>.

<sup>6</sup> “HEI 2022 LGBTQ+ Healthcare Equality Leaders,” Human Rights Campaign, accessed August 15, 2023, <https://www.hrc.org/resources/hei-2022-lgbtq-healthcare-equality-leaders>.

System (“STARS”), a self-reporting framework for colleges and universities to measure their sustainability performance, and strives for future ratings.<sup>7</sup>

In 2017, Ohio State approved a public-private partnership with ENGIE North America and Axiom Infrastructure to form Ohio State Energy Partners (“OSEP”) for comprehensive energy management. The partnership provides capital funding for significant energy conservation measures across the campus with a goal of improving energy efficiency by 25% in 10 years. Projects include installation of smart meters, comprehensive lighting retrofits, and utility system repairs and upgrades. OSEP will invest up to \$50 million in construction of the Energy Advancement and Innovation Center, a research hub for advancing renewable energy and transportation systems and solutions. Because of OSEP, energy use intensity on the Columbus campus has declined 12% since 2017 and is expected to continue to decline as energy conservation measures are implemented. Sustainability achievements such as energy use reduction, waste diversion, and use of renewable electricity are tracked and reported annually to the Board of Trustees and published in the Sustainability Institute at Ohio State Annual Reports.<sup>8</sup> Campuswide greenhouse gas emissions are reported annually through the Second Nature reporting platform.<sup>9</sup>

As further evidence of environmental stewardship, the OSUWMC has received a Tree Campus Healthcare designation from the Arbor Foundation for four consecutive years since 2020. The OSUWMC also received an Emerald level award and was selected to the Sustainable Procurement Circles of Excellence (top 10 award) by Practice Greenhealth in 2023.

Stewardship goals include:

- increase energy efficiency by 25% per building square foot by 2025;
- divert 90% of non-hazardous waste away from landfills by 2025;
- reduce potable water consumption by 10% per capita every five years;
- increase Ecosystem Services Index score to 85% by 2025;
- increase production and purchase of locally and sustainably sourced food to 40% by 2025; and
- achieve carbon neutrality by 2050.

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<sup>7</sup> Ohio State is in the process of renewing the STARS rating and has achieved a preliminary rating of Gold.

<sup>8</sup> “Sustainability Institute at Ohio State Annual Report 2021,” The Ohio State University, accessed August 15, 2023, [https://si.osu.edu/sites/default/files/SLAnnualReport2021\\_FINAL.pdf](https://si.osu.edu/sites/default/files/SLAnnualReport2021_FINAL.pdf).

<sup>9</sup> “Sustainability Indicator Management & Analysis Platform, Public Reporting Module,” Sustainability Institute at the University of New Hampshire and Second Nature, accessed August 15, 2023, <https://secondnature.org/>.



## ALIGNMENT TO GREEN STANDARDS<sup>10</sup>

### Use of Proceeds

The Series 2023 B Bonds will finance and reimburse costs of construction for a new inpatient hospital facility (“Project”) within The Ohio State University Wexner Medical Center (“OSUWMC”). The new facility will meet robust energy efficiency standards for hospitals and incorporate multiple green building features. The Project is an eligible project as defined by the Green Bond Principles in the project category of *Green Buildings*.



The Project will be a 1.9-million-square-foot inpatient teaching hospital designed with a focus on long-term sustainability, and will include:

- 51 neonatal intensive care unit bassinets
- Up to 820 beds
- 10 interventional radiology rooms
- Six endoscopy rooms
- 192 intensive care unit beds
- 42 beds for neuro and transplant care, and modern diagnostic, treatment, and imaging areas
- 24 operating rooms

The new facility will support clinical training spaces and will operate in conjunction with Ohio State’s existing healthcare facilities, including the Ohio State University Comprehensive Cancer Center, Rhodes Hall, Doan Hall, the Richard M. Ross Heart Hospital, and the Brain and Spine Hospital.

As of July 2023, the Project is approximately 60% complete and expected to be completed in late 2025 and to be operational in early 2026. The total Project cost is approximately \$1.9 billion. The facility core, shell, and mechanical infrastructure are nearly complete, and the Series 2023B Bond proceeds are expected to fund construction of interior walls, floors, and ceilings.

Ohio State developed custom building standards tailored to University-wide sustainability goals, called the Sustainable Campus Building Standards (“SCBS”), which have since been expanded and integrated into Ohio State’s Building Design Standards in Division 18. The new inpatient Project will align to SCBS, as outlined in Table 1.<sup>11</sup>

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<sup>10</sup> Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or refinance eligible Green Projects which are aligned with the four core components of ICMA Green Bond Principles.

<sup>11</sup> Table 1 reflects the revised version of the Sustainable Design and Construction University Policy and the SCBS guidelines.

**Table 1. Sustainable Campus Building Standard Requirements**

Category	Requirement
<b>Commissioning and Sustainability Review</b>	Project teams must document project need, sustainability targets, and consider planning for resiliency. A commissioning agent must be involved throughout the design and construction process.
<b>Energy Efficiency</b>	Every building must include energy metering for every energy source and meet energy use intensity targets based on the building type.
<b>Water Use Efficiency</b>	Every building must include comprehensive water metering (smart meters) and the facility must meet water use intensity targets.
<b>Ecosystem Services</b>	Ohio State has developed an Ecosystem Services Index that lists natural assets that are important to the University (consists of metrics related to ecosystem services). Teams prepare an Ecosystem Services Assessment (using the Ecosystem Assessment Scorecard) to maximize effective stormwater management, conserve valuable natural resources, and protect biodiversity.
<b>Materials</b>	Construction waste, source materials, and management of materials are all considered. At least 50% of materials must meet sustainability criteria such as recycled content, Forest Stewardship Council (“FSC”) lumber, or be locally sourced. The project must have a materials management plan to maximize diversion of waste from landfills once the project is in operation, and 85% of construction waste must be diverted.
<b>User Experience</b>	Buildings must be constructed to meet high indoor air quality standards and maintain adequate thermal comfort levels. Designs are required to consider connections to nature, acoustic performance, and light quality.
<b>Life Cycle Cost Analysis</b>	Project teams are required to perform life cycle assessments, compare alternative design concepts, and estimate total project costs.

The SCBS are comparable to LEED, but omit certain aspects such as green vehicles and multimodal access which are included in other University programs. The ambitious SCBS energy use intensity targets were selected based on data from the Department of Energy, the Commercial Buildings Energy Consumption Survey, and Energy Star. The Project site energy use intensity (“EUI”) is expected to be 150 kBtu/sq ft, significantly lower than the median site EUI of inpatient hospitals in the US, according to ENERGY STAR® data.<sup>12</sup> These energy savings will minimize greenhouse gas emissions of the facility. SCBS water use intensity targets were selected based on data from the Commercial Buildings Energy Consumption Survey (“Survey”) by the US Energy Information Administration.<sup>13</sup> Ohio State compiled historical water use data from campus buildings and found average gallons of water usage per square foot. Ohio State’s hospital buildings are currently operating below the average gallons per square foot specified in the Survey. The new inpatient building is designed to exceed this performance and result in a 21% water use reduction from baseline.

<sup>12</sup> “What is Energy Use Intensity,” ENERGY STAR, [https://www.energystar.gov/buildings/benchmark/understand\\_metrics/what\\_eui](https://www.energystar.gov/buildings/benchmark/understand_metrics/what_eui).

<sup>13</sup> “Commercial Buildings Energy Consumption Survey,” US Energy Information Administration, accessed August 15, 2023, <https://www.eia.gov/consumption/commercial/reports/2012/water/>.

### The OSUWMC & Project Resilience

In addition to minimizing use of natural resources, the new inpatient tower is designed for climate resilience. The Ohio State Building Design Standards require that a Risk and Functional Performance Assessment be completed to identify site-specific hazards and resilience strategies. The Assessment involves identification of hazards, and the probability and severity of effects such as changing site conditions, power outages, weather events, and impacts of climate change. The Project design incorporates strategies to mitigate identified risks such as floodproofing lower levels of the new inpatient tower, and includes multiple feeds for critical building systems to ensure redundancy. Additionally, there is a nearby flood protection project, the Canon Drive Relocation project, which adds 500-year flood protection for the campus. The Canon Drive project involves construction of a levee between the Olentangy River and the Ohio State campus and includes reconstruction of greenspace and trails through the affected area.

### Net Zero Alignment

Bonds are net zero aligned if financed activities advance goals to reach net zero greenhouse gas emissions by 2050. The Series 2023 B Bonds directly advance emissions reduction goals by financing an energy-efficient inpatient facility, support the University-wide 2050 carbon neutrality goal, and are aligned with the transition to a low-carbon economy.

### **Process for Project Evaluation and Selection**

The decision to design and construct a new inpatient hospital is centered on the need for a modern facility with more patient beds, as identified in the University's long-term planning vision, Framework 2.0 (adopted 2017), and reflected in the University's FY2021 Financial Plan.

Project owner and design teams oversee implementation of the Sustainable Campus Building Standard, and projects must demonstrate compliance throughout design and construction. By incorporating green building features and ambitious energy efficiency standards, the Project directly aligns with the University's resource stewardship goals.

### **Management of Proceeds**

Proceeds from Series 2023 B Bonds will be allocated to finance the Project and pay costs of issuance. Proceeds will be held in a bond-specific project account in the facilities fund and allocated to expenses following approval by the Treasurer's Office. Proceeds are expected to be fully expended within two years and may be temporarily invested in accordance with the University's Investment Policy.

### **Reporting**

In connection with the Series 2023 B Bonds, Kestrel will produce a one-time post-issuance update report within 24 months of issuance that is expected to include updates on the allocation of bond proceeds, construction status, project updates, and expected energy use intensity of the facility. This reporting will be available on the Electronic Municipal Market Access ("EMMA") system operated by the Municipal Securities Rulemaking Board ("MSRB").

The University will also report on the performance of the green building. SCBS requires a 12-month post-occupancy review of actual energy use intensity for buildings in operation. The University will post a one-time accountability report on EMMA summarizing actual building performance relative to expected performance. This report will be based on building performance over the first full year of hospital operations. Sustainability achievements of the entire OSUWMC such as energy use reduction, waste

diversion, and use of renewable electricity are tracked and reported annually in the OSUWMC Sustainability Report.<sup>14</sup>

The University will submit annual continuing disclosures to the MSRB as long as the Series 2023 B Bonds are outstanding. The University will also provide reports in the event of material developments on EMMA.

**ALIGNMENT WITH UN SDGs**



The Series 2023 B Bonds support and advance the vision of the United Nations Sustainable Development Goals (“UN SDGs”), including:



**Good Health and Well-Being (Targets 3.4, 3.8)**  
Increased clinical care space at the OSUWMC



**Quality Education (Target 4.4)**  
Expanded clinical training space



**Affordable and Clean Energy (Target 7.3)**  
Improved energy efficiency of hospital facilities through incorporation of SCBS in Project development

Full text of these Targets is available in Appendix A, with additional information available on the United Nations website: [un.org/sustainabledevelopment](https://un.org/sustainabledevelopment)

**CONCLUSION**

Based on our independent external review, the Series 2023 B Bonds are impactful, net zero aligned, conform, in all material respects, with the Green Bond Principles (June 2021 with June 2022 Appendix 1) and are in complete alignment with the *Green Buildings* eligible project category. The new inpatient facility at the OSUWMC incorporates green building and resilience features and aligns with strong energy efficiency standards for hospitals.

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<sup>14</sup> “FY22 Sustainability Results,” The Ohio State University Wexner Medical Center, accessed August 15, 2023, <https://wexnermedical.osu.edu/about-us/sustainability>.

## About

Kestrel provides Sustainability Intelligence and verification services designed to bring greater transparency and insight to fixed income, helping to set the market standard for sustainable finance.

Kestrel is a leading provider of external reviews for green, social and sustainability bond transactions. We are qualified to evaluate corporate and municipal bonds in all asset classes worldwide for conformance with international green and social bond standards.

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### Verification Team

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- April Strid, MS - Lead ESG Analyst
- Melissa Sherwood, MA - Senior ESG Analyst
- Joanne Ferrigan - VP, QA & Risk Management

## Disclaimer

This Opinion aims to explain how and why the discussed financing meets the ICMA Green Bond Principles based on the information that was provided by the University or made publicly available by the University and relied upon by Kestrel only during the time of this engagement (August – September 2023), and only for purposes of providing this Opinion.

We have relied on information obtained from sources believed to be reliable, and assumed the information to be accurate and complete. However, Kestrel can make no warranty, express or implied, nor can we guarantee the accuracy, comprehensive nature, merchantability, or fitness for a particular purpose of the information we were provided or obtained.

By providing this Opinion, Kestrel is neither addressing nor certifying the credit risk, liquidity risk, market value risk or price volatility of the projects financed by the Green Bonds. It was beyond Kestrel's scope of work to review for regulatory compliance, and no surveys or site visits were conducted by us. Furthermore, we are not responsible for surveillance, monitoring, or implementation of the project, or use of proceeds.

The Opinion delivered by Kestrel is for informational purposes only, is current as of the date of issuance, and does not address financial performance of the Green Bonds or the effectiveness of allocation of its proceeds. This Opinion does not make any assessment of the creditworthiness of the University, nor its ability to pay principal and interest when due. This Opinion does not address the suitability of a Bond as an investment, and contains no offer, solicitation, endorsement of the Bonds nor any recommendation to buy, sell or hold the Bonds. Kestrel accepts no liability for direct, indirect, special, punitive, consequential or any other damages (including lost profits), for any consequences when third parties use this Opinion either to make investment decisions or to undertake any other business transactions.

This Opinion may not be altered without the written consent of Kestrel. Kestrel reserves the right to revoke or withdraw this Opinion at any time. Kestrel certifies that there is no affiliation, involvement, financial or non-financial interest in the University or the projects discussed. We are 100% independent. Language in the offering disclosure supersedes any language included in this Second Party Opinion.

Use of the United Nations Sustainable Development Goal (SDG) logo and icons does not imply United Nations endorsement of the products, services, or bond-financed activities. The logo and icons are not being used for promotion or financial gain. Rather, use of the logo and icons is primarily illustrative, to communicate SDG-related activities.

# Appendix A.

## UN SDG TARGET DEFINITIONS

### **Target 3.4**

By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being

### **Target 3.8**

Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

### **Target 4.4**

By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

### **Target 7.3**

By 2030, double the global rate of improvement in energy efficiency

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## SECOND AMENDED OFFICIAL STATEMENT



Relating to

**\$1,000,000,000**

**In maximum principal amount of  
THE OHIO STATE UNIVERSITY**

**General Receipts Bonds  
(Multiyear Debt Issuance Program II)**

The Ohio State University (the “University”) has authorized the issuance of its General Receipts Obligations (Multiyear Debt Issuance Program II) (the “Program II Bonds”) up to a maximum principal amount of \$1,000,000,000 between the date of the Program II Resolution (as defined herein) and June 30, 2025 (the “Offering Period”). The maximum principal amount limitation in the Program II Resolution does not apply to Obligations issued to retire or refund Obligations previously issued by the University (“Refunding Obligations”) and such Refunding Obligations are excluded for purposes of calculating the amount of Obligations issued pursuant to the authorization provided in the Program II Resolution.

The Program II Bonds may be issued in one or more series from time to time during the Offering Period. The specific terms of each series of Program II Bonds issued during the Offering Period will be set forth in supplements to an Official Statement (each a “Supplemental Official Statement”). The original Official Statement for the Program II Bonds dated September 15, 2021 (the “Original Program II Official Statement”) has been amended and restated in connection with the offering of the Series 2023 B/C Bonds by this Second Amended Official Statement, and this Second Amended Official Statement is referred to herein as the “Official Statement”. The Program II Bonds will be special obligations of The Ohio State University (the “University”) issued to pay costs of capital facilities, refund General Receipts Obligations previously issued and to pay costs of issuance of the Program II Bonds.

Each series of the Program II Bonds is to be issued pursuant to an Amended and Restated Trust Indenture dated as of December 1, 1999 between the University and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “Trustee”), as amended and supplemented to date, including by the Multiyear Debt Issuance Program II Supplement to Amended and Restated Trust Indenture dated as of September 1, 2021 (the “Original Program II Supplement”), as amended by Amendment No. 1 to the Multiyear Debt Issuance Program II Supplement to Amended and Restated Trust Indenture, dated as of April 1, 2023 (“Amendment No. 1” and, together with the Original Program II Supplement, the “Program II Supplement”). Principal of, and interest and any premium on, the Program II Bonds, and any other parity obligations, are payable solely from the General Receipts of the University and the Debt Service Fund. See **SECURITY AND SOURCES OF PAYMENT** herein.

**The Program II Bonds are not obligations of the State of Ohio, are not general obligations of the University, and the full faith and credit of the University is not pledged to their payment. The owners of the Program II Bonds have no right to have any excises or taxes levied by the Ohio General Assembly for the payment of the principal, interest and redemption premium.**

*This cover page contains certain information for quick reference only. Investors must read the entire Official Statement and the applicable Supplemental Official Statement to obtain information essential to the making of an informed investment decision. This Official Statement may not be used to offer and sell Program II Bonds unless accompanied by a Supplemental Official Statement.*

This Second Amended Official Statement is dated August 31, 2023.



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## REGARDING THIS OFFICIAL STATEMENT

This Official Statement is delivered in connection with the proposed issuance from time to time of Program II Bonds authorized by the University to pay costs of capital facilities, refund General Receipts Obligations previously issued, and to pay costs of issuance of the Program II Bonds. During a period commencing on the date of the Program II Resolution and terminating on June 30, 2025 (the “Offering Period”), the University may issue one or more series of General Receipts Bonds in the form of Program II Bonds including:

- Fixed Rate Senior Lien Obligations;
- Variable Rate Senior Lien Obligations; and
- Special Purpose General Receipts Obligations.

Program II Bonds may be issued as either taxable or tax-exempt Program II Bonds, as specified in the applicable Supplemental Official Statement (as defined below).

This Official Statement provides a general description of the University and the various types of Program II Bonds that may be offered. For each issuance of Program II Bonds during the Offering Period, the University will prepare a supplement to this Official Statement (each a “Supplemental Official Statement”) with specific information about the terms of the series of Program II Bonds being offered, including the price, interest rate, payment dates, priority of lien, maturity date, redemption terms, tax status and other terms specific to the series of Program II Bonds being offered. Each Supplemental Official Statement will also describe the use of proceeds, the names and compensation of the underwriters of the Program II Bonds and other important considerations for investors. Each Supplemental Official Statement may also add, update or change information contained in this Official Statement. Investors must read this Official Statement and the applicable Supplemental Official Statement before making an investment decision. This Official Statement may not be used to offer and sell Program II Bonds unless it is accompanied by a Supplemental Official Statement that more fully describes the Program II Bonds being offered and the terms of the offering.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

## AVAILABLE INFORMATION

The University intends (as a voluntary practice) to continue to file quarterly reports for quarterly periods ending September 30, December 31, March 31 and June 30 of each year with the Municipal Securities Rulemaking Board’s (“MSRB”) Electronic Municipal Market Access System (“EMMA”) which will update some of the information contained in this Official Statement and the applicable Supplemental Official Statement, including certain operating data and financial information included in Appendix A attached to each Supplemental Official Statement. Such quarterly reports can be inspected electronically at <http://www.emma.msrb.org>. Such quarterly reports do not constitute a part of this Official Statement or the applicable Supplemental Official Statement and should not be relied upon in making a decision to purchase Program II Bonds. The University’s plan to file quarterly reports does not constitute an obligation of the University under its continuing disclosure agreement. See **CONTINUING DISCLOSURE** in the accompanying Supplemental Official Statement.

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**\$1,000,000,000**  
**THE OHIO STATE UNIVERSITY**  
**General Receipts Bonds**  
**(Multiyear Debt Issuance Program II)**

**INTRODUCTORY STATEMENT**

**General**

This Official Statement has been prepared by The Ohio State University (the “University”), a state university of the State of Ohio, in connection with the issuance and sale by the University of up to a maximum of \$1,000,000,000 in aggregate principal amount of its Program II Bonds in one or more series during the Offering Period described herein. The specific terms of each series of Program II Bonds issued during the Offering Period will be set forth in one or more supplements to this Official Statement (each a “Supplemental Official Statement”). Each series of Program II Bonds will be special obligations of the University issued for the purpose of paying costs of capital facilities, refunding General Receipts Obligations previously issued by the University and paying costs of the issuance of the Program II Bonds, each as described in the applicable Supplemental Official Statement and will constitute an issue of Obligations under the Indenture described below.

Each series of Program II Bonds will be issued pursuant to Sections 3345.11 and 3345.12 of the Ohio Revised Code (the “Act”), the General Bond Resolution adopted by the Board on November 5, 1999 (the “1999 General Bond Resolution”) and the Multiyear Debt Issuance Program II Bond Resolution (the “Original Program II Resolution”), adopted by the Board of Trustees of the University (the “Board”) on August 19, 2021, as amended and supplemented to date, including an amendment adopted by the Board on May 18, 2023 (as amended, the “Program II Resolution”), an Amended and Restated Trust Indenture (the “Amended and Restated Trust Indenture”) dated as of December 1, 1999, as amended and supplemented to date, including by the Multiyear Debt Issuance Program II Supplement to Amended and Restated Trust Indenture dated as of September 1, 2021 (the “Original Program II Supplement”), as amended by Amendment No. 1 to the Multiyear Debt Issuance Program II Supplement to Amended and Restated Trust Indenture, dated as of April 1, 2023 (“Amendment No. 1”) and together with the Original Program II Supplement, the “Program II Supplement”), each between the University and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “Trustee”) and a Certificate of Award to be dated the date of issuance of the applicable series of Program II Bonds (each a “Certificate of Award”). The Program II Resolution, the Amended and Restated Trust Indenture and the Program II Supplement are collectively referred to in this Official Statement as the “Indenture.” Capitalized terms used herein which are not defined herein shall have the meanings described in the Indenture. See **THE INDENTURE** for a summary of certain terms and provisions of the Indenture.

Pursuant to the Act, the University is authorized, among other things, to acquire, construct, improve and furnish certain “facilities” as defined in the Act, and to pay costs of those facilities by the issuance of obligations payable from the General Receipts of the University. The Indenture authorizes the issuance of obligations (as defined in the Indenture, the “Obligations”) of the University to finance the costs of those authorized facilities (as defined in the Indenture, the “University Facilities”). The Program II Supplement specifically authorizes the issuance of \$1,000,000,000 maximum principal amount of General Receipts

Obligations (to be denominated “Program II Bonds”) in one or more series, during the Offering Period. The maximum principal amount limitation in the Program II Resolution does not apply to Refunding Obligations issued by the University and such Refunding Obligations are excluded for purposes of calculating the amount of Obligations issued pursuant to the authorization provided in the Program II Resolution.

The University has previously authorized and issued Obligations secured by the Amended and Restated Indenture, including Senior Lien Obligations and Special Purpose General Receipts Obligations. Senior Lien Obligations are secured by General Receipts of the University. Special Purpose General Receipts Obligations are subordinated obligations of the University payable solely from Special Purpose Pledged Revenues, as described herein (Senior Lien Obligations and Special Purpose General Receipts Obligations are collectively referred to herein as “Obligations”). See **GENERAL RECEIPTS OBLIGATIONS** herein. The University may designate a series of the Program II Bonds upon its issuance as either Senior Lien Obligations or Special Purpose General Receipts Obligations.

References to provisions of Ohio law, whether codified in the Ohio Revised Code or uncoded, or the Ohio Constitution are references to those current provisions. Those provisions may be amended, repealed or supplemented.

As used in this Official Statement, “Debt Service Charges” means principal (including any mandatory sinking fund requirements), interest and any redemption premium required to be paid by the University on the Obligations, and “Fiscal Year” means the University’s fiscal year, currently the 12-month period from July 1 to June 30. Reference to a particular fiscal year means the Fiscal Year that ends on June 30 in the indicated year.

## **The Program**

The Multiyear Debt Issuance Program II (the “Program”) is the second multiyear debt issuance program established by the University in order to streamline its debt issuance process. The first multiyear debt issuance program was established by the Board in 2015, and the University issued its Series 2016 A Bonds, Series 2016 B Bonds, Series 2017 Bonds and Series 2020 A Bonds during the term of the first multiyear debt issuance program.

The Board of Trustees adopted and later amended the Program II Resolution on August 19, 2021 and May 18, 2023, respectively, to authorize the issuance of \$1,000,000,000 maximum principal amount of Program II Bonds, in one or more series, from time to time. Proceeds of the Program II Bonds are authorized to be used to finance University Facilities as well as refund, either currently or in advance of their respective maturities, General Receipts Obligations of the University previously issued to finance or refinance University Facilities. The maximum principal amount limitation in the Program II Resolution does not apply to Refunding Obligations issued by the University and such Refunding Obligations are excluded for purposes of calculating the amount of Obligations issued pursuant to the authorization provided in the Program II Resolution.

The University may establish one or more additional Multiyear Debt Issuance Programs in the future. Bonds to be issued under any such additional program will be offered pursuant to a separate official statement and a supplement or supplements thereto.

All Program II Bonds will be General Receipts Obligations of the University. They may be issued as Senior Lien Obligations or Special Purpose General Receipts Obligations, bear interest at fixed interest rates or variable interest rates, and be tax-exempt or federally taxable. The attributes of each series of

Program II Bonds will be identified in the Certificate of Award for such series executed by the University at the time of issuance of such series and may be described in a Supplemental Official Statement.

## **GENERAL RECEIPTS OBLIGATIONS**

### **General**

The 1999 General Bond Resolution and the Amended and Restated Trust Indenture are the basic documents pertaining to all Obligations and prescribe the conditions for the issuance of additional Obligations, such as the Program II Bonds. For each issue of Obligations, a Series Resolution setting forth detailed provisions for that issue is usually adopted. The Program II Resolution authorized the issuance of not to exceed \$1,000,000,000 in General Receipts Obligations in one or more series for the purpose of paying the costs of certain University Facilities, refunding outstanding Obligations previously issued by the University and paying the costs of issuance of such Program II Bonds. The maximum principal amount limitation in the Program II Resolution does not apply to Refunding Obligations issued by the University and such Refunding Obligations are excluded for purposes of calculating the amount of Obligations issued pursuant to the authorization provided in the Program II Resolution. The specifications of each series of Program II Bonds issued pursuant to the Program II Resolution and the Program II Supplement will be set forth in the Certificate of Award for that series.

The proceeds of all Obligations, including the Program II Bonds, are to be applied solely to pay costs of University Facilities, including capitalized interest, to refund, fund or retire obligations previously issued for that purpose, as specifically provided and allocated in the applicable Certificate of Award, and to pay issuance costs associated with the issuance of such Obligations.

University Facilities are defined in the Indenture as buildings, structures and other improvements, and equipment, real estate and interests in real estate therefor, all or any part of the costs of which are at any time authorized by the Act to be financed by the issuance of obligations. The Act authorizes the financing of “facilities,” defined in the Act to include “auxiliary facilities” (student activity or student service facilities, housing and dining facilities, dining halls or other food service and preparation facilities, vehicular parking facilities, bookstores, athletic and recreational facilities, faculty centers, auditoriums, assembly and exhibition halls, hospitals, infirmaries and other medical and health facilities, research and continuing education facilities); “educational facilities” (classrooms, or other instructional facilities, libraries, administrative and office facilities, and other facilities, other than auxiliary facilities, to be used directly or indirectly for or in connection with the conduct of the institution of higher education); “housing and dining facilities” (dormitories or other living quarters and accommodations, or related dining halls or other food service and preparation facilities, for students, members of the faculty, officers, or employees of the institution of higher education, and their spouses and families); and any one, part of or any combination of those facilities.

**The Program II Bonds are not obligations of the State of Ohio, are not general obligations of the University, and the full faith and credit of the University is not pledged to their payment. The owners of the Program II Bonds have no right to have any excises or taxes levied by the Ohio General Assembly for the payment of the principal, interest and redemption premium.**

### **Senior Lien Obligations**

Program II Bonds to be issued under this Official Statement may be issued as Senior Lien Obligations. The University has previously issued Senior Lien Obligations and may at any time incur additional Senior Lien Obligations secured by a pledge and lien on all General Receipts of the University

(which includes all Special Purpose Pledged Revenues, described below) and such pledge is senior in priority to the pledge and lien securing the Special Purpose General Receipts Obligations described below.

Senior Lien Obligations secured by General Receipts of the University represent a type of financing of facilities by state universities of Ohio authorized by an amendment to the Ohio Constitution as implemented by the Act. Significant elements of this financing are the broad scope and gross pledge character of the security afforded to the Senior Lien Obligations, and the simplicity and flexibility provided by permitting all authorized types of facilities to be financed under one open end trust indenture.

Security provisions include the pledge to secure the Senior Lien Obligations with a gross pledge and first lien on all General Receipts of the University. See **SECURITY AND SOURCES OF PAYMENT – General Receipts Pledged to Senior Lien Obligations** herein.

### **Special Purpose General Receipts Obligations**

In 2013, the University issued a series of Special Purpose General Receipts Bonds (the “Series 2013 A Bonds”) as subordinated obligations of the University, payable solely from the Special Purpose Pledged Revenues, as hereinafter described. Under the Indenture, the pledge and lien on Special Purpose Pledged Revenues is junior to the pledge and lien of Senior Lien Obligations issued by the University. See **SECURITY AND SOURCES OF PAYMENT – Special Purpose Pledged Revenue Pledged to Special Purpose General Receipts Obligations** herein. The Indenture permits the University to issue additional obligations secured by a pledge and lien on Special Purpose Pledged Revenues (collectively, the “Special Purpose General Receipts Obligations”), on a parity with, or subordinate in priority to, the pledge and lien securing any Outstanding Special Purpose General Receipts Obligations.

The proceeds of any obligations issued by the University as Special Purpose General Receipts Obligations are required to be applied solely to pay costs of acquisition, construction, improvement and renovation of certain student housing, dining and student recreation facilities of the University, including capitalized interest, as specifically provided and allocated in the applicable Bond proceedings, and to pay issuance costs associated with the issuance of such Obligations.

Special Purpose Revenue Facilities are defined as all housing and dining facilities and such auxiliary facilities as shall constitute recreation facilities owned by the University.

Special Purpose Pledged Revenues include all revenues, fees, rentals, rates, charges, insurance proceeds and other moneys derived by the University from the ownership or operation of Special Purpose Revenue Facilities, subject and subordinate to the lien on General Receipts securing any Senior Lien Obligation.

There are currently no Special Purpose General Receipts Obligations outstanding.

### **Constitutional and Statutory Authorization**

The University’s General Receipts Obligations, and consequently the Program II Bonds, are authorized pursuant to the Act, enacted under authority of the Ohio Constitution, and particularly Section 2i of Article VIII thereof, which provides that the General Assembly may authorize the issuance of revenue obligations and other obligations for capital improvements for state-supported and state-assisted institutions of higher education, which obligations may be secured by a pledge under law of all or such portion of receipts of those institutions as the General Assembly authorizes. Section 2i further provides that **the owners or holders of those obligations are not given the right to have excises or taxes levied by the General Assembly for the payment of principal or interest.**

The Act implements the constitutional authority and authorizes the issuance by the University of obligations to pay all or part of the cost of “facilities” (as defined in the Indenture, the “University Facilities”) and to refund, fund or retire obligations previously issued for the purpose; authorizes the pledge to the obligations of all or such part of the “available receipts” of the University as the University determines in the General Receipts Bond proceedings (being the General Receipts); and provides that the pledge of and lien on General Receipts may, as provided for in the Indenture, be made prior to all other expenses, claims or payments.

## **SECURITY AND SOURCES OF PAYMENT**

### **General Receipts Pledged to Senior Lien Obligations**

All Senior Lien Obligations, including any outstanding Senior Lien Obligations, each series of Program II Bonds designated Senior Lien Obligations and any additional Senior Lien Obligations, are and will be payable from and secured by a first pledge of and lien on the General Receipts of the University and the Debt Service Fund.

The Indenture establishes the Debt Service Fund, a special fund held by the Trustee, for the payment of Debt Service Charges on the Obligations. The University is to make payments to the Debt Service Fund in time and amount sufficient to pay Debt Service Charges when due.

The University may provide for bond insurance or other types of credit support, or a reserve fund or account, with respect to any one or more Obligations or series of Obligations and not with respect to any other Obligations or series of Obligations.

General Receipts pledged to the security of all Senior Lien Obligations include virtually all the receipts of the University, excepting only receipts expressly excluded by the Indenture.

The General Receipts are defined in the Indenture and consist of all moneys received by the University including but not limited to all gross fees, deposits, charges, receipts and income from all or any part of the students of the University, whether designated as tuition, instructional fees, tuition surcharges, general fees, activity fees, health fees or other special purpose fees or otherwise designated; all gross income, revenues and receipts from the operation, ownership, or control of University Facilities; all grants, gifts, donations and pledges and receipts therefrom; and the proceeds of the sale of Obligations, including proceeds of Obligations issued to refund Obligations previously issued, to the extent and as allocated to the payment of Debt Service Charges under the proceedings authorizing those Obligations.

The exclusions from the General Receipts consist of moneys raised by taxation and State appropriations until and unless their pledge to Debt Service Charges is authorized by law and is made by a supplemental trust agreement approved by the Board; 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; moneys received in connection with branch campus operations; any special fee charged pursuant to Section 154.21(D) of the Ohio Revised Code and receipts therefrom (that fee, relating to General Receipts Bonds of the State issued by the Ohio Public Facilities Commission, has never been required to be imposed and is not anticipated to be required to be imposed).

Pursuant to the Act, upon their receipt by the University, the General Receipts are immediately subject to the lien of the pledge made by the Indenture, and the lien of that pledge is valid against all parties having claims of any kind, regardless of notice, and creates a perfected security interest without necessity for prior separation, physical delivery, filing or recording or further act by the University.



## **Special Purpose Pledged Revenues Pledged to Special Purpose General Receipts Obligations**

Special Purpose General Receipts Obligations are secured by a pledge of Special Purpose Pledged Revenues. Special Purpose Pledged Revenues consist of all revenues, fees, rentals, rates, charges, insurance proceeds and other moneys derived by the University from the ownership or operation of Special Purpose Revenue Facilities, subject and subordinate in each case to the lien securing any Senior Lien Obligations issued pursuant to the Indenture.

The pledge of Special Purpose Pledged Revenues is subordinate to the pledge and lien of present and future Senior Lien Obligations issued under the Indenture, which are secured by all General Receipts of the University including all of the Special Purpose Pledged Revenues.

Subject to the terms and conditions of the Indenture, no payment on account of debt service charges on Special Purpose General Receipts Obligations shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of Special Purpose General Receipts Obligations, unless full payment of amounts then due and payable for principal, purchase price, premium, if any, sinking funds, reserve funds and interest on Senior Lien Obligations has been made or duly provided for in accordance with the terms of the Indenture and such Senior Lien Obligations. No payment on account of debt service charges on Special Purpose General Receipts Obligations shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of Special Purpose General Receipts Obligations, if, at the time of such payment or application or immediately after giving effect thereto, (i) there shall exist a default in the payment of principal, purchase price, premium, if any, sinking funds or interest with respect to any Senior Lien Obligations, or (ii) there shall have occurred and be continuing an Event of Default (other than a default in the payment of principal, premium, if any, sinking funds or interest) with respect to any Senior Lien Obligations or in the Indenture, permitting the holders thereof to accelerate the maturity thereof.

So long as any Special Purpose General Receipts Obligations are outstanding, the University shall set rates, charges and fees in each Fiscal Year so as to cause Special Purpose Pledged Revenues to be in an amount not less than 1.10 the aggregate debt service for the then-current Fiscal Year on all Special Purpose General Receipts Obligations.

There are currently no Special Purpose General Receipts Obligations outstanding.

The amount of Special Purpose Pledged Revenues in each year will change based upon various factors affecting the Special Purpose Revenue Facilities and the other income constituting Housing, Dining and Recreation Pledged Revenues, including usage, occupancy levels and the rates, fees and charges attributable to the Special Purpose Revenue Facilities and the other activities producing income constituting Special Purpose Pledged Revenues.

The University has undertaken to furnish to the Trustee the annual financial report of the University, including the audit opinion from an Independent Certified Public Accountant, and, in the event any Special Purpose General Receipts Obligations are outstanding, such financial report shall include the amount of Special Purpose Pledged Revenues for such Fiscal Year.

## **Covenant as to Sufficiency of General Receipts**

Each Series of General Receipts Bonds, including the Program II Bonds, are further secured by the University's covenants in the Indenture that the University will fix, make, adjust and collect fees, rates, rentals and charges and other items of General Receipts as will produce at all times General Receipts sufficient to pay (i) Debt Service Charges on the Obligations when due, (ii) all other costs and expenses

required to be paid under the Indenture and (iii) all other costs and expenses necessary for the proper maintenance and successful and continuous operation of the University.

### **State Legislation Relative to University Fiscal Difficulties**

The Ohio General Assembly has enacted Sections 3345.70 to .78 of the Ohio Revised Code (hereinafter in this section the “Fiscal Watch Act”) providing methods for dealing with fiscal difficulties of state-supported universities and colleges in Ohio.

Under the Fiscal Watch Act, a board of trustees of a state university may declare that the university is in a state of fiscal exigency. So long as such a state exists, the board (i) shall file minutes of their meetings and fiscal performance reports with the State Board of Regents, (ii) shall not use state funds to provide grants or scholarships to out-of-state students or subsidize off-campus housing or subsidize transportation to and from off-campus housing, and (iii) subject to any applicable Bond proceedings and pledges, shall place all residence hall and meal fees in a rotary account dedicated to the upkeep and maintenance of dormitory buildings and to fund meal programs and place moneys for the operation of residence halls and meal programs in separately maintained auxiliary funds in the university accounting system.

The Fiscal Watch Act also requires the State’s Office of Budget and Management to prepare rules for financial reporting by State-supported colleges and universities, establishing criteria for the State Board of Regents to determine when such a college or university is under a “fiscal watch,” and specifying actions which must be taken by a college or university under a fiscal watch.

If the State Board of Regents determines that a fiscal watch exists, then the Governor of the State may, after consulting legislative leaders, appoint a conservator for the institution. Upon the making of such an appointment, all duties, responsibilities and powers of the institution’s board of trustees are suspended and the management and control of the institution are assumed by the conservator, who also assumes custody of all property of the institution and the duties of the institution’s president or chief executive officer. The conservator also conducts a preliminary performance evaluation of the institution’s president or chief executive officer.

Within 30 days after the appointment of a conservator for such a college or university, the Governor must appoint, with the advice and consent of the State Senate, a five-member governance authority (the “Authority”). The Authority appoints an executive director and conducts a final evaluation of the institution’s president or chief executive officer, who may be reinstated or terminated by the Authority. The Authority assumes management and control of the institution and its property from the conservator. The Authority also must prepare periodic reports about the institution including any progress in implementing reforms at the institution.

At least annually, the Authority must apply the fiscal watch criteria to the institution to determine whether sufficient fiscal stability has been achieved to warrant terminating the Authority’s governance of the institution, and if so, the Authority must certify such finding to the Governor. The Governor may then issue an order terminating the Authority and fill vacancies on the board of trustees of such institution, which board assumes management and control of the institution and its property from the Authority.

The University’s administration has reviewed applicable portions of the Fiscal Watch Act and the applicable rules of the State Office of Budget and Management, as well as records pertaining to the University’s circumstances with respect to the Fiscal Watch Act, and is of the opinion that, with respect to the University, no circumstances or conditions exist that will cause a fiscal watch condition to be determined to exist under the Fiscal Watch Act.

## **THE INDENTURE**

Each Series of Program II Bonds issued pursuant to this Official Statement and an accompanying Supplemental Official Statement will be issued under the 1999 General Bond Resolution, the Program II Resolution, the Amended and Restated Trust Indenture, the Program II Supplement and the applicable Certificate of Award. Reference is made to the Program II Resolution, the Amended and Restated Trust Indenture, the Program II Supplement and the form of Program II Bonds for each applicable series of Program II Bonds for complete details of the terms of such series of Program II Bonds and security therefor. The following is a summary of certain provisions of the Indenture and should not be considered a full statement thereof.

### **Debt Service Fund**

Monies in the Debt Service Fund are used for the payment of current Debt Service Charges. Payments sufficient in time and amount to pay the Debt Service Charges on each series of General Receipts Bonds as they become due are to be paid by the University directly to the Trustee and deposited in the Debt Service Fund to the extent monies in the Debt Service Fund are not otherwise available therefor.

If the University determines to direct the redemption of all or a part of each series of General Receipts Bonds, the University must deliver to the Trustee, for deposit in the Debt Service Fund, to be credited to the Special Bond Service Account, prepayments in an amount equal to the redemption price to effect such redemption.

Moneys in the Debt Service Fund shall be invested and reinvested by the Trustee, to the extent permitted by applicable law, in: (i) (a) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged, (b) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (a) or (b) issued or held in book-entry form on the books of the Department of Treasury of the United States of America or Federal Reserve Bank), and (c) securities which represent an interest in the obligations described in (a) and (b) above; (ii) any bonds, participation certificates or other obligations of any agency or instrumentality of the United States, including obligations of the Federal Farm Credit Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Land Banks, Federal Home Loan Mortgage Corporation, Federal Home Loan Banks, Federal National Mortgage Association, Government National Mortgage Association and Student Loan Marketing Association; (iii) certificates of deposit of banks or trust companies, including the Trustee, organized under the laws of the United States or any state thereof, having a capital and surplus of \$50,000,000 or more and which are members of the Federal Reserve System; (iv) repurchase agreements with banks or other financial institutions, including the Trustee, which are fully collateralized by obligations described in clauses (i) or (ii) above based upon market value, which obligations are in the possession of the Trustee or its agent and are free and clear of all security interests, liens or other rights of any third party, and in which obligations the Trustee has a first, perfected security interest; provided that any financial institution which is a broker-dealer must be a member of the Securities Investor Protection Corporation; (v) any no front end load money market mutual fund or collective investment fund, as defined in Section 1111.01(A) of the Ohio Revised Code, established by a bank, including the Trustee, in either case consisting exclusively of obligations of the United States or any agency thereof; (vi) the Ohio Subdivision's Fund created by Section 135.45 of the Ohio Revised Code; and (vii) general or full faith and credit obligations of the State of Ohio and obligations of any state of the United States or any political subdivision thereof, the full payment of principal of and premium, if any, and interest on which are provided for by an irrevocable deposit in trust of obligations of the type specified in (i) above and which carry either of the

two highest rating categories of Moody's Investors Service, Inc. and Standard & Poor's Rating Service or their respective successors.

### **Facilities Fund**

The Indenture provides for the Facilities Fund to be held by the University and provides for certain proceeds of the General Receipts Bonds to be deposited in the Project Account therein. The Indenture establishes the Project Account in the Facilities Fund from which the costs of a specific project and the cost of the issuance of a particular series of General Receipts Bonds will be paid. The Facilities Fund shall be invested in accordance with the Investment Policy (as such Policy may be amended from time to time by the University) of the University and may be disbursed by the University to pay costs of a specific project in accordance with the Indenture. The Facilities Fund is neither held by the Trustee nor pledged as security for the General Receipts Bonds or any other Obligations.

### **Covenants of the University**

In the Indenture, the University covenants, among other things:

- (a) to pay the Debt Service Charges on any Obligation according to their terms and the terms of the Indenture;
- (b) to pay all the costs, charges and expenses incurred by the Trustee or any Holder, including reasonable attorneys' fees reasonably incurred or paid because of the failure on the part of the University to perform, comply with and abide with each and every one of the stipulations, agreements, conditions and covenants of the Obligations and the Indenture, or either of them;
- (c) to fix, make, adjust and collect fees, rates, rentals and charges and other items of General Receipts as will produce at all times General Receipts sufficient to pay the Debt Service Charges when due, to establish and maintain amounts, if any required to be deposited in any Bond Reserve Fund, to pay all other costs and expenses for the proper maintenance and successful and continuous operation of the University and to pay any amounts due and payable to the provider of any insurance policy, guaranty, surety bond or letter of credit held in the Bond Reserve Fund; and
- (d) to do any and all things necessary in order to maintain the pledge, assignment and grant of a lien on and security interest in the pledged General Receipts and Special Funds as valid, binding, effective and perfected, all as provided in the Indenture.

### **Events of Default and Remedies**

Each of the following is declared in the Indenture to be an "Event of Default":

- (a) Failure to pay any interest on any Obligation when and as the same shall become due and payable;
- (b) Failure to pay the principal of or any redemption premium on any Obligation when and as the same shall become due and payable, whether at the stated maturity thereof or by redemption or acceleration or pursuant to any mandatory sinking fund requirements;

- (c) Failure by the University to perform or observe any other covenant, agreement or condition on the part of the University contained in the Indenture or in the Obligations, which failure or default shall have continued for a period of 30 days after written notice, by registered or certified mail, given to the University by the Trustee, specifying the failure or default and requiring the same to be remedied, which notice shall be given by the Trustee upon the written request of the holders of not less than 25% in aggregate principal amount of the Obligations then outstanding, provided that the person or persons requesting such notice may agree in writing to a 90-day extension of such period prior to the expiration of the initial 30-day period; provided, further, however, that if the University shall proceed to take curative action which, if begun and prosecuted with due diligence, cannot be completed within a period of 90 days, then such period shall be increased without such written extension to such extent as shall be necessary to enable the University to diligently complete such curative action; or
- (d) The University shall (i) admit in writing its inability to pay its debts generally as they become due, (ii) have an order for relief entered in any case commenced by or against it under federal bankruptcy laws, as now or hereafter in effect, (iii) commence a proceeding under any federal or state bankruptcy, insolvency, reorganization or similar laws, or have such a proceeding commenced against it and have either an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days, (iv) make an assignment for the benefit of creditors, or (v) have a receiver or trustee appointed for it or for the whole or substantial part of its property.

Upon the happening and continuance of any Event of Default, the Trustee may, and upon the written request of the holders of not less than 25% in aggregate principal amount of outstanding Obligations shall, upon being properly indemnified, take appropriate actions, in equity or at law including application to a court for the appointment of a receiver to receive and administer pledged General Receipts, to protect and enforce all the rights of the Trustee and the Obligation holder under the Indenture. In addition, in the event of the occurrence of any Event of Default, the Trustee may, and upon the request of the holders of at least 25% in aggregate principal amount of the then outstanding Obligations, shall so long as properly indemnified, by appropriate notice to the University, declare the principal of all the outstanding Obligations and the accrued interest thereon, immediately due and payable. Further provision is made for the rescission of such last declaration upon the payment of all amounts due, and for waivers in connection with events of default.

Furthermore, the Holders of a majority in aggregate principal amount of the Obligations then outstanding, shall, in accordance with the terms of the Indenture, have the right by written instrument delivered to the Trustee to direct the method and place of conducting any and all remedial proceedings under the Indenture, as to their respective interests.

As provided in the Indenture, before taking remedial action the Trustee may require that a satisfactory indemnity bond be provided for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its gross negligence or willful misconduct, by reason of any action so taken. The Trustee may act without such indemnity, in which case its expenses are reimbursable by the University from General Receipts available therefor.

The holders of the Obligations are not entitled to enforce the provisions of the Indenture or to institute, appear in or defend any suit, action or proceeding to enforce any rights, remedies or covenants

granted or contained in the Indenture or to take any action with respect to any Event of Default under the Indenture, except as provided in the Indenture.

### **Defeasance**

If there is paid or caused to be paid all Debt Service Charges due or to become due on outstanding Obligations, and provision is made for paying all other sums payable under the Indenture by the University, then the Indenture shall cease, determine and become null and void, and the covenants, agreements and other obligations of the University thereunder shall be discharged and satisfied. Thereupon, the Trustee shall release the Indenture and shall execute and deliver to the University such instruments to evidence such release and discharge as may be reasonably required by the University, and the Trustee and Paying Agents shall deliver to the University any property at the time subject to the lien of the Indenture which may then be in their possession except for amounts in the Debt Service Fund required to be held by the Trustee and Paying Agent, as required under the Indenture.

All Debt Service Charges due or to become due on any series of outstanding Obligations will be deemed to have been paid or caused to be paid for such purpose if:

- (a) the Trustee and Paying Agents hold, in the Debt Service Fund in trust for and irrevocably committed thereto, sufficient monies, or
- (b) the Trustee holds, in trust for and irrevocably committed thereto, in the Debt Service Fund, investments qualifying as Government Obligations (as defined in the Indenture) certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal or the interest earnings (likewise to be held in trust and committed, except as described below), be sufficient together with monies referred to in (a) above, for the payment at their maturity or redemption date, of all Debt Service Charges thereon to the date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date then to the date of the tender of such payment; provided, that if any such Obligations are to be redeemed prior to their maturity, notice of such redemption has been given or irrevocable provision satisfactory to the Trustee has been made for the giving of such notice.

Any monies held by the Trustee in accordance with provisions (a) or (b) above shall be invested only in investments qualifying as Government Obligations, the maturities or redemption dates of which, at the option of the holder, shall coincide as nearly as practicable with, but no later than, the time or times at which said monies will be required for such purposes. Any income or interest earned by, or increment to, such investments shall, to the extent not required for the applicable purposes, be transferred to the University free of any trust or lien.

In the event that the Indenture is satisfied and discharged in accordance with the two preceding paragraphs with respect to all Obligations, all Obligations then outstanding shall cease to be entitled to any lien, benefit or security of the Indenture except the right to receive the funds held by the Trustee and the Paying Agents pursuant to such paragraphs or by the University (pursuant to the provisions for unclaimed monies described below), and such will be deemed not to be outstanding under the Indenture. It is the duty of the Trustee and the Paying Agents and the University to so hold such funds for the benefit of the holders of Obligations.

## **Supplemental Indentures, Modifications**

The Trustee and the University may, from time to time, enter into Supplemental Indentures for any of the following purposes without the consent of or any action by the Holders:

- (a) To cure any ambiguity, inconsistency or formal defect or omission in the Indenture or in any Supplemental Indenture;
- (b) To grant or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that may be lawfully granted to or conferred upon the Holders or the Trustee;
- (c) To subject additional revenues or property to the lien and pledge of the Indenture or to provide for the partial release of General Receipts from the lien of the Indenture in accordance with the provisions thereof;
- (d) To add to the covenants and agreements of the University contained in the Indenture other covenants and agreements thereafter to be observed for the protection of the Holders, or, if in the judgment of the Trustee such is not to the prejudice of the Trustee or the Holders, to surrender or limit any right, power or authority reserved to or conferred upon the University in the Indenture, including the limitation of rights of redemption so that in certain instances Obligations of different series will be redeemed in some prescribed relationship to one another;
- (e) To evidence any succession to the University and the assumption by such successor of the covenants and agreements of the University contained in the Indenture or other instrument providing for the operation of the University or University Facilities, and the Obligations;
- (f) In connection with the issuance of Obligations, all in accordance with the provisions of the Indenture;
- (g) To permit the Trustee to comply with any obligations imposed upon it by law;
- (h) To permit the exchange of Obligations, at the option of the Holder or Holders thereof, for coupon Obligations of the same series payable to bearer, in an aggregate principal amount not exceeding the unmatured and unredeemed principal amount of the Predecessor Obligations (as defined in the Indenture), bearing interest at the same rate or rates and maturing on the same date or dates, with coupons attached representing all unpaid interest due or to become due thereon if, in the opinion of nationally recognized General Receipts Bond counsel selected by the University and acceptable to the Trustee, that exchange would not result in the interest on any of the Obligations outstanding becoming subject to federal income taxation;
- (i) To specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar and any Authenticating Agents or Paying Agents (all as defined in the Indenture);
- (j) To achieve compliance of the Indenture with any applicable federal or Ohio laws, including tax laws; and

- (k) In connection with any other change to the Indenture which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Holders of the Obligations.

Exclusive of Supplemental Indentures referred to above, and subject to terms, provisions and limitations contained in the Indenture, the Holders of a majority in aggregate principal amount of the Obligations then outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the University and the Trustee of such other indenture or indentures supplemental to the Indenture as shall be deemed necessary and desirable by the University for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided that nothing in the Indenture or elsewhere shall permit, or be construed as permitting, a Supplemental Indenture providing for (a) (i) a reduction in the percentage of Obligations the consent of the Holders of which is required to consent to such Supplemental Indenture or (ii) a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, without the consent of the Holders of all Obligations then outstanding, (b) effect a change in the times, amount or currency of payment of the principal of, premium, if any, on or interest on any Obligation or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon, without the consent of the Holder of each such Obligation so affected, or (c) modify the right of the holders of not less than twenty-five percent in aggregate principal amount of the Obligations then outstanding and in default as to payment of principal, premium or interest to compel the Trustee to declare the principal of all Obligations to be due and payable, without the consent of the Holders of a majority in aggregate principal amount of the Obligations then outstanding.

#### **Additional Obligations; Partial Release of General Receipts**

Additional Obligations, as the same may from time to time be authorized by Series Resolutions, are issuable on parity with or subordinate to all other Obligations, subject to the conditions set forth in the Indenture. The Indenture provides that, except when necessary or appropriate in the opinion of the Trustee to avoid an Event of Default, no Obligations shall be issued unless (i) no Event of Default exists with respect to any covenants or obligations of the University contained in the Indenture or in the Obligations and the authentication and delivery of those Obligations will not result in any such Event of Default and (ii) the General Receipts of the University for the most recently completed Fiscal Year are at least one and one half times the Maximum Annual Debt Service on all Obligations outstanding and to be outstanding after the issuance of the Obligations then under consideration.

The University may incur indebtedness payable from General Receipts other than pursuant to the Indenture as long as such indebtedness is expressly subordinate to indebtedness incurred under and subject to the lien of the Indenture ("Subordinated Indebtedness"). The Indenture may be amended and supplemented to release specified sources or portions of General Receipts from the pledge and lien of the Indenture; *provided that*, the General Receipts for the most recently completed Fiscal Year are certified to be at least equal to the sum of the highest annual Debt Service Charges for any future Fiscal Years with respect to all Obligations and Subordinated Indebtedness then outstanding and to be outstanding after the issuance of any Subordinated Indebtedness then under consideration.

#### **Enforcement by Mandamus**

The Act establishes the duties of the University, the University officers and the University employees as duties enforceable by mandamus, and a covenant to that effect is contained in the 1999 General Receipts Bond Resolution.



## **Trustee**

The Trustee, The Bank of New York Mellon Trust Company, N.A., as successor trustee, with its designated corporate trust office located in Columbus, Ohio, is a national banking association organized and existing under the laws of the United States, and is authorized to exercise corporate trust powers in the State of Ohio. The Trustee is among the banks that serve as depositories for University monies.

## **TERMS OF PROGRAM II BONDS**

The specific terms of each series of Program II Bonds issued during the Offering Period will be set forth in a Certificate of Award and described in a Supplemental Official Statement. The specific terms set forth in the applicable Certificate of Award will include some or all of the following:

- whether the Program II Bonds are being issued as Senior Lien Obligations or as Special Purpose General Receipts Obligations;
- the aggregate principal amount of the Program II Bonds being issued;
- the price at which the Program II Bonds will be issued;
- whether the interest on the Program II Bonds will be fixed or variable and if variable, the interest rate mode the applicable Program II Bonds will be in on the date of issue;
- the interest payment dates and principal dates on which principal and interest on the Program II Bonds will be payable;
- the maturity date of the Program II Bonds;
- terms of any mandatory or optional redemption of the Program II Bonds;
- specifics relating to the tax treatment of the Program II Bonds;
- the name or names of any underwriters or agents of the Program II Bonds; and
- any other terms specific to such series of Program II Bonds.

The Program II Resolution authorizes the University to issue Program II Bonds as fixed rate General Receipts Bonds or variable rate General Receipts Bonds, and each series may be designated by the University in the applicable Certificate of Award as either federally taxable Obligations or Obligations the interest on which is excluded from income for federal tax purposes. Further, the University will specify in each Certificate of Award whether the applicable series of Program II Bonds is being issued as a series of Senior Lien Obligations or as a series of Special Purpose General Receipts Obligations.

## **Variable Rate Program II Bonds**

For Program II Bonds issued as variable rate Program II Bonds (collectively, the “Variable Rate Program II Bonds”), the Program II Supplement (as amended by Amendment No. 1 to the Program II Supplement) authorizes the University to issue such Program II Bonds in a Commercial Paper Mode, a Daily Mode, a Weekly Mode, an Index Mode, a SIFMA Mode, a VRO Mode or a Term Rate Mode, and such Program II Bonds may be subsequently converted to a Fixed Rate Mode, each as defined and further described in the Program II Supplement.

**The modes under which the University may issue a series of Variable Rate Program II Bonds, and the specific terms applicable to such modes, may be adjusted or modified by the University if otherwise provided in a Certificate of Award or Supplemental Indenture for such series executed by the University at the time of issuance of such series and described in a Supplemental Official Statement.**

When a Commercial Paper Mode, a Daily Mode, a Weekly Mode, an Index Mode, a SIFMA Mode or a VRO Mode is in effect, interest will be calculated on the basis of a 365/366 day year for the actual number of days elapsed, and when a Term Rate Mode or Fixed Rate Mode is in effect, interest will be calculated on the basis of a 360 day year comprised of twelve 30-day months.

For any series of Program II Bonds issued as Variable Rate Program II Bonds, certain of the provisions relating to the modes available with respect thereto are set forth below unless otherwise provided in the applicable Certificate of Award or Supplemental Indenture for such series and described in a Supplemental Official Statement (with all terms as defined in the Program II Supplement unless otherwise provided in the applicable Certificate of Award or Supplemental Indenture):

<u>Mode</u>	<u>Interest Period</u>	<u>Interest Payment Date</u>	<u>Record Date</u>
Commercial Paper	The period of from one to 270 calendar days as established by the Remarketing Agent	The last day of the Interest Period	The day next preceding each Interest Payment Date
Daily	From each Rate Determination Date to (but excluding) the next such Determination Date)	First Business Day of each month	The day next preceding each Interest Payment Date
Weekly	From the first day of such Weekly Mode to (and including) the following Tuesday; and thereafter, each Wednesday to (and including) the following Tuesday	First Business Day of each month	The day next preceding each Interest Payment Date
Index	From each Rate Determination Date to (but excluding) the next such Rate Determination Date	First Business Day of each month	The day next preceding each Interest Payment Date
SIFMA	From each Rate Determination Date to (but excluding) the next such Rate Determination Date	First Business Day of each month	The day next preceding each Interest Payment Date
VRO	Daily	First Business Day of each month	The day next preceding each Interest Payment Date

<u>Mode</u>	<u>Interest Period</u>	<u>Interest Payment Date</u>	<u>Record Date</u>
Term	As determined by the University pursuant to the Indenture	Each [January/February/ March/ April/May/June] 1 and [July/ August/ September/October/ November/December] 1 and the last day of the Interest Period*	15th day of the month next preceding each Interest Payment Date
Fixed Rate	Mode Change Date to maturity	Each [January/February/ March/ April/May/June] 1 and [July/ August/ September/October/ November/December] 1 and the last day of the Interest Period*	15th day of the month next preceding each Interest Payment Date

For each series of Variable Rate Program II Bonds, unless otherwise provided in the Certificate of Award or Supplemental Indenture for such series, the term “Interest Accrual Period” means the period during which the applicable series of Variable Rate Program II Bonds accrues interest payable on the next Interest Payment Date applicable thereto. With respect to Variable Rate Program II Bonds in the Daily Mode, the Interest Accrual Period shall commence on (and include) the first day of each month and shall extend through (and include) the last day of such month; *provided*, that if such month is the month in which the applicable Variable Rate Program II Bonds were authenticated and delivered or were changed to the Daily Mode, the Interest Accrual Period shall commence on the date of authentication and delivery of such Variable Rate Program II Bonds or the Mode Change Date, as the case may be; *provided, further*, that if no interest has been paid on any Variable Rate Program II Bonds in the Daily Mode, interest shall accrue from the date of original authentication and delivery of such Variable Rate Program II Bonds or the applicable Mode Change Date, as appropriate. With respect to Variable Rate Program II Bonds in all Modes other than the Daily Mode, the Interest Accrual Period shall commence on the last Interest Payment Date to which interest has been paid (or, if no interest has been paid in such Mode, from the date of original authentication and delivery of such Variable Rate Program II Bonds, or the applicable Mode Change Date, as the case may be) to, but not including, the Interest Payment Date on which interest is to be paid.

Unless otherwise specified in the applicable Certificate of Award or Supplemental Indenture, Program II Bonds issued as Variable Rate Program II Bonds will be subject to provisions regarding mode changes, optional tender, mandatory purchase and optional redemption, all as described in the Program II Supplement.

## **CONTINUING DISCLOSURE**

In accordance with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the “Rule”), the University (the “Obligated Person”) will agree pursuant to a continuing disclosure agreement included in the Program II Supplement to cause certain information to be provided to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System (“EMMA”). See **CONTINUING DISCLOSURE** in the accompanying Supplemental Official Statement.

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\* First date at least three months after the date of the current Interest Period.

## **PLAN OF DISTRIBUTION**

The University may sell Program II Bonds to or through underwriters or dealers, and also may sell Program II Bonds directly to one or more other purchasers or through agents. A Supplemental Official Statement will set forth the names of any underwriters or agents involved in the sale of the Program II Bonds and any applicable discounts or commissions.

## **ELIGIBILITY FOR INVESTMENT AND AS PUBLIC MONEYS SECURITY**

To the extent that the matter as to the particular investor is governed by Ohio law, and subject to any applicable limitations under other provisions of Ohio law, the Program II Bonds are lawful investments for banks, societies for savings, savings and loan associations, deposit guaranty associations, trust companies, trustees, fiduciaries, insurance companies (including domestic life and domestic not for life), trustees or other officers having charge of sinking and Program II Bond retirement or other funds of political subdivisions and taxing districts of the State, the Commissioners of the Sinking Fund of the State, the administrator of Workers' Compensation in accordance with applicable investment policies, and State retirement systems (Teachers, Public Employees, Public School Employees, and Police and Firemen's), notwithstanding any other provisions of the Ohio Revised Code with respect to investments by them.

The Act provides that the Program II Bonds are acceptable under Ohio law as security for the deposit of public moneys.

Owners of book-entry interests in the Program II Bonds should make their own determination as to such matters as legality of investment in or pledgeability of book-entry interests.

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This Official Statement has been duly prepared and delivered by the University, and executed for, and on behalf of, the University by the official identified below.

THE OHIO STATE UNIVERSITY

By: /s/ Michael Papadakis  
Michael Papadakis, Senior Vice President for  
Business and Finance and Chief Financial Officer



