NEW ISSUE – FULL BOOK ENTRY

Ratings: Moody's: Aaa
S&P: AAA
Fitch Ratings: AAA
(See **"RATINGS"** herein)

*In the opinion of Bond Counsel, under current law and subject to the conditions described in "**TAX MATTERS**" herein, interest on the Series 2021A Bonds (a) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (b) is not treated as a preference item in calculating the alternative minimum tax. Bond Counsel is further of the opinion that interest on the Series 2021A Bonds is exempt from Virginia income taxation. See "**TAX MATTERS**" herein regarding certain other tax considerations.*

$100,000,000
THE RECTOR AND VISITORS OF THE UNIVERSITY OF VIRGINIA
General Revenue Pledge Bonds
Series 2021A

UNIVERSITY of VIRGINIA

Dated: Date of Delivery **Due: See Inside Cover**

The offered bonds identified above (the "Series 2021A Bonds") will be issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Series 2021A Bonds under a book-entry only system. Accordingly, Beneficial Owners of the Series 2021A Bonds will not receive physical delivery of bond certificates. See **Appendix D** attached hereto. The Series 2021A Bonds are payable solely from Pledged Revenues (as hereinafter defined) available to The Rector and Visitors of the University of Virginia (the "University").

The Series 2021A Bonds will bear interest at fixed rates and will be offered at the prices or yields set forth on the inside of this cover page. Individual purchases of beneficial ownership interests in Series 2021A Bonds may be made in the principal amount of $5,000 or any integral multiple thereof. Interest on the Series 2021A Bonds is payable semi-annually on each May 1 and November 1 commencing on May 1, 2022.

The Series 2021A Bonds are subject to optional and extraordinary optional redemption prior to maturity as described herein. The Bank of New York Mellon Trust Company, N.A. will serve as the initial Paying Agent for the Series 2021A Bonds.

THE SERIES 2021A BONDS WILL CONSTITUTE LIMITED OBLIGATIONS OF THE UNIVERSITY AND WILL BE SECURED BY A PLEDGE OF CERTAIN REVENUES AND RECEIPTS OF THE UNIVERSITY, ALL AS DESCRIBED HEREIN. THE PRINCIPAL OF AND INTEREST ON THE SERIES 2021A BONDS SHALL BE PAYABLE SOLELY FROM THE FUNDS PLEDGED THEREFOR. NEITHER THE COMMONWEALTH OF VIRGINIA, NOR ANY POLITICAL SUBDIVISION THEREOF, NOR THE UNIVERSITY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE SERIES 2021A BONDS EXCEPT FROM THE REVENUES AND RECEIPTS PLEDGED AND ASSIGNED THEREFOR. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PRINCIPAL OF OR INTEREST ON THE SERIES 2021A BONDS OR OTHER COSTS INCIDENT THERETO. THE UNIVERSITY HAS NO TAXING POWERS.

The Series 2021A Bonds are offered when, as and if issued and accepted by the Underwriter subject to the approval of legality by McGuireWoods LLP, Richmond, Virginia, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the University by Timothy J. Heaphy, University Counsel and Senior Assistant Attorney General, Charlottesville, Virginia and for the Underwriter by its counsel, Troutman Pepper Hamilton Sanders LLP, Richmond, Virginia. The Series 2021A Bonds are expected to be available for delivery through the facilities of DTC, New York, New York, or its custodial agent, on or about July 21, 2021.

Goldman Sachs & Co. LLC

Dated: July 13, 2021

$100,000,000
The Rector and Visitors of the University of Virginia
General Revenue Pledge Bonds
Series 2021A

$100,000,000, 2.180% Bonds Due November 1, 2051,
Price 100%, CUSIP[(1)] 915217 XL2

[(1)] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Marketing Intelligence on behalf of The American Bankers Association. The CUSIP numbers are included solely for the convenience of Bondholders, and none of the University, the Financial Advisor nor the Underwriter are responsible for the selection or the correctness of the CUSIP numbers printed herein. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors, including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products.

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REGARDING USE OF THIS OFFICIAL STATEMENT

The information set forth herein has been obtained from the University, DTC and other sources that are deemed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Series 2021A Bonds shall under any circumstances create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information, and such information is not to be construed as a representation of the Underwriter. The information herein is subject to change without notice and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the University since the date hereof.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the University or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2021A Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

All quotations from, and summaries and explanations of, provisions of law and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words, "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the University's financial results could cause actual results to differ materially from those stated in the forward-looking statements.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE SERIES 2021A BONDS, OR DETERMINED THAT THIS OFFICIAL STATEMENT IS ACCURATE OR COMPLETE. THE SERIES 2021A BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED THEREIN.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE UNIVERSITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2021A BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

THE RECTOR AND VISITORS OF THE UNIVERSITY OF VIRGINIA

relating to

$100,000,000
General Revenue Pledge Bonds
Series 2021A

INTRODUCTION

Purpose

This Official Statement, including the cover page and the Appendices attached hereto, is furnished in connection with the issuance and sale by The Rector and Visitors of the University of Virginia (the "University") of $100,000,000 aggregate principal amount of its General Revenue Pledge Bonds, Series 2021A (the "Series 2021A Bonds").

The Series 2021A Bonds will constitute valid and binding limited obligations of the University and will be secured by a pledge of certain revenues and receipts of the University, all as described herein. The principal of and interest on the Series 2021A Bonds shall be payable solely from the funds pledged therefor in accordance with the terms of the Master Resolution (as hereinafter defined). See **"SECURITY FOR THE SERIES 2021A BONDS"** herein. Terms capitalized but undefined in the body of this Official Statement are defined in **Appendix C** attached hereto.

The Series 2021A Bonds will bear interest at a fixed rate until maturity. See **"THE SERIES 2021A BONDS"** herein.

The proceeds of the Series 2021A Bonds will be used by the University (a) to finance or refinance the costs of certain capital and other projects at the University's facilities, including capitalized interest, working capital and general corporate purposes, and (b) to pay other expenditures associated with the foregoing to the extent financeable, including, without limitation, costs of issuance with respect to the Series 2021A Bonds. See **"APPLICATION OF SERIES 2021A BOND PROCEEDS"** herein.

The University also anticipates issuing its General Revenue Pledge and Refunding Bonds, Series 2021B (Federally Taxable), in an aggregate principal amount of $300,000,000 (the "Series 2021B Bonds"), the proceeds of which will be used for the purpose of financing or refinancing certain capital projects of the University, refunding certain existing indebtedness of the University and reimbursing certain expenses incurred by the University. The closing of the Series 2021B Bonds is expected to occur shortly after the closing of the Series 2021A Bonds. The Series 2021B Bonds will be Parity Credit Obligations (as hereinafter defined) secured on a parity basis by a pledge of Pledged Revenues (as hereinafter defined). This Official Statement does not provide a description of the terms of the Series 2021B Bonds. The Series 2021A Bonds and the Series 2021B Bonds are sometimes referred to herein collectively as the "Series 2021 Bonds". The closing of the Series 2021A Bonds and the Series 2021B Bonds are not contingent on one another.

The University

The University is classified and constituted pursuant to Title 23.1 of the Code of Virginia of 1950, as amended, as an educational institution of the Commonwealth of Virginia. See **Appendix A** attached hereto for a description of the University. The Series 2021A Bonds will be issued under the Restructured Higher Education Financial and Administrative Operations Act, Chapter 10, Title 23.1, Code of Virginia of 1950, as amended (the "Act"), pursuant to the terms of authorizing resolutions adopted by the Board of Visitors of the University on September 15, 2017, and June 4, 2021, the Master Resolution (as hereinafter defined), and a Series Resolution (as hereinafter defined) with respect to the Series 2021A Bonds.

COVID-19

The global outbreak of COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020, and a national emergency by the President of the United States on March 13, 2020. The continued spread of COVID-19 has impacted and will continue to impact global financial markets, national, State, and local economies, and the higher education landscape in general. The University has and continues to take numerous actions in its continuing efforts to address the financial and other evolving challenges of the COVID-19 pandemic, but neither the Board of Visitors nor the University can predict the ultimate effects of COVID-19 on the financial and operating conditions of the University or an investment in the Series 2021A Bonds. See **"COVID-19"** in **Appendix A** attached hereto.

The Master Resolution and Series Resolution

Pursuant to a resolution adopted by the Board on September 15, 2017 (as supplemented and amended from time to time, the "Authorizing Resolution"), the Board established a master bond program under which the University may issue bonds (the "Bonds") from time to time to finance or refinance the costs of capital and other projects, including capitalized interest, financing costs, working capital, general corporate purposes and the refunding of prior obligations of the University (collectively, the "Projects"). Certain general terms and conditions of the Bonds are set forth in a Master Bond Resolution (Multi-Year Capital Program) executed by the University on September 28, 2017 (as supplemented and amended from time to time, the "Master Resolution"), in accordance with the Authorizing Resolution.

The Master Resolution contemplates that the specific terms and conditions of each Series of Bonds will be set forth in one or more Supplemental Resolutions relating to such Series of Bonds (each, a "Series Resolution"). Pursuant to a resolution adopted by the Board on June 4, 2021, the Board authorized the execution by the University of a Series Resolution related to the issuance of the Series 2021A Bonds.

The University may authorize one or more additional multi-year capital project financing 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.

Appendices

In addition to **Appendix A** describing the University, attached hereto as **Appendix B** are the University's audited financial statements for the fiscal year ended June 30, 2020. Also included in **Appendix B** is the University's Management's Discussion and Analysis, which provides an overview of the financial position and results of activities of the University for the fiscal year ended June 30, 2020. Attached hereto as **Appendix C** are certain definitions and a summary of the Master Resolution. Certain information regarding DTC is included in **Appendix D** attached hereto. Attached hereto as **Appendix E** is the proposed form of Opinion of Bond Counsel. Attached hereto as **Appendix F** is the proposed form of Continuing Disclosure Agreement.

Document Summaries

This Official Statement contains summaries of certain provisions of the financing documents, including without limitation, the Master Resolution and the Series Resolution. Reference is hereby made to each of such financing documents for the detailed provisions thereof, and the summaries and other descriptions of the provisions of such instruments and other documents contained in this Official Statement, including the Appendices hereto, are qualified in their entirety by such reference.

THE SERIES 2021A BONDS

The following is a summary of certain provisions of the Series 2021A Bonds. For definitions of certain terms and additional detailed information relating to the Series 2021A Bonds, see **Appendix C** attached hereto.

General

The Series 2021A Bonds will be issued in the aggregate principal amount of $100,000,000, will be dated the date of their delivery and will mature on November 1, 2051. Interest on the Series 2021A Bonds will be payable semi-annually on May 1 and November 1, commencing on May 1, 2022 (each, an "Interest Payment Date"), at the rate of 2.180% per annum, calculated on the basis of a 360-day year consisting of 12 months of 30 days each. The Series 2021A Bonds will be offered in denominations of $5,000 and integral multiples thereof ("Authorized Denominations").

Principal of and interest on the Series 2021A Bonds will be payable in lawful money of the United States of America. Interest on the Series 2021A Bonds will be payable to the registered owners thereof by check or draft mailed on the applicable Interest Payment Date to such owners at their addresses as they appear on the 15th day of the month preceding such Interest Payment Date (the "Record Date") on registration books kept by the Registrar, or upon the written request of any Bondholder of at least $1,000,000 in aggregate principal amount of Series 2021A Bonds by wire transfer in immediately available funds to an account within the United States designated by such Bondholder at least three business days before the Record Date for the applicable Interest Payment Date.

Bond Proceeds Fund

The Series Resolution establishes a special fund designated as "The Rector and Visitors of the University of Virginia General Revenue Pledge Bonds, Series 2021A, Bond Proceeds Fund" (the "Bond Proceeds Fund"), to the credit of which there shall be deposited the proceeds of the Series 2021A Bonds. The University will apply the moneys in the Bond Proceeds Fund to the payment of a portion of the cost of the Projects financed or refinanced with the Series 2021A Bonds and issuance costs.

Debt Service Fund

The Series Resolution establishes a special fund designated "The Rector and Visitors of the University of Virginia General Revenue Pledge, Series 2021A, Debt Service Fund" (the "Debt Service Fund") to be held by the Paying Agent. On or before the day preceding each date on which payments of interest, premium or principal shall be due and payable on the Series 2021A Bonds (a "Payment Date"), the University shall transfer or cause to be transferred to the Paying Agent for deposit an amount of money sufficient to cause the amount held in the Debt Service Fund to be equal to the interest, premium and principal due on the Series 2021A Bonds on such Payment Date. The Paying Agent shall, at appropriate times on or before each Payment Date, withdraw from the Debt Service Fund the amounts needed on such date to pay the principal of and premium, if any, and interest on the Series 2021A Bonds and shall pay or cause the same to be paid to the Bondholders as such principal, premium and interest become due and payable on such Payment Date. The moneys in the Debt Service Fund are to be held in trust and applied as provided in the Series Resolution and, pending such application, shall be pledged to, and subject to a lien and charge in favor of, the Bondholders of the Series 2021A Bonds issued and outstanding under the Series Resolution and for the further security of such Bondholders until paid out or transferred as provided in the Series Resolution.

Redemption

Optional Redemption at Par. The Series 2021A Bonds are subject to redemption, at the option of the University, in whole or in part on any date not earlier than November 1, 2031, upon payment of a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the redemption date.

Extraordinary Optional Redemption. The Series 2021A Bonds shall also be subject to redemption in whole or in part on any date, at the option of the University, from the proceeds of casualty insurance or condemnation awards, at a redemption price equal to 100% of the principal amount of the Series 2021A Bonds to be redeemed, without premium, plus accrued interest to the redemption date, if all or any part of the Projects financed or refinanced with the Series 2021A Bonds is damaged or destroyed or is taken through the exercise of the power of eminent domain and the President, Chief Operating Officer or Chief Financial Officer of the University has delivered a certificate to the Custodian to the effect that the University has determined not to use such proceeds to replace or rebuild the damaged, destroyed or taken property.

Notice of Redemption and Other Notices. So long as The Depository Trust Company ("DTC"), New York, New York, or its nominee is the Bondholder, the University and the Paying Agent will recognize DTC or its nominee as the Bondholder for all purposes, including notices and voting. 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 (as hereinafter defined) will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time. See **Appendix D** attached hereto.

The Paying Agent shall, not less than 30 nor more than 60 days prior to the redemption date, mail notice of redemption to all registered owners of all Series 2021A Bonds to be redeemed at their registered addresses. Any such notice of redemption shall identify the Series 2021A Bonds to be redeemed, shall specify the redemption date and the method of calculating the redemption price, and shall state that on the redemption date the Series 2021A Bonds called for redemption will be payable at the Designated Office of the Paying Agent and that from that date interest will cease to accrue. Failure by the Paying Agent to give any notice of redemption or any defect in such notice as to any particular Series 2021A Bonds shall not affect the validity of the call for redemption of any Series 2021A Bonds in respect of which no such failure or defect has occurred. So long as DTC or its nominee is the registered owner of the Series 2021A Bonds, any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner (having received notice from a Direct Participant or otherwise) to notify the Beneficial Owner so affected, shall not affect the validity of the call for redemption. Any notice mailed as provided in the Series Resolution shall be conclusively presumed to have been given regardless of whether actually received by any Beneficial Owner. If at the time of mailing of notice of any optional redemption the University shall not have caused to be deposited with the Paying Agent money sufficient to redeem all the Series 2021A Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of such moneys with the Paying Agent not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Selection for Redemption. So long as the Series 2021A Bonds are registered in book-entry only form and DTC is the sole registered owner thereof, if less than all of the Series 2021A Bonds of a maturity are called for prior redemption, the particular Series 2021A Bonds or portions thereof to be redeemed shall be selected on a pro-rata pass-through distribution of principal basis in accordance with the procedures of DTC; provided that, so long as the Series 2021A Bonds are held in book-entry form, the selection for redemption of such Series 2021A Bonds shall be made in accordance with the operational arrangements of DTC then in effect. If DTC's operational arrangements do not allow for the redemption of the Series 2021A Bonds on a pro rata pass-through distribution of principal basis as discussed above, then the Series 2021A Bonds will be selected for redemption, in accordance with the procedures of DTC, by lot or in such other manner as is in accordance with the applicable DTC operational arrangements. If DTC is no longer the sole registered owner of the Series 2021A Bonds, if less than all of the Series 2021A Bonds are called for redemption, the Paying Agent will select the Series 2021A Bonds to be redeemed on a pro rata basis.

Exchange and Transfer

If for any reason the book-entry only system is discontinued, the Series 2021A Bonds will be exchangeable and transferable on the registration books of the Registrar in Authorized Denominations. Upon presentation and surrender of any Series 2021A Bond for transfer or exchange, the Registrar will authenticate and deliver in the name of the designated transferee or transferees or the registered Bondholder, as appropriate, one or more new fully registered Series 2021A Bonds in any Authorized Denomination or Denominations. For every exchange or transfer of Series 2021A Bonds, the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

APPLICATION OF SERIES 2021A BOND PROCEEDS

The proceeds of the Series 2021A Bonds will be used by the University (a) to finance or refinance the costs of certain capital and other projects at the University's facilities, including capitalized interest, working capital and general corporate purposes, and (b) to pay other expenditures associated with the foregoing to the extent financeable, including, without limitation, costs of issuance with respect to the Series 2021A Bonds.

The proceeds of the Series 2021A Bonds are expected to be applied on the date of issue in the estimated amounts as follows (rounded to the nearest dollar):

Sources of Funds:	
Principal amount of Series 2021A Bonds	$100,000,000
TOTAL	**$100,000,000**
Uses of Funds:	
Deposit to Bond Proceeds Fund	$99,452,030
Cost of Issuance (including underwriter's discount†)	547,970
TOTAL	**$100,000,000**

† See **"UNDERWRITING"** herein.

SECURITY FOR THE SERIES 2021A BONDS

The following summary of the security for the Series 2021A Bonds is qualified in its entirety by, and reference is hereby made to, **Appendix C** hereto which sets forth in further detail provisions relating to the security for the Series 2021A Bonds, and by the Master Resolution and the Series Resolution. For definitions of certain capitalized terms used but not defined herein, see **Appendix C** attached hereto.

Pledge of Pledged Revenues

Pursuant to the Master Resolution, the University is required to pay the principal of and interest on the Bonds (including the Series 2021A Bonds) as they become due upon redemption, acceleration, maturity or otherwise. The Bonds (including the Series 2021A Bonds) are secured by a pledge of Pledged Revenues (as defined below), on a parity basis with any other existing and future General Revenue Pledge Bonds, any existing and future Commercial Paper General Revenue Pledge Notes and any other existing and future Credit Obligations of the University that are secured on a parity basis with the Bonds (collectively, "Parity Credit Obligations"). See **"Existing and Permitted Parity Credit Obligations"** below.

"Pledged Revenues" means any or all of the revenues now or hereafter available to the University which are not required by law, by binding contract entered into prior to the date of the Master Resolution, or by the provisions of any Qualifying Senior Obligation (as hereinafter defined) to be devoted to some other purpose, and will include, without limitation, all revenues pledged to the payment of any Qualifying Senior Obligation net of amounts necessary to pay it or any operating or other expenses, the payment of which is required or permitted to be made with such revenues prior to payment of such Qualifying Senior Obligation.

"Qualifying Senior Obligation" means any existing Credit Obligation (other than Outstanding General Revenue Pledge Bonds or any other Parity Credit Obligation) secured by a pledge of any portion of the University's revenues, any additional Credit Obligation to which a portion of the University's revenues are pledged on a superior basis to the pledge of Pledged Revenues securing the Bonds (including the Series 2021A Bonds), and any additional Credit Obligations issued to refund any such Qualifying Senior Obligation, all as described in the Master Resolution. See **"Qualifying Senior Obligations"** and **"Existing and Permitted Parity Credit Obligations"** below.

Qualifying Senior Obligations

The Master Resolution permits the University, within the limitations described below and subject to certain other restrictions, to pledge in the future the revenues from certain revenue producing facilities or systems to the payment of future Qualifying Senior Obligations, with such pledge being superior to the pledge securing the Bonds (including the Series 2021A Bonds) and with operating expenses of such facilities or systems also having a prior claim to such revenues. For example, Qualifying Senior Obligations may include those secured by a pledge of net revenues from certain dormitory, dining hall, parking or student fees. All such pledges would be (1) prior and superior to the pledge securing the Bonds (including the Series 2021A Bonds), and (2) net of operating expenses for the related facility or system, and such revenues would be available to pay the Bonds (including the Series 2021A Bonds) and other Parity Credit Obligations only to the extent such revenues are not required for either operating expenses of the facility or system involved or debt service on the related Qualifying Senior Obligations.

Under the Master Resolution, the University may incur, assume, guarantee or otherwise become liable on certain Qualifying Senior Obligations and may pledge and apply such portion of the Pledged Revenues as may be necessary to provide for (1) the payment of any such Credit Obligation, (2) the funding of reasonable reserves therefor and (3) the payment of operating and other reasonable expenses of the facilities financed in whole or in part with the proceeds of such Credit Obligation or facilities reasonably related to such facilities, and such pledge shall be senior and superior in all respects to the pledge of Pledged Revenues securing the Bonds (including the Series 2021A Bonds) and any other Parity Credit Obligations, but only if, prior to the incurrence of each such Credit Obligation, an Authorized Officer of the University certifies in writing that (1) taking into account the incurrence of such proposed Credit Obligation, (a) the University will have sufficient funds to meet all of its financial obligations, including its obligations to pay principal of and interest on all Credit Obligations, for all Fiscal Years to and including the second full Fiscal Year after the later of (i) the issuance of such proposed Credit Obligation and (ii) the completion of any facility financed with its proceeds, and (b) such Authorized Officer has no reason to believe that the University will not have sufficient funds to pay all amounts due under all indebtedness of the University during the term of such proposed Credit Obligation, (2) to the best of Authorized Officer's knowledge, the University is not in default in the performance and observance of any of the provisions of the Master Resolution, and (3) in connection with the issuance of such proposed Credit Obligation, the University has received an opinion of counsel nationally recognized in matters concerning municipal bonds to the effect such proposed Credit Obligation has been validly issued under the relevant provisions of the Constitution of Virginia.

The Master Resolution further permits the University to issue bonds to refund any Qualifying Senior Obligations and to secure such refunding bonds with the same source of revenues securing the Qualifying Senior Obligations being refunded. Upon the defeasance of the refunded Qualifying Senior Obligations pursuant to any such refunding, the refunding bonds will be considered Qualifying Senior Obligations under the Master Resolution.

Currently, there are no Qualifying Senior Obligations and the University has no plans to issue any Qualifying Senior Obligations.

Existing and Permitted Parity Credit Obligations

The University previously has issued Parity Credit Obligations, the outstanding principal amount of which as of June 30, 2021, was $2,907,760,000. All of the Outstanding General Revenue Pledge Obligations are secured by a pledge of Pledged Revenues on a parity with the pledge securing the Series 2021A Bonds. See **"Financial Information – *Indebtedness and other Obligations*"** in **Appendix A** attached hereto.

The Master Resolution permits the University to incur, assume, guarantee or otherwise become liable on other indebtedness that may be secured by a pledge of the Pledged Revenues ranking on a parity with the pledge of Pledged Revenues securing the Outstanding General Revenue Pledge Obligations and the Bonds (including the Series 2021A Bonds), but only if an Authorized Officer of the University certifies in writing that (1) taking into account the incurrence of such proposed Parity Credit Obligation, (a) the University will have sufficient funds to meet all of its financial obligations, including its obligations to pay principal of and interest on all Credit Obligations, for all Fiscal Years to and including the second full Fiscal Year after the later of (i) the issuance of such Parity Credit Obligation and (ii) the completion of any facility financed with the proceeds of such Parity Credit Obligation, and (b) such Authorized Officer has no reason to believe that the University will not have sufficient funds to pay all amounts due under all indebtedness of the University during the term of such Parity Credit Obligation, and (2) to the best of such Authorized Officer's knowledge, the University is not in default in the performance and observance of any of the provisions of the Master Resolution.

THE SERIES 2021A BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE COMMONWEALTH OF VIRGINIA, LEGAL, MORAL OR OTHERWISE. NEITHER THE COMMONWEALTH OF VIRGINIA NOR THE UNIVERSITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE SERIES 2021A BONDS OR OTHER COSTS INCIDENT THERETO

EXCEPT FROM SOURCES PLEDGED THEREFOR IN THE MASTER RESOLUTION, AND NEITHER THE FAITH AND CREDIT NOR FUNDS OF THE UNIVERSITY ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE SERIES 2021A BONDS OR OTHER COSTS INCIDENT THERETO. THE UNIVERSITY HAS NO TAXING POWER.

Defeasance

If the University provides to the Paying Agent cash or noncallable Government Obligations sufficient to provide for payment of all or part of the Series 2021A Bonds and meets certain other requirements, such Series 2021A Bonds will no longer be secured by the pledge of Pledged Revenues but instead by such cash or noncallable Government Obligations. Such requirements are described more fully in **"Defeasance"** in **Appendix C** attached hereto.

No Liens or Reserves; Disposition of Assets

The Series 2021A Bonds are not secured by any lien on or security interest in any property of the University or any reserves. The University is generally free to sell, encumber or otherwise dispose of its property if such disposition is either in the ordinary course of business, or if an Authorized Officer certifies in writing that taking into account such disposition (1) the University will have sufficient funds to meet all of its financial obligations, including its obligations to pay principal of and interest on all Credit Obligations for all Fiscal Years, to and including the second full Fiscal Year after such disposition and (2) such Authorized Officer has no reason to believe that the University will not have sufficient funds to pay all amounts due under all indebtedness of the University then outstanding.

Operating Covenants; Amendments

In the Master Resolution, the University has entered into certain operating covenants, which, along with other provisions relating to the security for the Bonds (including the Series 2021A Bonds), may be amended with or without the consent of the holders of a majority of the principal amount of the Bonds (including the Series 2021A Bonds) then outstanding. See **"Supplemental Resolutions Without Bondholder Consent"** and **"Supplemental Resolutions Requiring Bondholder Consent"** in **Appendix C** attached hereto.

ENFORCEABILITY OF REMEDIES

The remedies available to Bondholders upon an event of default under the Master Resolution are in many respects dependent upon regulatory and judicial actions, which are often subject to discretion and delay. Under existing law, the remedies provided under the Master Resolution may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2021A Bonds will be qualified as to enforceability of the various legal instruments, limitations imposed by bankruptcy, reorganization, insolvency or similar laws affecting the rights of creditors generally and by judicial discretion applicable to equitable remedies and proceedings generally. See **"Events of Default"** and **"Remedies Upon Default"** in **Appendix C** attached hereto.

CERTAIN LEGAL MATTERS

All legal matters incident to the authorization, issuance, sale and delivery of the Series 2021A Bonds are subject to the approval of McGuireWoods LLP, Richmond, Virginia, Bond Counsel to the University ("Bond Counsel"). Certain legal matters will be passed upon for the University by Timothy J. Heaphy, University Counsel and Senior Assistant Attorney General, and for the Underwriter by its counsel, Troutman Pepper Hamilton Sanders LLP, Richmond, Virginia.

LITIGATION

There is no threatened or pending litigation against or affecting the University that, to the knowledge of the University, seeks to restrain or enjoin the issuance, sale or delivery of the Series 2021A Bonds, or to in any way contest or affect the validity of the Series 2021A Bonds, the Master Resolution, the Series Resolution or any proceedings of the University taken with respect to the issuance or sale of the Series 2021A Bonds or with respect to the Master Resolution or the Series Resolution, or in any way contesting the existence or powers of the University. See **"Litigation"** in **Appendix A** attached hereto.

TAX MATTERS

Opinion of Bond Counsel – Federal Income Tax Consequences

Bond Counsel's opinion regarding the Series 2021A Bonds will state that, under current law and assuming the compliance with the Covenants, as hereinafter defined, by the University and certain other persons and entities, interest on the Series 2021A Bonds (i) is excludable from the gross income of the owners of the Series 2021A Bonds for purposes of federal income taxation under Section 103 of the Code, and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax. See **Appendix E** for the form of the opinion of Bond Counsel for the Series 2021A Bonds.

Bond Counsel will express no opinion regarding other federal tax consequences arising with respect to the Series 2021A Bonds.

Bond Counsel's opinion speaks as of its date, is based on current legal authority and precedent, covers certain matters not directly addressed by such authority and precedent, and represents Bond Counsel's judgment as to the proper treatment of interest on the Series 2021A Bonds for federal income tax purposes. Bond Counsel's opinion does not contain or provide any opinion or assurance regarding the future activities of the University or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The University has covenanted, however, to comply with the requirements of the Code.

Reliance and Assumptions; Effect of Certain Changes

As to questions of fact material to its opinion, Bond Counsel is relying upon and assuming the accuracy of certifications and representations of the University, UVA Community Health, Inc. (formerly Novant Health UVA Health System) ("UVACH"), Culpeper Memorial Hospital, Inc. ("CMH"), Prince William Health System ("PWHS"), Prince William Hospital ("PWH" and, together with UVACH, CMH and PWHS, the "Hospital Entities"), the underwriter of the Series 2021A Bonds, the financial advisor to the University and certain other third parties, which Bond Counsel has not independently verified.

In addition, Bond Counsel is assuming continuing compliance with the Covenants by the University and certain other persons and entities. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Series 2021A Bonds in order for interest on the Series 2021A Bonds to be and remain excludable from gross income for purposes of federal income taxation. These requirements include, by way of example and not limitation, the requirement that each of the Hospital Entities maintain its status as an organization described in Section 501(c)(3) of the Code, restrictions on the use, expenditure and investment of the proceeds of the Series 2021A Bonds and the use of the property financed or refinanced by the Series 2021A Bonds, limitations on the source of the payment of and the security for the Series 2021A Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Series 2021A Bonds to the Treasury. Prior to the issuance of the Series 2021A Bonds, the University will enter into a tax certificate and related documents for the Series 2021A Bonds (collectively, the "Tax Certificates") that contains covenants regarding such requirements (the

"Covenants") under which the University has agreed to comply with such requirements. A failure to comply with the Covenants could cause interest on the Series 2021A Bonds to become includible in gross income for federal income tax purposes retroactively to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Series 2021A Bonds from becoming includible in gross income for federal income tax purposes.

Bond Counsel has no responsibility to monitor compliance with the Covenants after the date of issue of the Series 2021A Bonds.

Certain requirements and procedures contained, incorporated or referred to in the Tax Certificates, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such document. Bond Counsel expresses no opinion concerning any effect on the excludability of interest on the Series 2021A Bonds from gross income for federal income tax purposes of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2021A Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner thereof. Prospective purchasers of such Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning or disposing of the Series 2021A Bonds.

Prospective purchasers of the Series 2021A Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, certain insurance companies, certain corporations (including S corporations and foreign corporations), certain foreign corporations subject to the "branch profits tax," individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers attempting to qualify for the earned income tax credit.

In addition, prospective purchasers should be aware that the interest paid on, and the proceeds of the sale of, tax-exempt obligations, including the Series 2021A Bonds, are in many cases required to be reported to the IRS in a manner similar to interest paid on taxable obligations. Additionally, backup withholding may apply to any such payments made to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the IRS of a failure to report all interest and dividends required to be shown on federal income tax returns. The reporting and withholding requirements do not in and of themselves affect the excludability of such interest from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Original Issue Discount

The "original issue discount" ("OID") on any Series 2021A Bond is the excess of such bond's stated redemption price at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of such bond. The "issue price" of a bond is the initial offering price to the public at which price a substantial amount of such bonds of the same maturity was sold. The issue price for each maturity of the Series 2021A Bonds is expected to be the initial public offering price set forth on the inside front cover page of this Official Statement, but is subject to change based on actual sales. Accrued OID on the Series 2021A Bonds with OID (the "OID Bonds") is excludable from gross income for purposes of federal and Virginia income taxation. However, the portion of the OID that is deemed to have accrued to the owner of an OID Bond in each year may be included in determining the alternative minimum tax with respect to the Series 2021A Bonds and the distribution requirements of certain investment companies and may result in some of the collateral federal income tax consequences mentioned in the preceding subsection. Therefore, owners of OID Bonds should be aware that the accrual of OID in each year may result in alternative minimum tax liability, additional distribution requirements or other collateral federal and Virginia income tax consequences although the owner may not have received cash in such year.

OID is treated under Section 1288 of the Code as accruing under a constant yield method that takes into account compounding on a semiannual or more frequent basis. If an OID Bond is sold or otherwise disposed of between semiannual compounding dates, then the OID which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

In the case of an original owner of an OID Bond, the amount of OID that is treated as having accrued on such OID Bond is added to the owner's cost basis in determining, for federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). The amounts received upon such disposition that are attributable to accrued OID will be excluded from the gross income of the recipients for federal income tax purposes. The accrual of OID and its effect on the redemption, sale or other disposition of OID Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above.

Prospective purchasers of OID Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the OID accrued upon sale or redemption of such OID Bonds and with respect to state and local tax consequences of owning OID Bonds.

Bond Premium

In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles. An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Prospective purchasers of any Premium Bond should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of such Premium Bond.

Effects of Future Enforcement, Regulatory and Legislative Actions

The IRS has established 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 2021A Bonds, the IRS will, under its current procedures, treat the University as the taxpayer. As such, the beneficial owners of the Series 2021A Bonds will have only limited rights, if any, to participate in the audit or any administrative or judicial review or appeal thereof. Any action of the IRS, including but not limited to the selection of the Series 2021A Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the marketability or market value of the Series 2021A Bonds.

Legislation affecting tax-exempt obligations is regularly considered by the U.S. Congress and various state legislatures. Such legislation may effect changes in federal or state income tax rates and the application of federal or state income tax laws (including the substitution of another type of tax), or may repeal or reduce the benefit of the excludability of interest on the tax-exempt obligations from gross income for federal or state income tax purposes. The Treasury and the IRS are continuously drafting regulations to interpret and apply the provisions of the Code and court proceedings may be filed the outcome of which could modify the federal or state tax treatment of tax-exempt obligations. There can be no assurance that legislation proposed or enacted after the date of issue of the Series 2021A Bonds, regulatory interpretation of the Code or actions by a court involving either the Series 2021A Bonds or other tax-exempt obligations will not have an adverse effect on the Series 2021A Bonds' federal or state tax status, marketability or market price or on the economic value of the tax-exempt status of the interest on the Series 2021A Bonds.

Prospective purchasers of the Series 2021A Bonds should consult their own tax advisors regarding the potential consequences of any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Opinion of Bond Counsel – Virginia Income Tax Consequences

Bond Counsel's opinion also will state that, under current law, interest on the Series 2021A Bonds is excludable from the gross income of the owners thereof for purposes of income taxation by the Commonwealth. Bond Counsel will express no opinion regarding (i) other tax consequences arising with respect to the Series 2021A Bonds under the laws of the Commonwealth or (ii) any consequences arising with respect to the Series 2021A Bonds under the tax laws of any state or local jurisdiction other than the Commonwealth. Prospective purchasers of the Series 2021A Bonds should consult their own tax advisors regarding the tax status of interest on the Series 2021A Bonds in a particular state or local jurisdiction other than the Commonwealth.

FINANCIAL ADVISOR

Prager & Co., LLC ("Prager") has been retained by the University to act as its municipal advisor in connection with the issuance of the Series 2021A Bonds. Although Prager has assisted in the preparation of this Official Statement, Prager is not obligated to undertake, and has not undertaken, to make any verification of or to assume responsibility for the information contained in this Official Statement.

UNDERWRITING

The Series 2021A Bonds are being purchased by Goldman Sachs & Co. LLC (the "Underwriter") at a price of $99,674,555.49 (reflecting the principal amount of $100,000,000.00, minus an underwriter's discount of $325,444.51 or approximately 0.325445% of the original stated principal amount of the Series 2021A Bonds). The Bond Purchase Agreement between the University and the Underwriter (the "Bond Purchase Agreement"), provides that the Underwriter will purchase all of the Series 2021A Bonds to be purchased if any Series 2021A Bonds are purchased.

The Bond Purchase Agreement provides that the Underwriter may offer and sell the Series 2021A Bonds to certain dealers and others at prices lower than the public offering prices stated on the inside cover page hereof, and the public offering prices set forth on the inside cover page may be changed after the initial offering by the Underwriter. In addition, the Bond Purchase Agreement provides that the University will reimburse the Underwriter for certain expenses incurred in connection with the offering of the Series 2021A Bonds.

The Underwriter and its 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, financing and brokerage activities. The Underwriter 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 may have received or will receive customary fees and expenses. Such activities may involve or relate to assets, securities and/or instruments of the University (whether directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with (or that are otherwise involved with transactions by) the University. The Underwriter and its affiliates may have from time to time engaged, and may in the future engage, in transactions with, and 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. Under certain circumstances, the Underwriter and its affiliates may have certain creditor and/or other rights against the University and any affiliates thereof in connection with such transactions and/or services. In addition, the Underwriter and its affiliates may currently have and may in the future have investment and commercial banking, trust and other relationships with parties that may relate to assets of, or be involved in the issuance of securities and/or instruments by, the University and any affiliates thereof.

In the ordinary course of their various business activities, the Underwriter 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 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 debt securities and instruments of the University.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

FINANCIAL STATEMENTS

The audited financial statements of the University for the fiscal year ended June 30, 2020, have been audited by the Commonwealth's Auditor of Public Accounts and are included in **Appendix B** attached hereto. Also included in **Appendix B** is the University's Management's Discussion and Analysis, which provides an overview of the financial position and results of activities of the University for the fiscal year ended June 30, 2020.

RATINGS

Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007 ("Moody's"), S&P Global Ratings, 55 Water Street, New York, New York 10041 ("S&P") and Fitch Ratings, Inc., One State Street Plaza, New York, New York 10004 ("Fitch Ratings") have assigned long-term ratings of "Aaa", "AAA" and "AAA", respectively, to the Series 2021A Bonds.

The ratings express only the views of the rating agencies. The explanation of the significance of the ratings may be obtained from Moody's, S&P and Fitch Ratings, respectively. There is no assurance that any rating will continue for any period of time or that it will not be revised or withdrawn. Any revision or withdrawal of ratings on the Series 2021A Bonds may have an effect on the market price thereof.

CONTINUING DISCLOSURE

The offering of the Series 2021A Bonds is subject to Rule 15c2-12 under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), and the University will enter into a continuing disclosure agreement (the "Continuing Disclosure Agreement") with respect to the Series 2021A Bonds for the benefit of the registered and Beneficial Owners of the Series 2021A Bonds, substantially in the form attached as **Appendix F** to this Official Statement, pursuant to which the University will agree to provide or cause to be provided the following: (i) certain annual financial information, including audited financial statements of the University and certain information of the University included under the headings **"Students"**, **"The University of Virginia Medical Center"** and **"Financial Information"** in **Appendix A** attached to this Official Statement, comprising the following tables: **"Undergraduate Applications, Acceptances and Matriculations"**, **"Graduate & Professional Applications, Acceptances and Matriculations"**, **"On Grounds Fall Enrollment"**, **"Selected Medical Center Patient Information"**, **"Undergraduate Tuition and Required Fees Per Student"**, **"Graduate Tuition and Required Fees Per Student"**, **"Non-Capital Appropriations from the Commonwealth"**, **"University of Virginia Medical Center Summary Statement of Revenues, Expenses, and Changes in Net Position"**, **"Grants and Contracts"** and **"UVIMCO Long-Term Pool Historic Annual Returns"**; (ii) timely notice of the occurrence of certain events with respect to the Series 2021A Bonds; and (iii) timely notice of a failure by the University to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement. The University is not contractually obligated to supplement or update the information included in this Official Statement after the delivery of the Series 2021A Bonds except as provided in the Continuing Disclosure Agreement. The Underwriter has not undertaken either to supplement or update the information included in this Official Statement.

In the course of reviewing its prior continuing disclosure undertakings, the University became aware that it failed to provide the annual financial information for the fiscal year of the University ending June 30, 2018, within the timeframe required by such prior undertakings. The University has filed a notice of such failure with the Electronic Municipal Market Access system maintained by the Municipal Securities Rulemaking Board for purposes of Rule 15c2-12.

RELATIONSHIPS

Mark T. Bowles, a member of the Board of Visitors of the University, is a partner with McGuireWoods LLP and is an executive vice president of McGuireWoods Consulting LLC, an affiliate of McGuireWoods LLP. McGuireWoods LLP represents each Underwriter and the initial Paying Agent in matters unrelated to the Series 2021A Bonds from time to time.

MISCELLANEOUS

The summaries or descriptions herein, including the Appendices hereto, of the Series 2021A Bonds, the Master Resolution, the Series Resolution and the Continuing Disclosure Agreement, and all references to other materials not purporting to be quoted in full, are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

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; therefore, no representation or warranty is given as to the accuracy or completeness of such information.

The attached Appendices are integral parts of this Official Statement and should be read in their entirety together with all of the foregoing information.

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The University has reviewed the information contained herein and has approved this Official Statement.

THE RECTOR AND VISITORS OF
THE UNIVERSITY OF VIRGINIA

By: ______________________________
Title: Executive Vice President and
Chief Operating Officer

APPENDIX A

THE UNIVERSITY OF VIRGINIA

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APPENDIX A

THE UNIVERSITY OF VIRGINIA

Background

Thomas Jefferson founded the University of Virginia (the "University" or "UVA") near his home in Charlottesville, the culmination of his lifelong dream to "create the bulwark of the human mind in this hemisphere." Chartered by the General Assembly of Virginia (the "General Assembly") in 1819, the University opened for instruction in 1825.

Throughout its history, the University has drawn strength from the heritage of Mr. Jefferson. His belief in the "illimitable freedom of the human mind" continues to shape the goals of students and faculty. Audacious at its inception, the University's goals today are no less ambitious: to represent the American ideal for higher education and to achieve excellence in all of its endeavors. It pursues these by concentrating on four key areas: academic rigor, student self-governance, honor, and public service. Moreover, the University intends to remain a national model of excellence for undergraduate learning and professional education within a modern research university.

As a public entity, the University still embraces Mr. Jefferson's belief that an enlightened populace, sustained by students and scholars drawn from the Commonwealth of Virginia (the "Commonwealth") and around the world, is the surest way to secure the nation's liberty. By providing abundant opportunities for self-discovery and self-determination, the University offers a student experience without parallel in higher education. The University's tradition of student self-governance, marked most prominently by the student-run honor system, strives to imbue its graduates with a devotion to ethical conduct that remains with them for the rest of their lives.

General

The University has three main operating divisions: the Academic Division, the Medical Center, and the College at Wise.

The University's Academic Division is a comprehensive teaching and research institution enrolling a total of 23,604 full-time equivalent students, including 16,684 undergraduates, in on-grounds programs during the 2020-2021 academic year. The Academic Division is comprised of 12 separate schools: the College and Graduate School of Arts and Sciences, the McIntire School of Commerce, the School of Education and Human Development, the Frank Batten School of Leadership and Public Policy, the School of Engineering and Applied Science, the Darden School of Business, the School of Architecture, the School of Law, the School of Medicine, the School of Nursing, the School of Data Science and the School of Continuing and Professional Studies. Collectively, these schools offer 85 bachelor's degrees in 82 fields, 89 master's degrees and 55 doctoral degrees in 88 fields. Five educational-specialist degrees and two professional degrees in law and medicine are also offered. Many of these programs rank among the nation's elite. In the *2020 U.S. News & World Report* undergraduate college rankings, the University was 4th among public universities and tied for 28th among all national universities. Since *U.S. News & World Report* began a separate listing of the top 50 public universities in 1998, the University has never been ranked lower than 4th, and in the 20-year history of the rankings, it has always been in the top 30 among all ranked universities.

The University of Virginia Medical Center is an integrated network of primary and specialty care services ranging from wellness programs and routine checkups to the most technologically advanced care. The hub of the Medical Center is a 696-bed hospital with a Commonwealth-designated Level 1 trauma center located on the Charlottesville campus. As of July 1, 2021, the Health System became the full owner of UVA Community Health Inc., a Northern Virginia regional health system formerly known as Novant

Health UVA Health System ("UVA Community Health") previously owned by the Medical Center and Novant Health, Inc. through a joint operating company. UVA Community Health is comprised of three hospitals, Culpepper Medical Center (70 beds), Haymarket Medical Center (60 beds), and Prince William Medical Center (130 beds) along with other health facilities in northern Virginia. In addition, primary and specialty care are provided at convenient clinic locations throughout Virginia communities. In the *U.S. News and World Report* 2020-2021 "Best Hospitals" guide, UVA was ranked as the number one hospital in Virginia for the fifth year in a row. The publication also included two clinical specialties in its top 50 national rankings and rated UVA as high performing in six specialties and in nine common hospital conditions and procedures. The recently released 2021–2022 *U.S. News and World Report* "Best Children's Hospitals" guide, UVA Children's was ranked as the number one children's hospital in Virginia and ranked in five specialties among the top 50 nationally.

The University of Virginia's College at Wise (the "College at Wise") in southwest Virginia was originally founded in 1954 as Clinch Valley College, a branch campus of the University. The College at Wise provides undergraduate programs in the arts and sciences as well as select undergraduate professional programs in business, nursing, teacher education and other fields, all characterized by a strong liberal arts experience. The liberal arts foundation prepares individuals for professional careers, graduate study, or lifelong learning. The full-time equivalent student enrollment for fall 2020 was 1,356.

Academic and Research Programs

The University has established 570 endowed professorships for outstanding scholars, and the Center for Advanced Studies plays a major role in attracting and retaining scholars of national and international distinction. The University has educated 48 Rhodes Scholars, more than any other state-supported institution. Nationally recognized programs include Architecture, English, Spanish, German, Religious Studies, Physiology, French, Art History, Astronomy, Classics, History, Psychology, undergraduate Business, graduate Business, Law, and Education.

Accreditation and Membership

The University has been accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) since 1904. Reaffirmation of accreditation occurs every 10 years with the next on-site visit scheduled for March 2027. Additionally, individual programs, departments and schools hold accreditation from applicable professional agencies and/or governmental boards. The University belongs to the Association of American Universities, a group of 62 prominent research institutions throughout the United States and Canada.

Facilities

Thomas Jefferson designed the original University as an "academical village" – a plan to foster students and professors living and learning together. While that vision remains, today the University consists of 3,411 acres of land holdings throughout the Commonwealth, including 241 acres in Charlottesville and 1,471 additional acres in Albemarle County. Capital infrastructure is comprised of 560 buildings consisting of approximately 18 million square feet, including the Medical Center. In 1987, the University of Virginia at Charlottesville was named a World Heritage site on the United Nations' Educational, Scientific and Cultural Organization's prestigious World Heritage list.

Mr. Jefferson selected the initial collection of books and materials that created the nucleus of the University's first library. Since then the library system has grown to encompass 15 separate facilities housing almost 19.5 million manuscripts and archives, over 5.1 million books (printed volumes), over 2 million microforms, and an extensive selection of electronic media and texts. The Albert and Shirley Small Special Collections Library, holds the University's archives and world-renowned collections of more than

330,000 rare books and 16.7 million manuscripts and other materials. Originally built in 2004, the University recently completed an extensive renovation of Alderman Library. In recognition of its place in history, the University built the Memorial to Enslaved Laborers, which "honors the lives, labor, and resistance of the 4-5,000 enslaved peoples who lived and worked at UVA at some point between 1817 and 1865."

University Governance

Board of Visitors. The University's first Board of Visitors (the "Board of Visitors" or the "Board") included three former United States presidents as members – James Madison, James Monroe and Thomas Jefferson, who also served as the University's first Rector. The President of the University, a position created in 1904, is the chief executive officer and serves at the behest of the Board. The corporate powers of the University are exercised by the Board. The Board of Visitors is composed of 17 voting members appointed by the Governor of the Commonwealth, subject to confirmation by the General Assembly, for terms of four years. In addition, at the first regular meeting of the second semester of the academic session each year, on recommendation of the Executive Committee of the Board of Visitors (the "Executive Committee"), the Board of Visitors may appoint for a term of one year, a full-time student at the University as a nonvoting member of the Board of Visitors. Further, the Board of Visitors includes a non-voting faculty member. The Rector and the Board serve as the corporate board for the University and are responsible for the long-term planning of the University. The Board approves the policies and budget for the University and is entrusted with the preservation of the University's many traditions, including the Honor System. At least 12 members must be residents of Virginia, at least 12 members must be alumni of the University and at least one member must be a physician with administrative and clinical experience in an academic medical center.

The current members of the Board, including their primary residence and occupation are:

WHITTINGTON W. CLEMENT, RECTOR *RICHMOND*	PARTNER, *HUNTON ANDREWS KURTH*
ROBERT D. HARDIE, VICE RECTOR *CHARLOTTESVILLE*	PRIVATE INVESTOR
ROBERT M. BLUE, *RICHMOND*	PRESIDENT AND CEO, *POWER DELIVERY GROUP*
MARK T. BOWLES, *GOOCHLAND*	EVP, *MCGUIREWOODS CONSULTING LLC*
L.D. BRITT, MD, MPH, *SUFFOLK*	SURGEON, *EASTERN VIRGINIA MEDICAL SCHOOL*
CARLOS M. BROWN, *HENRICO*	SENIOR VICE PRESIDENT, *DOMINION ENERGY*
FRANK M. CONNER III, *ALEXANDRIA*	PARTNER, *COVINGTON & BURLING LLP*
ELIZABETH M. CRANWELL, *VINTON*	REAL ESTATE PROFESSIONAL
THOMAS A. DEPASQUALE, *ALEXANDRIA*	PRIVATE INVESTOR
BARBARA J. FRIED, *CROZET*	OWNER, *FRIED COMPANIES INC.*
LOUIS S. HADDAD, *SUFFOLK*	PRESIDENT AND CEO, *ARMADA HOFFLER PROPERTIES*
BABUR B. LATEEF, M.D., *MANASSAS*	PHYSICIAN AND PRESIDENT, *ADVANCED OPHTHALMOLOGY, INC*
ANGELA HUCLES MANGANO, *PLAYA DEL RAY, CA*	REAL ESTATE PROFESSIONAL
JAMES B. MURRAY JR., *KEENE*	MANAGING PARTNER, *COURT SQUARE VENTURES*
L.F. PAYNE, *CHARLOTTESEVILLE*	PRESIDENT, *THREE RIDGES GROUP LLC*
C. EVANS POSTON JR., *NORFOLK*	COMMISSIONER OF THE REVENUE, *CITY OF NORFOLK*
JAMES V. REYES, *WASHINGTON, DC*	DIRECTOR/PRINCIPAL, *REYES HOLDINGS LLC*
JOEL HOCKENSMITH, *CHARLOTTESVILLE*	FACULTY REPRESENTATIVE
SARITA MEHTA, *AUSTIN, TX*	STUDENT REPRESENTATIVE

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Administrative Officers of the University. The President of the University has primary responsibility for the management and operation of the University. The provost, vice presidents, deans and all other administrative officers are responsible to the President and through the President to the Board. The following table sets forth the principal administrative officers of the University.

Name	Title
JAMES E. RYAN	President
JENNIFER (J.J.) WAGNER DAVIS	Executive Vice President and Chief Operating Officer
M. ELIZABETH (LIZ) MAGILL	Executive Vice President and Provost
DR. CRAIG KENT	Executive Vice President for Health Affairs
MARK M. LUELLEN	Vice President for Advancement
COLETTE SHEEHY	Senior Vice President for Operations and State Government Relations
TIMOTHY J. HEAPHY	Legal Counsel
MELODY STOWE BIANCHETTO	Vice President for Finance
JULIE WITTEN RICHARDSON	Treasurer

James E. Ryan serves as the ninth president of the University. Before coming to UVA, President Ryan served as dean of the Harvard Graduate School of Education. Before his deanship, President Ryan was the Matheson & Morgenthau Distinguished Professor at the UVA School of Law. He also served as academic associate dean from 2005 to 2009 and founded and directed the school's program in Law and Public Service. President Ryan received his AB summa cum laude from Yale University and his JD from the University of Virginia, which he attended on a full scholarship and from which he graduated first in his class.

A leading expert on law and education, President Ryan has written extensively about the ways in which law structures educational opportunity. His articles and essays address such topics as school desegregation, school finance, school choice, standards and testing, pre-K, and the intersection of special education and neuroscience. President Ryan is also the coauthor of the textbook "Educational Policy and the Law" and the author of "Five Miles Away, A World Apart," which was published in 2010 by Oxford University Press. President Ryan's most recent book, "Wait, What? And Life's Other Essential Questions," based on his popular 2016 commencement speech, was published in 2017 by Harper One and is a New York Times bestseller. In addition, President Ryan has authored articles on constitutional law and theory and has argued before the United States Supreme Court.

Jennifer (J.J.) Wagner Davis began her tenure as Executive Vice President and Chief Operating Officer (EVP-COO) in November 2018. Previously, she served as Senior Vice President for Administration and Finance at George Mason University (GMU) for five and a half years. Prior to her time at GMU, Ms. Davis served the state of Delaware for almost 20 years in such capacities as Cabinet Secretary-Director of the Office of Management and Budget, Deputy Secretary of Education, and Associate Secretary of Education for Policy and Administrative Services. In her last five years in Delaware, she was the Vice President for Finance and Administration at the University of Delaware (UD). Both at UD and GMU, Ms. Davis provided management and oversight for functions similar to her current role as EVP-COO. Ms. Davis received her Bachelor of Arts degree in political science and her Master of Science degree in policy analysis from Pennsylvania State University.

M. Elizabeth (Liz) Magill oversees the University's teaching and research activities, as Executive Vice President and Provost of the University. She directs the academic administration of the eleven schools, the library, art museums, public service activities, numerous University centers, and foreign study programs.

Before becoming provost, Ms. Magill served seven years as the Richard E. Lang Professor of Law and Dean of Stanford Law School. Before joining Stanford, she was on the faculty at the University of Virginia School of Law for 15 years, serving as vice dean, the Joseph Weintraub–Bank of America Distinguished Professor of Law, and Elizabeth D. and Richard A. Merrill Professor.

Ms. Magill is a distinguished scholar and teacher of administrative and constitutional law. A fellow of the American Academy of Arts and Sciences and a member of the American Law Institute, she has been a visiting professor at Harvard Law School, held a fellowship in the Law and Public Affairs Program at Princeton University, and was the Thomas Jefferson visiting professor at Downing College, Cambridge University. Her scholarly articles have been published in leading law reviews, and she has won several awards for her scholarly contributions.

After completing her BA in history at Yale University, Ms. Magill served as a senior legislative assistant for energy and natural resources for U.S. Senator Kent Conrad, a position she held for four years. She left the Hill to attend the University of Virginia School of Law, where she was articles development editor of the *Virginia Law Review* and received several awards for academic and scholarly achievement. After graduating, Ms. Magill clerked for Judge J. Harvie Wilkinson III of the U.S. Court of Appeals for the Fourth Circuit and then for U.S. Supreme Court Justice Ruth Bader Ginsburg. Ms. Magill is the first woman to serve as provost at UVA.

K. Craig Kent, MD joined the University in February 2020 as its Executive Vice President for Health Affairs. He oversees the strategic direction and operations of the University of Virginia Health System, including all inpatient and ambulatory services of the Medical Center.

Prior to arriving at UVA, Dr. Kent served as dean of The Ohio State University College of Medicine, vice president for health sciences and the Leslie H. and Abigail S. Wexner Dean's Chair in Medicine. Before Ohio State, Dr. Kent served as chair of the Department of Surgery at University of Wisconsin School of Medicine & Public Health, and was chief of the Division of Vascular Surgery at Weill Medical College of Cornell University and Columbia College of Physician Surgeons. He has been a funded researcher for more than 25 years, and has authored more than 325 articles and 64 book chapters, and has served on the editorial boards of multiple medical journals. He has lectured nationally and internationally with more than 50 named visiting professorships and keynote presentations.

Dr. Kent earned his medical degree from the University of California, San Francisco where he also completed his surgical residency. He then completed a research and clinical fellowship in vascular surgery at Brigham and Women's Hospital.

Mark M. Luellen became vice president for advancement at the University of Virginia in May 2016. Charged with oversight of the advancement operation, he provides leadership for advancement programs and initiatives across the University, and is responsible for planning and directing the University's comprehensive, $5 billion dollar philanthropic campaign – Honor the Future – launched in 2019. Mr. Luellen works with University, school, and foundation leadership to identify campaign priorities and define fundraising strategies that support the University's mission of teaching, research, clinical care, and public service. He currently serves as the president's representative on numerous leadership boards, including various University-associated organizations (Architecture, Education, Health, Commerce, and Athletics), and sits on the board of the UVA Foundation.

Mr. Luellen previously served as associate vice president for development at UVA. In this role, he led the University's central development efforts, managing a team of nearly 80 development officers and staff, and played a lead role in planning for the current campaign. He came to the University of Virginia in May 2014 from The Pennsylvania State University, where he first served as associate director of development for the College of Liberal Arts, then as director of major gifts, and finally as director of alumni relations, communications, and development for the College of the Liberal Arts.

Mr. Luellen received his bachelor's degree in English, with a minor in elementary education, from Allegheny College.

Colette Sheehy serves as the Senior Vice President for Operations and State Government Relations, overseeing the functions of Office of the Architect, Business Operations, Facilities Management, Real Estate and Leasing Services, State Governmental Relations, and the University Building Official.

Ms. Sheehy began her career at UVA as a Budget Analyst in 1982. In 1986 she became the Assistant to the Director of the Budget, and in 1988 was named the Director of the Budget. Between 1991 and 1993 she served as the Associate Vice President and Director of the Budget before assuming her current position.

Ms. Sheehy earned a Bachelor of Arts degree in economics from Bucknell University and a Master's degree in Business Administration with a concentration in finance from Rutgers University Graduate School of Management. She served on the Virginia Association of Management Analysis and Planning Executive committee between 1990 and 1993 and as vice president and president of Virginia's Council of State Senior Business Officers 1998-2000.

Ms. Sheehy has been active in community affairs, serving as a board member for the Leadership Charlottesville Alumni Association and the First Presbyterian Church. She served on the board of the Virginia Discovery Museum from 2001-2007 and on the Virginia Retirement System Board of Trustees from 2009 until 2014. Currently, she serves as a member on the Emily Couric Leadership Foundation Board (chair 2018-2021). She is a member of Alpha Chi Omega; the national sorority gave her an Award of Achievement in 1998. In 1995, Ms. Sheehy was presented the Woman of Achievement Award from the University of Virginia Women Faculty and Professional Association and most recently in June 2021, was awarded the University of Virginia's highest honor, the Thomas Jefferson Award for Service. She served as one of the chief architects and negotiators of the Higher Education Restructuring and Administrative Operations Act passed by the General Assembly of Virginia in 2005 - a law that created a new relationship between the Commonwealth and its public institutions of higher education.

Timothy J. Heaphy serves as University Counsel leading UVA's Office of University Counsel, which is responsible for representing the Rector and Visitors of the University of Virginia in all legal and regulatory matters.

Appointed by President Barack Obama to serve as the U.S. Attorney for the Western District of Virginia in 2009, Mr. Heaphy was the chief law enforcement officer responsible for prosecuting federal crime and defending the United States in civil litigation for six years. Prior to that role, he was a partner with the law firm McGuireWoods. He served as assistant U.S. attorney in the District of Columbia and the Western District of Virginia from 1994 to 2006.

In 2017, Mr. Heaphy led a team of lawyers at Hunton & Williams who conducted an independent review of the protest events in Charlottesville that year. The report and its findings led to the development of new policies and procedures regarding how to better manage public protests while also ensuring First Amendment protections and public safety. Mr. Heaphy is founder and board chair of The Fountain Fund, a nonprofit organization in Charlottesville that provides low-interest loans to formerly incarcerated people in Central Virginia. As a law student at UVA, he helped start a loan forgiveness program for students who entered public service work after graduation.

In 2015, former Virginia Gov. Terry McAuliffe appointed him to the Commission on Parole Review. He clerked for Judge John A. Terry of the District of Columbia Court of Appeals and prior to law school served on the staff of U.S. Sen. Joseph Biden of Delaware.

Mr. Heaphy earned a bachelor's degree in English from the University of Virginia and a law degree from the UVA School of Law.

Melody Stowe Bianchetto, a Certified Public Accountant, was named the Vice President for Finance at the University of Virginia in 2015. She oversees financial operations (accounting, financial reporting, procurement, and payroll), treasury, financial planning & analysis, and enterprise risk management, as well as the University's Finance Strategic Transformation project. Ms. Bianchetto began her UVA career as a budget analyst in 1996, after working in public accounting at EY in Washington, D.C. and Henderson & Everett, PC in Charlottesville.

Ms. Bianchetto earned a Bachelor of Science in Commerce from the University of Virginia and a Master of Business Administration from James Madison University.

Julie Witten Richardson is the University's Treasurer with responsibility for debt management, banking and cash management, short-term investment management, and liquidity and interest rate risk management. Ms. Richardson manages the University's relationships with the financial community including commercial bankers, investment bankers, asset managers, financial advisors, and rating agencies. Prior to joining the University in 2007, Ms. Richardson spent 15 years in the private sector, lastly with a Fortune 250 company as its Assistant Treasurer.

Ms. Richardson received a B.B.A. in Finance, from the University of Miami. She is a Certified Treasury Professional and a Certified Public Accountant.

The Great and Good Plan

The strategic direction outlined in the University's current strategic plan – the Great and Good 2030 Plan – was endorsed by the Board of Visitors on June 7, 2019. The 2030 Plan is the culmination of a long planning process led by the recently appointed University President, Jim Ryan. Through the "Ours to Shape" initiative, University and community members were invited to weigh in with their vision for the University's future. Both President Ryan and the Strategic Planning Committee conducted over 100 outreach sessions attended by thousands of people representing all constituency groups and stakeholders: faculty, students, staff, deans, vice presidents, Faculty and Staff Senates, alumni, parents, the Board of Visitors, and community members.

The 2030 Plan is built around four overarching goals: 1) strengthening our foundation through supporting students, faculty, and staff; 2) cultivate a vibrant community in order to prepare students to be servant-leaders in a diverse and globally connected world; 3) enable discoveries; and 4) service. The public is increasingly skeptical of the value of a college degree and the contributions of higher education in American progress. The 2030 Plan embodies the idea that by 2030 universities will be judged in part by how well they are run and whether they are ethical institutions – whether they are great places to work and good partners with their surrounding communities; whether they are engines of economic growth; and whether they reach all students who do not have the fortune to enroll as full-time students. The University should strive not simply to be great, but also to be good. The foundation of the plan are the mission and values formally adopted in 2013, providing continuity with previous strategic planning efforts. The 2030 Plan will provide a roadmap for the future of UVA as it enters its third century.

The 2030 Plan captures many of the aspirations of the University's students, faculty, and staff, organized around the idea that an institution should strive for excellence, but for a purpose of public good.

Key initiatives of the 2030 Plan are SuccessUVA, Citizen-Leaders for the 21st Century, Third-Century Faculty Initiative, Pathways to Research Preeminence, Cultivating Staff Success, Good Neighbor Program, Bachelor's Competition and Certificate Program, Open Grounds at Emmet-Ivy, School of Data Science, and Broadening Our Horizons.

- Key achievements of the 2030 Plan to date include: **Establishment of the new School of Data Science** to position UVA as a global leader in efforts to improve society through teaching and research based on the powerful, emerging field of data science.

- **Significant strides in affordability and accessibility**, with the SuccessUVA initiative expanding financial aid programs to enable more low- and middle-income, first-generation and underrepresented students to attend. Virginia families earning less than $80,000 per year can send their children to UVA tuition-free; and UVA will also cover tuition, room and board for students from Virginia families earning less than $30,000 per year. In April, the Princeton Review named UVA the No. 1 public school for financial aid, and the No. 2 best value public school in the country.

- **Investments in research**, including the launch of seed funds like the President's and Provost's Fund for Institutionally Related Research, and support for priority research areas where UVA has considerable strength, including the study of democracy, environmental resilience and sustainability, precision medicine, the brain and neuroscience, and digital technology and society.

- **Karsh Institute of Democracy**, which will build on UVA's existing expertise in democracy, public policy and leadership and support research, teaching and public events.

- **Resources to support and strengthen UVA's faculty** as the University heads into its third century, including more than $300 million dedicated to the Bicentennial Professors Fund supporting endowed professorships.

- **Efforts to be a good neighbor and partner in the Charlottesville community**, including the establishment of the President's Council on UVA-Community Partnerships and a Center for Community Partnerships on West Main Street; the launch of the UVA Equity Center, and UVA's decision to raise pay all full-time, benefits-eligible employees a living wage of at least $15 per hour. President Ryan has also announced plans to support the development of up to 1,500 affordable housing units in Charlottesville.

Environmental, Social and Corporate Governance (ESG) Activities

The University's leadership role in environmental stewardship and broader social and economic sustainability issues has evolved and expanded over the past 200 years with significant acceleration over the past decade. UVA's prominence in sustainability continues to build upon many years of Board of Visitors leadership and the work of thousands of individuals. The University's unique, interconnected approach to sustainability develops transformative and high-impact solutions across curriculum, research, operations, and community engagement.

UVA's strategic sustainability framework of Engage, Steward, and Discover seeks pan-university and interdisciplinary connections at all levels of the University to engage our community and build sustainability awareness, steward our resources on Grounds and beyond, and discover solutions to global challenges through research, curriculum, and using the Grounds as a learning tool. Sustainability-related teaching, research, and applied practice continue to grow, with extensive strategic collaboration that leverages the combined strengths of the University Committee on Sustainability, UVA's Office for Sustainability, the Environmental Resilience Institute, the Student Council Sustainability Committee, the Global Environments + Sustainability program, and many more.

In UVA's overall strategic plan – the Great and Good 2030 Plan, part of the goal of cultivating the most vibrant community in higher education, UVA commits be a community that consistently lives its values, to "both study and be accountable as an institute to address pressing societal challenges, including environmental sustainability, social mobility, educational inequities, and health disparities." Sustainability is also specifically noted in two of the ten Key Initiatives. Under Pathways to Research Preeminence, the plan notes, Environmental Resilience and Sustainability as one of the five priority areas. Under the Good Neighbor Program, the plan notes "In partnership with our neighbors in Charlottesville and surrounding counties, we will work toward being a just and sustainable community... We will set ambitious sustainability goals and develop a realistic plan to meet them, including an improved transportation system." UVA's sustainability initiatives support much of the plan, particularly enhancing the student experience, preparing students to be servant-leaders, being a strong partner and good neighbor with the region, strengthening alumni engagement, preparing citizen leaders, and enabling discoveries that enrich and improve lives.

In 2007, the University committed to the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) certification of all new buildings and major renovations and has earned 74 LEED certifications at all levels to date, including the College of Wise. This represents over 1.3 million square feet of LEED certified space. Additionally, UVA Green Building Standards in the university's Facility Design Guidelines outline prescriptive and process requirements for all projects. UVA also has a robust existing buildings program focused on energy efficiency. Since its inception in 2009, Delta Force, UVA's internal retro-commissioning team, has saved $31 million dollars and avoided over 210,000 tons of greenhouse gas emissions through energy conservation projects in UVA buildings.

In 2011, the Board of Visitors approved a goal for the University to reduce its greenhouse gas emissions 25% below 2009 levels by 2025. UVA achieved this goal in 2019, six years early, reducing emissions by 27%, in part from significant increases in its electricity portfolio. UVA is now purchasing 100 percent of the output of two utility-scale solar power projects. These two projects generate enough solar power to offset 21% of UVA's electricity consumption and reduce 32,000 MTCDE of greenhouse gas emissions annually. On Grounds, solar panels have been installed on Clemons Library (126 kW), Skipwith Hall (15 kW), Ruffner Hall, the UVA Bookstore (394 kW), and Ivy Stacks (191 kW). In 2019 UVA was named the EPA Green Power Champion of the Atlantic Coast Conference for the highest total renewable energy portfolio in the ACC. UVA is currently ranked in the top 30 (#23) in the EPA's top colleges and universities for annual total green power usage.

In 2016, the University launched its first comprehensive Sustainability Plan – engaging over one hundred stakeholders to build upon existing stewardship goals, adding robust water, procurement, and food goals and actions, and committing to integrated goals related to community engagement, curriculum, and research. In December 2019, the Board of Visitors approved a resolution for the University to be carbon neutral by 2030 and fossil fuel free by 2050, as well as updated ambitious goals for nitrogen, water, waste, and food. UVA launched its second strategic plan for sustainability– the 2020-2030 Sustainability Plan in October 2020, which includes these goals as well as others, in alignment with the University's 2030 Great and Good Plan.

Significant sustainability-related research, coursework, and leadership is occurring in nearly every area of the University, with more than 130 sustainability-related courses, over 300 faculty involved in sustainability-related research, over 30 sustainability-focused student groups, dozens of programs, over 100 events annually, and countless individual actions. In 2021, UVA earned its third STARS rating - STARS Gold - in recognition of its sustainability achievements from the Association for the Advancement of Sustainability in Higher Education (AASHE). Partnerships beyond UVA have become increasingly important. In 2019, UVA, the City of Charlottesville, and Albemarle County sustainability staff collaborated to form Climate Action Together—a commitment to collaborative engagement and outreach on regional climate action. Additionally, UVA and the College of William & Mary committed to partner on each school's 2030 carbon neutral goal and work together to replicate and scale up solutions across higher education.

The University strives to embrace the country's most talented, determined, and self-motivated students and is committed to reach and attract these students from low-income populations. The University is a partner with QuestBridge's powerful platform that connects the nation's brightest students from low-income backgrounds with leading institutions of higher education and further opportunities.

AccessUVA and First Generation Student Support is a key part of the University support network as a growing number of students are the first in their families to attend college. The University provides first-generation students with resources to support them during their journey through college. These resources include a network of faculty and staff mentors and additional programming through the Office of the Dean of Students. For the Class of 2023, nearly 13% are first-generation students, an increase of about 19% over last year. UVA President Jim Ryan, himself a first-generation college graduate, is working to make UVA a top destination for first-generation students.

In its 2021 report, U.S. News' ranking shows that the University graduates the highest percentage of Pell Grant recipients of any public school in the U.S. at a rate of 93%. Recipients of Pell Grants typically come from households whose family incomes are less than $50,000 annually.

Faculty and Staff

For the fall 2020 semester, the University employed 2,813 full-time and 156 part-time instructional, research, and public service faculty, as well as 274 full-time and 13 part-time administrative and professional faculty. Included were 1,245 tenured faculty and an additional 449 who were non-tenured but on tenure-track. 93% of the full-time instructional faculty hold the highest academic degree in their field. The ratio of full-time equivalent students to full-time equivalent instructional faculty members is approximately 14:1. For the fall 2020 semester, the University employed 15,097 full-time and 2,709 part-time permanent staff, including approximately 7,769 employees at the Medical Center (5,339 full-time and 2,430 part-time). Salaried non-faculty employees hired prior to July 1, 2006, are covered by the Commonwealth's Personnel Act with compensation and benefits set at the Commonwealth level. Salaried and wage non-faculty University staff, hired on or after July 1, 2006, are covered under University Human Resources policies. All remaining staff employees under the Commonwealth's Personnel Act have the option to enroll in the University's benefit plan at any time.

For the fall 2020 semester, the College at Wise employed 103 full-time and 39 adjunct instructional, research, and public service faculty as well as full-time administrative faculty. Included were 59 tenured faculty, 19 who were non-tenured but on tenure-track, and 25 instructors/lecturers who were not on tenure track. Seventy-one percent of the full-time instructional faculty hold the highest academic degree in their field. The ratio of full-time equivalent students to full time equivalent instructional faculty members for this fall is anticipated to be approximately 12:1.

Excluding the faculty, as of June 30, 2021, the College at Wise employed 184 full-time permanent staff. Staff employees are covered by the Commonwealth's Personnel Act with compensation and benefits set at the Commonwealth level. A designated group of research, instructional, and senior academic and administrative staff are covered under the employment policies for Exempt from Personnel Act Non-Faculty Employees. The staff workforces at both the University and the University's College at Wise are not unionized, as public employees in the Commonwealth are not allowed to engage in collective bargaining.

Students

Admissions. The University practices a selective admissions policy, seeking students from the Commonwealth and throughout the United States and the world. The University also recognizes its commitment to the Commonwealth by reserving a significant portion of the available spaces for residents of Virginia. 68.3% of the first-year class entering in fall 2020 consisted of in-state students, a percentage that has remained relatively stable over the last five academic years. Interest in admission to the University remains high as 40,879 completed first-year applications were received for the 2020-21 academic year to fill a target of approximately 3,785 spaces in the first-year class. The following tables set forth the information on applications, acceptances and matriculations for first-year undergraduate and graduate students for the five most recent academic years for which such information is available.

Undergraduate Applications, Acceptances and Matriculations

	2016-17	2017-18	2018-19	2019-20	2020-21
Completed Applications					
In-state	9,667	10,938	11,332	12,022	12,133
Out-of-state	22,712	25,841	25,850	28,817	28,746
Total	32,379	36,779	37,182	40,839	40,879
Applications Accepted*	30%	27%	26%	24%	23%
In-state	44%	40%	38%	36%	36%
Out-of-state	24%	22%	21%	19%	17%
Offers Accepted**	38%	38%	39%	40%	41%
In-state	59%	58%	58%	60%	60%
Out-of-state	23%	22%	24%	24%	25%

Note: First-time freshmen only
* As a percent of completed applications received
** As a percent of applications accepted

Graduate & Professional Applications, Acceptances and Matriculations

	2016-17	2017-18	2018-19	2019-20	2020-21
Completed Applications	24,183	25,339	25,233	25,684	27,116
Applications Accepted*	26%	26%	26%	27%	28%
Offers Accepted**	50%	48%	49%	49%	49%

Note: 2020-21 data are preliminary, as of Feb. 10, 2021
Three terms are included (fall, spring and trailing summer)
* As a percent of completed applications received
** As a percent of applications accepted

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Enrollments. The following table reflects the University's on-grounds fall enrollment for the five most recent academic years for which such information is available.

On Grounds Fall Enrollment

	2016-17	2017-18	2018-19	2019-20	2020-21
Undergraduate	15,611	15,848	16,093	16,411	16,684
Graduate	4,887	4,815	4,811	5,302	5,395
First-Professional	1,579	1,927	1,916	1,581	1,566
Non-Traditional	314	215	165	166	151
Total Headcount	22,391	22,805	22,985	23,460	23,796
Full Time Equivalent	22,482	23,077	23,333	23,718	23,604

For the fall 2020 entering first-year class, of the entering undergraduates for whom high school class rank was available, approximately 90% ranked in the top 10% of their class and approximately 98% ranked in the top 20% of their class. Approximately 94% of the first-year students who enter the University earn degrees, and approximately 91% graduate within four years. The SAT scores for the 25th to 75th percentile range of the fall 2020 incoming class were 1330-1490. For Fall 2020, the University enrolled 1,435 international graduate students, representing 17% of total enrolled graduate students, and 720 international undergraduate students, representing 4% of total enrolled undergraduate students.

Student Life. The University has long cherished the goal of producing "educated citizens," a mission voiced by Thomas Jefferson two centuries ago. By developing educated citizens, he believed the University would serve the nation, producing leaders who would be public servants in the broadest sense. The University has a long tradition of developing "thinkers and doers," and much of this training occurs outside of the classroom. The University, therefore, judges the success of its educational mission by looking at the entire student experience. To that end, key components include a significant degree of student autonomy, involvement, self-governance and a belief in, and inculcation of, ethical behavior.

Today the University offers 654 organizations, including several musical groups, numerous student publications, 61 Greek social organizations, and an extremely wide array of hobby/interest/recreational clubs. In addition, the University Programs Council, a Grounds-wide organization, offers dozens of movies, concerts, prominent speakers, renowned artists, and other notable events throughout the year. The University also participates in 25 NCAA sports (12 for men, 13 for women) and provides additional opportunities in over 55 club sports and numerous intramural recreational activities. The graduation rate of student athletes routinely ranks among the nation's best, indicative of the University's dedication to the entire educational experience.

The Honor System is one of the University's oldest and most venerated traditions. Based on the fundamental assumption that anyone who enrolls at the University subscribes to a code of ethics forbidding lying, cheating, and stealing, the Honor System allows students personal freedom possible only in an environment where respect and trust are presumed. For 150 years this system has been run entirely by students.

Relationship with the Commonwealth

As an agency and instrumentality of the Commonwealth, the University is obligated to conform its financial procedures to various constitutional and statutory provisions. Except for gifts and endowment income, substantially all the funds received by the University, including grants and contract income, constitute revenues of the Commonwealth, which must in all cases be appropriated to the University by the

General Assembly before the University can spend them. These revenues are of two kinds: general fund revenues, primarily derived from tax revenues, appropriated to cover both capital expenditures and a portion of operating expenses; and non-general fund revenues, primarily derived from collections by the University itself, such as tuition, room, board and fees and revenues from the operation of the Medical Center.

The General Assembly historically has appropriated to the University all non-general fund revenues collected by the University, including revenues derived from the ownership or operations of the Medical Center, but the General Assembly is not obligated to do so. While the General Assembly has provided in Section 23.1-1116 of the *Code of Virginia* that it "will not limit or alter" the right of the University to pledge any revenues to the payment of obligations issued by the University and that it will not act "in any way to impair the rights and remedies" of the holders of such obligations, the power to appropriate funds is entirely within the discretion of the General Assembly.

The General Assembly historically has also appropriated general fund revenues of the Commonwealth to the University for a variety of purposes. See **"Financial Information –*Appropriations from the Commonwealth*"** below.

Like other state agencies dependent upon legislative appropriations for operating revenues, the University has no assurance that the General Assembly will continue to make appropriations of general fund revenues or non-general fund revenues derived from operations of the University, either for operating expenses or capital expenditures, or an amount sufficient to support the University's payment of debt service on the Series 2021 Bonds.

Over the past 15 years, the Commonwealth's contribution of general funds to the University's total revenues, including operating and non-operating revenues, has dropped from more than 15% in FY2001 to approximately 5.4% in FY2020. In recent years, however, this trend has flattened. During this time, the University has increased other sources of support, including externally funded research grants and private fundraising.

The reduction in public support from the Commonwealth motivated the University to examine ways in which the University may alter its business relationship with the Commonwealth. The University is committed to its public mandate; therefore, altering the business relationship with the Commonwealth does not mean privatization.

Higher Education Restructuring Legislation. The University operates in Virginia pursuant to the Restructured Higher Education Financial and Administrative Operations Act (as amended, the "Restructuring Act"). The Restructuring Act provides a framework for redefining relationships between public higher education institutions and the Commonwealth. The legislation is founded upon the principles of long-term planning. In exchange for additional authority, institutions must commit to fulfilling specific state goals in areas of access, affordability, breadth of academics, academic standards, student retention and graduation rates, articulation agreements with the Virginia Community College System, economic development, research, elementary and secondary education, and campus safety and security.

One of the benefits of the Restructuring Act is the eligibility of institutions to receive financial incentives if they meet certain performance standards related to the accountability measures. The most significant of these financial incentives is retaining the interest on tuition heretofore credited to the general fund of the Commonwealth. Upon being certified as having met the performance standards, the University will be credited with the interest earned on tuition and fees received in the previous year. Any interest retention is at the discretion of the Commonwealth.

Pursuant to the Restructuring Act, the University entered into a Management Agreement (the "Management Agreement") with the Commonwealth that became effective July 1, 2006, after it was enacted by the General Assembly and approved by the Governor.

Pursuant to further legislation enacted by the General Assembly, the University renewed the Management Agreement with the Commonwealth, which became effective on July 1, 2009, after approval by the Governor. The Management Agreement will continue in effect unless the Governor, the General Assembly or the University determines that it needs to be renegotiated or revised.

The Management Agreement improves the ability of the institution to plan over a multi-year time frame; reaffirms the Board of Visitors' authority to set tuition and fees, providing a more predictable funding stream; and provides increased delegated authority in the areas of human resources management, procurement, financial administration, capital outlay, and information technology.

Investment Legislation. Legislation passed during the 2007 General Assembly Session provides the University with broader authority to manage investments of non-general fund reserves and balances. Previously, non-general funds were deposited and held in the State Treasury and the University was credited with interest only on select balances (e.g., state auxiliary money) with the investments generally being restricted to cash and fixed income securities.

The University of Virginia Medical Center

The Medical Center is an organizational unit of the University employing approximately 9,380 full-time equivalent employees as of June 30, 2020. It serves as the teaching facility for the University's School of Medicine and School of Nursing, and also has extensive relationships with many of the University's other schools, notably the College of Arts and Sciences. The Medical Center is one of the components of University of Virginia Health, which also includes the School of Medicine and Nursing, the Claude Moore Health Sciences Library and the University of Virginia Physicians Group, a separate 501(c)3 organization.

The diagnostic and treatment services of the Medical Center are located on several sites, including University Hospital, UVA Children's Hospital, Emily Couric Clinical Cancer Center, UVA Cancer Care - a community based service offering, Dialysis Network, Transitional Care Hospital, Moser Radiation Oncology Center, and a number of primary care practices throughout central Virginia. Earlier this year, the Health System acquired the Monticello Community Surgery Center, a stand-alone outpatient surgery center conveniently located adjacent to UVA Primary Care Riverside. The previously independent owned and operated 17,000-square-foot facility includes four state-of-the-art operating suites and a procedure room. Community physicians will continue to perform ambulatory surgical services; growing the Health System's operating room capacity.

The Medical Center provides tertiary and quaternary care to patients from all areas of the Commonwealth, as well as to a limited number of patients from other states and other countries. The Medical Center service area consists of a Primary Service Area ("PSA"), from which about 53% of its inpatients were drawn in FY2020, and northern and southern Secondary Service Areas ("SSA"), from which another 23% of inpatients were drawn. The remaining patients reside in other parts of Virginia, West Virginia, and other states and outside the U.S. The PSA consists of ten cities and counties, extending about ninety miles from east to west and 100 miles from north to south. The total population of the PSA/SSA is estimated at 1,051,406 in 2020 and is expected to grow 3.6% to 1,089,446 by 2025, mirroring the growth rate for Virginia over the same period. Seniors (age 65+) who comprise the fastest growing age segment nationwide, make up a larger portion of the PSA/SSA population (19%) than of the remainder of the state (16%). This age group utilizes healthcare services at higher frequency than other age groups.

There are two hospitals in addition to the Medical Center located in the PSA: Martha Jefferson Hospital, an affiliate of Sentara Healthcare in Charlottesville; and, Augusta Health an independent hospital in Augusta County. Both are small but are high quality community-based hospitals with a typical array of services. The Medical Center's market share in the PSA remained relatively flat with 36.2% in FY2020 compared to 36.6% in FY2019, with a similar trend in the SSA with a market share of 9.3% in FY2020 compared to 9.7% in FY2019. In FY2020, tertiary discharges accounted for 15.0% of the Medical Center's total inpatient services as compared to 4.5% for other Virginia hospitals combined.

The Executive Vice President for Health Affairs reports directly to the President of the University. Positions reporting to the Executive Vice President for Health Affairs include the Health System Chief Financial Officer, the Health System Chief Administrative Officer, the Health System Chief Strategy Officer, the Health System Chief Diversity Officer, the Medical Center Chief Executive Officer, the Dean of the School of Medicine and the Dean of the School of Nursing. Under the guidance of the Executive Vice President for Health Affairs, this team plus the UVA Physicians Group leadership work closely together to coordinate plans and strategies. Dr. Kent joined the University in this position in February 2020.

As of January 1, 2016, UVA held a 40% interest in Novant Health UVA Health System, a joint operating company owned with Novant Health, Inc., for the purpose of owning and operating hospitals and other healthcare facilities in Northern Virginia. On July 1, 2021, UVA purchased Novant Health's ownership interest in and became the sole owner of Novant Health UVA Health System, which has been renamed UVA Community Health, Inc. (hereafter "UVA Community Health"). UVA Community Health is comprised of three hospitals, Culpepper Medical Center (70 beds), Haymarket Medical Center (60 beds), and Prince William Medical Center (130 beds), and affiliated healthcare facilities.

In order to centralize and strengthen the governance of UVA Health, the Health System Board is devoted exclusively to overseeing the operations of the University's hospitals, clinics, and ancillary clinical services. The legal responsibility for the Medical Center rests with the Health System Board and the Board of Visitors. The Health System Board is a committee of the University's Board of Visitors and currently has fourteen members, six of whom are voting members of the Board of Visitors, including the Rector, the Chair of the Finance Committee, and a physician with administrative and clinical experience in an academic medical center. In addition, there are eight ex officio members who are senior administrators of the University, the Medical Center, and the Schools of Medicine and Nursing.

In FY2020, the Consolidated Medical Center had net operating revenues of approximately $1.75 billion and operating income of approximately $28.1 million. See **"Financial Information – *Medical Center*"** below for additional information.

The table below summarizes selected patient information for each of the five most recent fiscal years. The measure of outpatient volumes was updated in FY2020.

Selected Medical Center Patient Information
For the Year Ended June 30, 2020

	2016	2017	2018	2019	2020
Average Daily Census	462	468	522	497	479
Length of Stay (days)	6.0	6.0	6.0	6.3	6.6
All Payor Case Mix Index	2.10	2.12	2.09	2.10	2.20
Discharges	27,800	28,642	29,089	28,923	26,396
Outpatient Visits/Billed Encounters	887,490	910,512	944,425	870,753	732,984

Note: Outpatient Visits 2016 – 2017, Outpatient Billed Encounters 2018 - 2020

Financial Information

The University's FY2020 audited financial statements and Management's Discussion and Analysis are provided in Appendix B. The University's financial statements are presented in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States.

The following tables were derived from the annual audited financial statements of the University for FY2016 through FY2020.

Summary Statement of Net Position
As of June 30, 2020
(in thousands of dollars)

	2016	2017	2018	2019*	2020
Assets					
Current assets	740,483	509,128	636,843	880,849	1,035,205
Noncurrent endowment investments	4,117,446	4,444,091	4,838,142	5,068,614	5,151,300
Other noncurrent assets and deferred outflows of resources	5,597,605	6,250,325	6,870,128	7,054,192	7,624,571
Total assets and deferred outflows of resources	10,455,534	11,203,544	12,345,113	13,003,655	13,811,076
Liabilities					
Current liabilities	656,098	602,493	663,449	878,370	864,657
Noncurrent liabilities and deferred inflows of resources	2,214,608	2,395,634	3,131,499	3,207,752	3,820,666
Total liabilities and deferred inflows of resources	2,870,706	2,998,127	3,794,948	4,086,122	4,685,323
Net position					
Net investment in capital assets	1,880,320	1,921,181	1,961,811	1,960,130	2,064,432
Restricted					
Non-expendable	624,646	676,312	747,191	891,397	998,964
Expendable	2,819,180	2,987,365	3,091,428	3,286,385	3,356,964
Unrestricted	2,260,682	2,620,559	2,749,735	2,779,621	2,705,393
Total net position	7,584,828	8,205,417	8,550,165	8,917,533	9,125,753
Liabilities, deferred inflows of resources and net position	10,455,534	11,203,544	12,345,113	13,003,655	13,811,076

**Certain amounts have been restated to conform with 2020 classifications and restatement of 2019 beginning net position.*

In FY2017, the University implemented a new liquidity policy pursuant to which the University moved a portion of its cash, cash equivalents and short-term investments into longer-term investments, and obtained replacement liquidity support through lines of credit provided by various commercial banks.

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Statement of Revenues, Expenses, and Changes in Net Position
For the Year ended June 30, 2020
(in thousands of dollars)

Revenues	2016	2017	2018	2019*	2020
Student tuition and fees, net	$511,063	$545,168	$565,061	$595,751	$619,517
Patient services	1,501,746	1,545,404	1,642,115	1,719,128	1,688,766
Grants and contracts	301,783	321,906	364,263	376,935	413,058
Sales and services of educational departments	27,748	43,134	29,636	31,437	26,259
Auxiliary enterprises revenue	132,583	137,057	140,494	140,787	137,345
Other	53,728	60,423	47,260	50,988	61,750
Total operating revenues	$2,528,651	$2,653,092	$2,788,829	$2,915,026	$2,946,695
Non-Operating Revenues					
State appropriations	$159,757	$168,664	$168,449	$175,152	$192,642
Gifts	168,521	163,356	170,454	197,161	206,454
Investment income (loss)	(112,633)	728,658	766,288	400,223	342,496
Pell Grants	12,489	12,485	13,586	14,225	15,010
Additions to permanent endowment	14,521	46,963	53,543	83,717	46,692
Other	56,742	46,294	53,346	183,145	158,425
Total operating and non-operating revenues	$2,828,048	$3,819,512	$4,014,495	$3,968,649	$3,908,414
Expenses					
Operating Expenses					
Compensation and benefits	$1,621,521	$1,719,618	$1,844,556	$1,957,887	$2,041,442
Supplies, utilities and other services	1,004,320	1,063,255	1,159,964	1,205,659	1,163,233
Student aid	75,808	92,691	100,373	104,793	117,856
Depreciation	219,683	225,247	232,476	243,820	265,995
Other	4,141	4,676	5,308	7,929	24,406
Total operating expenses	2,925,473	3,105,487	3,342,677	3,520,088	3,612,932
Non-Operating Expenses	74,089	93,436	127,383	98,097	87,262
Total operating and nonoperating expenses	$2,999,562	$3,198,923	$3,470,060	$3,618,185	$3,700,194
Net increase (decrease) in net position	($171,514)	$620,589	$544,435	$350,464	$208,220
Net effect of prior period adjustments	-	-	-	16,904	-

**Certain amounts have been restated to conform with 2020 classifications and restatement of 2019 beginning net position.*

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Reporting Entity. There are currently twenty-three university associated organizations (UAOs) operating in support of the University. These related UAOs are not-for-profit corporations controlled by separate boards of directors. The University determined that the following nine UAOs qualify as component units under GASB 39 because of the nature and significance of their relationships with the University. As such, they are included in the financial statements for FY2020, provided in Appendix B:

University of Virginia Law School Foundation
Alumni Association of the University of Virginia
University of Virginia Foundation
University of Virginia Investment Management Company
The College Foundation of the University of Virginia
University of Virginia Darden School Foundation
Virginia Athletics Foundation
University of Virginia Physicians Group
Jefferson Scholars Foundation

The following table was derived from the annual audited financial statements of the University for the five most recent fiscal years for which such information is available.

Component Units*
Summary Statement of Financial Position
As of June 30, 2020
(in thousands of dollars)

	2016**	2017	2018	2019	2020
Assets					
Current assets	$695,381	$520,979	$548,128	$974,271	$663,185
Noncurrent long-term investments	7,843,703	8,788,412	9,625,569	9,532,621	10,120,197
Other noncurrent assets	446,420	523,924	554,868	690,633	708,457
Total assets	$8,985,504	$9,833,315	$10,728,565	$11,197,525	$11,491,839
Liabilities					
Current liabilities	246,079	356,023	323,209	427,265	470,792
Noncurrent liabilities	6,958,024	7,500,421	8,261,693	8,434,763	8,607,469
Total Liabilities	$7,204,103	$7,856,444	$8,584,902	$8,862,028	$9,078,261
Net Assets					
Unrestricted	341,997	397,442	465,187	477,587	455,341
Temporarily restricted	751,715	847,054	915,924	934,699	969,153
Permanently restricted	687,689	732,375	762,552	923,211	989,084
Total net assets	$1,781,401	$1,976,871	$2,143,663	$2,335,497	$2,413,578
Total liabilities and net assets	$8,985,504	$9,833,315	$10,728,565	$11,197,525	$11,491,839

* Component Units included are the UVA Law School Foundation, UVA Darden School Foundation, Alumni Association of UVA, Virginia Athletics Association, UVA Foundation, UVA Physicians Group, UVA Investment Management Foundation, Jefferson Scholar Foundation and The College Foundation of the UVA.
** Certain fiscal year amounts have been restated to conform to current classifications.

In FY2020, component unit net assets increased $78 million, or 3% from FY2019. The relationship between the University and the UAOs is governed by the Board of Visitors' Policy on University-Affiliated Organizations, which ensures that operations are consistent with the University's purpose, policies and procedures. The UAOs provide substantial financial support to the University, contributing approximately $115.1 million to support the University's operations and capital projects during FY2020.

Budgeting. During this fiscal year, the Board of Visitors received reports on the General Assembly session, as well as budget assumptions for the 2021-2022 operating budget. At its April 2021 meeting, the Board approved tuition and mandatory fees as well as housing and dining rates for 2021-2022. At its June 2021 meeting, the Board of Visitors approved the proposed 2021-2022 $3.99B operating budgets for the Academic Division, the University of Virginia's College at Wise (Wise), and the Medical Center.

The University submits a general fund budget request to the Governor, for approval by the General Assembly, every two years. Amendment requests may be made to the Governor in the off years and to the General Assembly in each year. The Commonwealth specifically appropriates general funds to the University and provides a sum sufficient non-general fund appropriation to the University. Gifts and endowment income are not appropriated by the Commonwealth. Under the Restructuring Act, general funds are transferred to the University based on a regular schedule (1/24 of the appropriation, twice a month) and non-general funds are retained by the University. All unused general and non-general funds on June 30 of each year are retained by the University.

Tuition and Fees. The University generates tuition and fees from both undergraduate and graduate students attending the University. In FY2020, tuition and fees provided approximately 17% of the University's operating revenues. The following table reflects the weighted average tuition and fees per undergraduate student for the five most recent academic years.

Undergraduate Tuition and Required Fees Per Student
(weighted average in dollars)

	2016-17	2017-18	2018-19	2019-20	2020-21
In-state tuition and fees	13,714	16,076	17,353	17,935	18,895
Out-of-state tuition and fees	45,058	46,604	49,530	51,483	53,627

Notes: The above table does not include first year transfer orientation fees.

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The following table reflects tuition and fees per graduate student for the five most recent academic years.

Graduate Tuition and Required Fees Per Student
(actual dollars)

	2016-17	2017-18	2018-19	2019-20	2020-21
In-State Tuition and Fees					
Darden School of Business	$60,500	$62,694	$63,350	$67,500	$69,600
School of Law	56,300	58,210	60,700	63,200	65,500
School of Medicine	46,482	46,498	46,710	46,830	46,988
All others	17,680	18,222	18,856	19,536	20,192
Out-of-State Tuition and Fees					
Darden School of Business	63,500	65,694	68,350	70,500	72,600
School of Law	59,300	61,210	63,700	66,200	68,500
School of Medicine	57,288	57,304	57,516	57,636	57,794
All others	28,504	29,760	30,350	31,410	32,402

Notes: 2020-21 data for Undergraduate amounts reflect a weighted average of tuition and fees (i.e., school, University activity, and comprehensive fees) for Arts & Sciences, Engineering, Architecture, and Nursing. 2020-21 data for Graduate amounts reflect tuition and fees (i.e., school, University activity, and comprehensive fees) for Darden, Law, and Medicine for entering class amounts. "All Others" amounts reflects Arts & Sciences MS/MA tuition and school fee rate, University activity fee, and comprehensive fee.

AccessUVa is the University of Virginia's financial aid program designed to keep a higher education affordable for all admitted students regardless of economic circumstances. The University's goal is to reach more underserved students, including low- and middle-income and first-generation students; community college transfers; military veterans; racial and ethnic minorities; and students from other under-represented populations. Through AccessUVa, UVA provides excellent education regardless of a student's ability to pay. Approximately $159 million in undergraduate financial aid was provided in 2020-21. Of this amount, over $130 million of this support was in the form of need-based grants.

UVA continues its two recent financial aid enhancements. First, Virginia students with family income up to and including $80,000, and with typical assets, will receive grants equal to their tuition and fees. Second, Virginia students with family income up to and including $30,000, and with typical assets, will receive grants equal to tuition, fees, room, and board. In addition, last year UVA committed to providing institutional need-based aid to undergraduate, in-state DACA students.

For the May 2020 graduating class, Virginia students graduated with an average of $10,325 in need-based student loan debt. For non-Virginian's, the average need-based student loan debt was $14,656.

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Appropriations from the Commonwealth. The percentage of Commonwealth general fund appropriations to total operating and non-operating revenues (excluding investment income) was approximately 5.5% in FY2016; 5.2% in FY2017; 4.8% in FY2018; 4.9% in FY2019; and 5.4% in FY2020.

Non-Capital Appropriations from the Commonwealth
For the Year Ended June 30, 2020
(in thousands of dollars)

	2016	2017	2018	2019	2020
Commonwealth Appropriations	$159,757	$168,664	$168,449	$175,152	$192,642
% of University Revenues	5.5%	5.2%	4.8%	4.9%	5.4%

Medical Center. The following table was derived from the annual audited financial statements of the Medical Center for FY2016 through FY2020.

University of Virginia Medical Center
Summary Statement of Revenues, Expenses, and Changes in Net Position
For the Year ended June 30, 2020
(in thousands of dollars)

	2016	2017	2018	2019	2020
Net Patient Service Revenue	$1,501,746	$1,545,404	$1,642,115	$1,719,128	$1,688,766
Other Operating Revenues	85,843	61,934	61,179	63,787	66,603
Total Operating Revenues	$1,587,589	$1,607,338	$1,703,294	$1,782,915	$1,755,369
Operating Expenses	1,487,132	1,507,734	1,611,577	1,669,125	1,719,751
Income from Operations	100,457	99,604	91,716	113,790	35,617
Net Non-Operating Revenues (Expenses)	(78,027)	20,947	(14,030)	989	18,431
Increase in net position	$22,430	$120,551	$77,686	$114,779	$54,048

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Indebtedness and other Obligations. At June 30, 2021, the University had approximately $2.9 billion in short- and long-term debt outstanding.

Unaudited University Indebtedness
As of June 30, 2021
(in thousands of dollars)

Description	**2020**
Revenue Bonds	
Univ. of Virginia Series 2009	$250,000
Univ. of Virginia Series 2010	190,000
Univ. of Virginia Series 2011	3,390
Univ. of Virginia Series 2013A	5,735
Univ. of Virginia Series 2015A-1	86,995
Univ. of Virginia Series 2015A-2	97,735
Univ. of Virginia Series 2015B	31,275
Univ. of Virginia Series 2017A	231,780
Univ. of Virginia Series 2017B	123,440
Univ. of Virginia Series 2017C	300,000
Univ. of Virginia Series 2018A	64,080
Univ. of Virginia Series 2018B	135,920
Univ. of Virginia Series 2019A	350,000
Univ. of Virginia Series 2019B	150,000
Univ. of Virginia Series 2019C	287,410
Univ. of Virginia Series 2020	600,000
	$2,907,760
Taxable Commercial Paper	$0
Tax Exempt Commercial Paper	0
Total Debt	$2,907,760

The University has authorized a commercial paper program in an amount not to exceed $500 million. At June 30, 2021, there was no commercial paper outstanding. All of the outstanding commercial paper was refinanced with the proceeds of the Series 2019 Bonds.

The University's Taxable General Revenue Pledge Bonds, Series 2009 and Taxable General Revenue Pledge Bonds, Series 2010 were structured as "Build America Bonds" under the American Recovery and Reinvestment Act of 2009. Under sequestration, there has been a partial reduction in the federal subsidy on "Build America Bonds." The University does not currently believe that the reduction in federal subsidies will have a material adverse effect on its ability to pay debt service on its Parity Credit Obligations.

The University anticipates refunding the outstanding Series 2015B Bonds with the issuance of the Series 2021 Bonds.

The University makes annual required contribution payments to pension plans and other post-employment benefit plans administered by the Virginia Retirement System (the "VRS"). See Notes 11 and 12 in the audited financial statements contained in Appendix B for a full discussion of the pension plans and other post-employment benefit plans in which University employees participate.

The Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan are single employer pension plans that are treated like cost-sharing plans for financial reporting purposes. For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the VRS State Employee Retirement Plan and the VaLORS Retirement Plan, and the additions to/deductions from the VRS State Employee Retirement Plan's and the VaLORS Retirement Plan's net fiduciary position, have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments held by VRS are reported at fair value.

Grants and Contracts. The U.S. Department of Health and Human Services continued as the University's major source of grant and contract awards, accounting for 49.6% of the total awards in FY2020. With the majority of the University's research funding coming from federal grants, as well as its impact on federally funded student grants and loans, the federal budget remains a key consideration of the University's financial outlook. The University recognizes this as an area of risk, and has prepared for potential reductions in federal spending by identifying alternative sources of funding although the current legislation implies the possibility of increased funds for research. Continuing to increase the University share of federal research dollars will require increasing the number of successful proposals, a focus on the strategic recruitment of highly productive faculty aligned with research priorities, and investment through institutional strategic planning.

Grants and Contracts
For the Year Ended June 30, 2020
(in thousands of dollars)

	2016	2017	2018	2019	2020
Federal grants and contracts	260,496	282,015	312,848	331,238	361,831
Other	77,366	90,398	80,930	81,225	79,654
Total grants and contracts	337,862	372,413	393,778	412,463	441,485

Gifts and Fund Development. The University continues to benefit from the generosity of alumni, parents, friends, foundations, and corporations. According to the Office of University Advancement, FY2021 (through May) was another strong year for philanthropy at the University, receiving $327 million in philanthropic gifts and grants directly and to related foundations. Over the last three fiscal years, the University has received philanthropic commitments (gifts, multi-year pledges, deferred gifts, etc.) totaling approximately $1.8 billion. The University publicly launched its capital campaign, the Honor the Future Campaign, in October 2019 and to date, nearly $3.55 billion has been committed, which is more than the University received in its last campaign that ended in 2013. The goal of the Honor the Future Campaign is $5 billion.

Endowment. The University of Virginia's endowment was $5.2 billion at June 30, 2020 (or $7.3 billion when including endowments held at the University's affiliated foundations) and was $7.1 billion at May 31, 2021 (or $10.2 billion when including endowments held at the University's affiliated foundations). The unrestricted expendable portion of the University's endowment was $1.61 billion, or 31%, as of June 30, 2020. In accordance with the Board of Visitors' approved spending policy, the endowment contributed $229.6 million in FY2020 to support operations of the University.

Other Investments. The total of other short-term and long-term investments is $2.9 billion, a $67.2 million increase over the prior year, which is primarily due to positive investment returns, as of June 30, 2020. As of May 31, 2021, other short-term and long-term investments have increased to $4.0 billion.

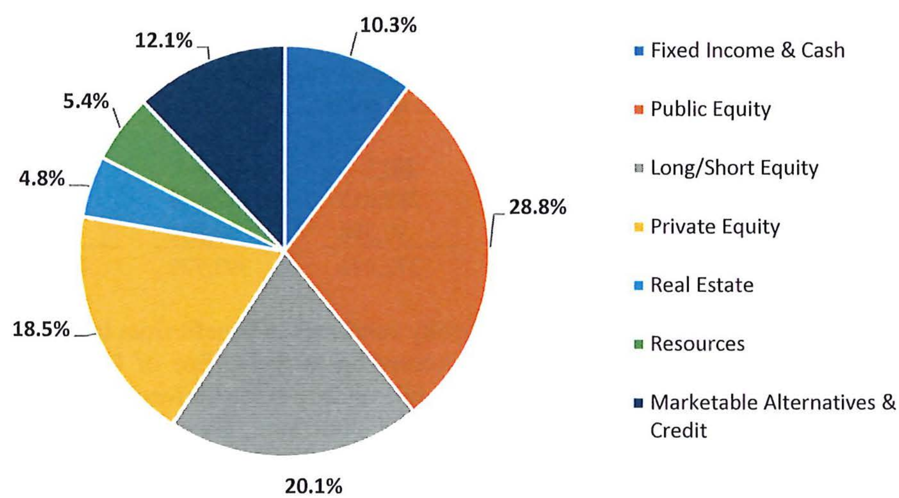
Of the total endowment resources, 99% is invested in the University of Virginia Investment Management Company (UVIMCO) Long-Term Pool, a commingled investment pool with a total market value of $9.9 billion as of June 30, 2020 and a market value of $13.9 billion as of May 31, 2021. As of May 31, 2021, the UVIMCO Long-Term Pool performance fiscal year to date was 41.5%. The historic annual returns as of June 30, 2020, for the UVIMCO Long-Term Pool are as follows:

UVIMCO Long Term Pool Historic Annual Returns

For the Period Ending June 30, 2020

1 Year	3 Year	5 Year	10 Year	20 Year
5.3%	7.5%	6.6%	10.1%	8.6%

All funds are managed pursuant to investment policies established by the Board of Directors of UVIMCO. The primary objective of the Long-Term Pool is to maximize long-term real returns commensurate with the risk tolerance of the University. To achieve this objective, the Long-Term Pool is managed in an attempt to achieve returns that consistently exceed the returns on a passively managed benchmark with similar asset allocation and risk. The Long-Term Pool's asset allocation is designed to meet the objectives outlined above. The asset allocation as of June 30, 2020, is provided below:



The University's Board of Visitors sets the spending rate for the endowment. The University's endowment payout policy has two objectives: (1) preserving the long-term purchasing power of the endowment principal in order to ensure continued annual distributions to support the endowed programs, and (2) providing current support for programs, with increases every year to adjust for inflation or exceptional changes in endowment value. The current spending policy calls for the annual endowment distribution to be increased each year by an inflation factor unless such increase causes the spending rate to fall below 4.0 percent or above 6.0 percent of the endowment's market value. If outside of this range, the Board of Visitors' Finance Committee can recommend adjustments to the distribution formula.

UVIMCO is a University associated organization that provides investment management services to the University, its related independent foundations and other entities affiliated with the University and operating in support of its mission. UVIMCO's formal governance began in March 1998 when the

University's Board of Visitors established a subcommittee of the Finance Committee called UVIMCO. The Board charged this subcommittee with the investment and management of the endowment, and UVIMCO operated as a department of the University for several years. On July 1, 2004, UVIMCO was established as a separate 501(c)(3) Virginia non-stock corporation.

UVIMCO is governed by a board of 11 directors, three of whom are appointed by the Board of Visitors and one of whom is appointed by the University's President. Daily investment management is delegated to UVIMCO's full-time staff of 43 employees. UVIMCO oversees investments totaling $9.9 billion as of June 30, 2020, including endowment assets, operating funds, charitable trusts, and other investments. The University's Endowment, managed by UVIMCO, is the University's primary source of sustainable private support for instruction, service, and research.

FY 2021 Preliminary Results

For FY2021, the University's Academic Division anticipates being in line with budgeted Net Income of $43 million. The Medical Center's FY2021 Income from Operations, prior to transfers, is expected to be approximately $50 million, less than the budget target of $65 million, due to significant COVID challenges.

COVID-19

The continued spread of COVID-19 and its variants have impacted and will continue to impact global financial markets, national, State, and local economies, and the higher education landscape in general. Administrators at the University are closely monitoring the situation and are in regular contact with local, State, and federal health agencies. Neither the Board of Visitors nor the University can predict the ultimate effects of COVID-19 on the financial and operating conditions of the University or an investment in the Series 2021 Bonds.

The global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was declared a pandemic by the World Health Organization on March 11, 2020, and a national emergency by the President of the United States on March 13, 2020. The outbreak, and actions taken by federal and state governments in response thereto, impacted travel, commerce, and financial markets globally, and is widely expected to affect economic growth worldwide and the higher education landscape in general.

Leadership at the University are closely monitoring the situation, in constant planning and preparing, and are in regular contact with local, State, and federal health officials.

Commonwealth of Virginia Response

On March 12, 2020, Governor Northam declared a state of emergency in the Commonwealth as a result of the COVID-19 pandemic (which declaration was reaffirmed and continued on May 26, 2020). From the start of the COVID-19 pandemic, Governor Northam imposed a series of restrictions designed to mitigate the spread of COVID-19 in the Commonwealth, including, at various times, statewide mask-wearing and social distancing guidelines, limitations on public and private in-person gatherings, the closure of certain businesses, a statewide stay at home order, and the cancellation of in-person instruction at schools. Over time, the Governor has lifted or eased some restrictions, but, in some cases, has subsequently re-imposed other restrictions, depending on the trends in new cases and hospitalizations, although most restrictions were lifted on May 28, 2021. Governor Northam recently announced that he intends to let his earlier declaration of a state of emergency regarding COVID-19 expire on June 30, 2021..

There is no accurate way to predict how long COVID-19 will impact our community and university. The Governor will continue to monitor the number of COVID-19 cases, the availability of hospital beds and the rate of vaccinations. Should there be a deterioration in the public health situation, the Governor retains the executive authority to re-impose restrictions in one or more localities or regions of the Commonwealth.

University Response

In March 2020, the University quickly transitioned more than 4,200 in-person courses to online format, sent students living on-Grounds home unless granted an exception, and asked the majority of Academic Division faculty and staff to work remotely.

The University also quickly stood up programs to provide emergency financial support to students, as well as UVA employees and contracted workers whose financial circumstances were impacted by the pandemic.

Over the next several months, leaders partnered with public health experts to make decisions and set policies that would enable members of the University community to return to Grounds while mitigating risk. Preparations included recalculating the capacity of spaces across Grounds to follow physical distancing guidance, installing barriers at points of service, rearranging furnishings, and installing thousands of signs about masking and distancing along with thousands of hand sanitizer dispensers. Facilities Management implemented enhanced cleaning procedures and evaluated HVAC systems.

As students and more employees returned to Grounds, the University continually adapted policies and procedures in response to changing public health guidance and the prevalence of the virus in the UVA community. These policies and procedures touched everything from masking and distancing to restrictions on gathering sizes, travel, and visitors to how transit buses loaded and emptied to the assignment of stalls, sinks, and showers in residence hall restrooms and more.

UVA created and implemented a comprehensive COVID-19 testing program, with all students living and learning on Grounds or in any UVA facility required to take a pre-arrival COVID test and to participate in prevalence testing. Methods included wastewater surveillance of residence halls as well as nasal swab and saliva testing.

Students took classes both in-person and online throughout the fall and spring semesters, and were fully online in January term, with mandatory pre-arrival testing before they returned for the spring. Students were required to test weekly throughout the spring semester unless they could provide proof of vaccination or had previously tested positive within a specified date range.

Throughout the 2020-21 academic year, students had opportunities to participate in online and small group social and extracurricular programs, with many of the in-person programs and informal small gatherings taking place outdoors.

With changes in statewide restrictions, the University was able to hold seven in-person graduation ceremonies for the Classes of 2020 and 2021 over two weekends in May. The seven ceremonies looked different than those held in previous years, but signaled the beginning to a return to some normalcy.

Based on guidance from Virginia's Attorney General, University leaders announced that students will be required to be vaccinated for the 2021-22 academic year unless granted a religious or medical exemption. Students with exemptions are required to test weekly. Employees are expected to be vaccinated and must provide proof of vaccination. If unable to do so, they also will be required to test weekly unless working 100% remotely or they provide proof of a positive COVID test within a specified timeframe.

With vaccination rates expected to be high as the start of the academic year approaches, the University has announced plans to return to the residential experience that is a hallmark of a UVA education. The default mode for instruction for most classes is in-person, and first-year students are once again expected to live on-Grounds. Staff are developing programs to engage all students who are new to Grounds in Fall 2021, including second-year students who studied remotely during the pandemic and those who were here but did not have the usual first-year experiences because of restrictions during 2020-21. Spectators will again be permitted at athletic events and performances, and policies will continue to adapt in response to evolving circumstances and public health guidance.

University of Virginia Medical Center Response

The University of Virginia's Medical Center developed the first in-house COVID-19 testing within Virginia and offered testing to hospitals in Virginia, Washington DC and North Carolina. The Medical Center also developed the first COVID-19 clinic in Virginia providing access for testing to symptomatic patients in our community.

During the pandemic, the Medical Center dedicated 84 new beds with safe treatment of COVID-19 patients in our community while continuing to treat patients with critical non-COVID diseases.

The Medical Center joined a national clinical trial to test Remdesivir, a potential treatment for COVID-19.

The Medical Center set up COVID-19 community vaccination clinics and is participating in other community testing and vaccination sites.

As of the end of May 2021, the Medical Center administered over 100,000 COVID vaccine doses. That number continues to rise steadily. As a result, more than 50,000 people in Central Virginia have been fully vaccinated by the Medical Center team.

In addition, Centers for Medicare & Medicaid Services (CMS) accelerated Medicare payments to the Medical Center to minimize the effects of revenue shortfalls. The Medicare Accelerated and Advance Payment Programs, which existed before the pandemic, are designed to help hospitals facing cash flow disruptions during an emergency. These are loans that must be paid back, with timelines and terms for repayment. The Medical Center received approximately $193 million in advanced payments.

Federal Relief Fund Update

Fiscal Year 2020

Academic:

During the fiscal year ended June 30, 2020, the University was awarded $11.6 million from the CARES Act for the Higher Education Emergency Relief Fund (HEERF). $5.8 million was used to provide students with emergency hardship support related to the disruption of on-Grounds operations due to COVID-19. The remaining $5.8 million, which was drawn in fiscal year 2021, was used to cover costs associated with refunding student housing and dining charges in the Spring 2020 semester. The University was also awarded $10.1 million in Coronavirus Relief Funding (CRF) as federal pass-through funds from the Commonwealth of Virginia during the 2020 fiscal year. The funds were primarily used to reimburse computer and peripheral equipment used in distance learning and teleworking, personal protective equipment, and preparing Grounds for social distancing requirements.

Medical Center:

During the fiscal year ended June 30, 2020, the Medical Center was awarded $40.4 million in Provider Relief Funding to help offset $93.6 million in estimated lost revenues during the Coronavirus pandemic. The Medical Center was also granted $16.3 million in CRF federal pass-through funds from the Commonwealth. Those funds will be used primarily for personal protective equipment for patients and staff, telemedicine and teleworking costs, and COVID testing.

Fiscal Year 2021

Academic:

During the fiscal year ended June 30, 2021, the University was awarded $16.8 million from the second round of CARES Act for the Higher Education Emergency Relief Fund (HEERF II). From HEERF II, $5.8 million will be used to provide students with emergency hardship support related to the disruption of on-Grounds operations due to COVID-19. The remaining $11 million from HEERF II will primarily be used to cover costs associated with refunding student housing and dining charges. Additionally, the University was awarded $30.4 million from the third round of the Higher Education Emergency Relief Fund (HEERF III). The University is still contemplating which expenses to apply to HEERF III. The University was also awarded $11.2 million in additional Coronavirus Relief Funding (CRF II) as federal pass-through funds from the Commonwealth of Virginia during the fiscal year. The additional funding was fully spent in FY21 and was primarily used for COVID-19 testing and contact tracing, facilitating distance learning, and miscellaneous public health expenses.

Medical Center:

During the fiscal year ended June 30, 2021, the Medical Center was awarded $16.1 million in Provider Relief Funding to help offset lost revenues during the Coronavirus pandemic. The Medical Center was also granted an additional $9.4 million in CRF II funds. Those funds will be used primarily for personal protective equipment for patients and staff and COVID testing.

The tables below summarize the sources and uses of direct funding for the Academic and Medical Center divisions as of June 30, 2020 and June 30, 2021 (FY 2021 figures are unaudited):

Coronavirus Relief Funds - Direct Funding
For the periods ending 6/30/21 and 6/30/20

Description	6/30/2021	6/30/2020
ACAD - Coronavirus Relief Funds (state pass-thru)	$ 11,168,224	$ 10,142,483
MED - Coronavirus Relief Funds (state pass-thru)	$ 9,387,652	$ 16,286,895
ACAD - Higher Education Relief Funding - Students	$ 21,082,152	$ 5,858,355
ACAD - Higher Education Relief Funding - Institutional	$ 26,188,599	$ 5,858,355
MED - Provider Relief Funding	$ 16,094,162	$ 40,412,216
ACAD - GEER	$ 190,200	$ -
Total Direct Funding	**$ 84,110,989**	**$ 78,558,304**

Coronavirus Relief Funds - Uses
For the periods ending 6/30/21 and 6/30/20

Description	6/30/2021	6/30/2020
Transition to telecommuting	$ 2,225,131	$ 2,492,881
Personal Protective Equipment	$ 5,367,887	$ 7,624,665
Medical Supplies	$ 1,413,859	$ 826,856
COVID Testing of patients and staff	$ 17,666,004	$ 6,082,713
Public Health Expenses	$ 3,573,934	$ -
Administrative Expenses	$ 94,937	$ -
Other	$ 374,875	$ -
Emergency Aid to Students	$ 18,075,065	$ 1,482,007
Lost Medical Center Revenues	$ 16,094,162	$ 40,412,216
Total Uses	**$ 64,885,854**	**$ 58,921,338**

University updates on the COVID-19 pandemic can be accessed on the University website at https://news.virginia.edu/content/latest-updates-uvas-response-coronavirus.

Reference to the University's website is presented herein for informational purposes only. Such website and the information or links contained therein are not incorporated into, and are not part of, the Official Statement.

While the full impact of the COVID-19 pandemic on the University cannot be predicted at this time the spread of the outbreak could have an adverse impact on the University's financial position. The extent of the impact will depend on future developments beyond the control of the University, including (i) the duration and spread of the outbreak, (ii) any additional restrictions and advisories imposed by the federal and State governments, (iii) the continued effects of the pandemic on the financial markets, higher education and health care institutions generally, and (iv) the lasting effects of the pandemic on the economy overall, all of which are highly uncertain and cannot be predicted.

Litigation

There is no litigation pending in any court or, to the best knowledge of the University, threatened, questioning the corporate existence of the University, or that would restrain or enjoin the issuance or delivery of the Series 2021 Bonds, or that concerns the proceeding of the University taken in connection with the Series 2021 Bonds or the pledge or application of the Pledged Revenues under the Bond Resolutions for their payment, or which contests the powers of the University with respect to the foregoing.

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APPENDIX B

FINANCIAL STATEMENTS FOR THE UNIVERSITY FOR FISCAL YEAR ENDED JUNE 30, 2020 AND MANAGEMENT'S DISCUSSION AND ANALYSIS

See Financial Statements Attached

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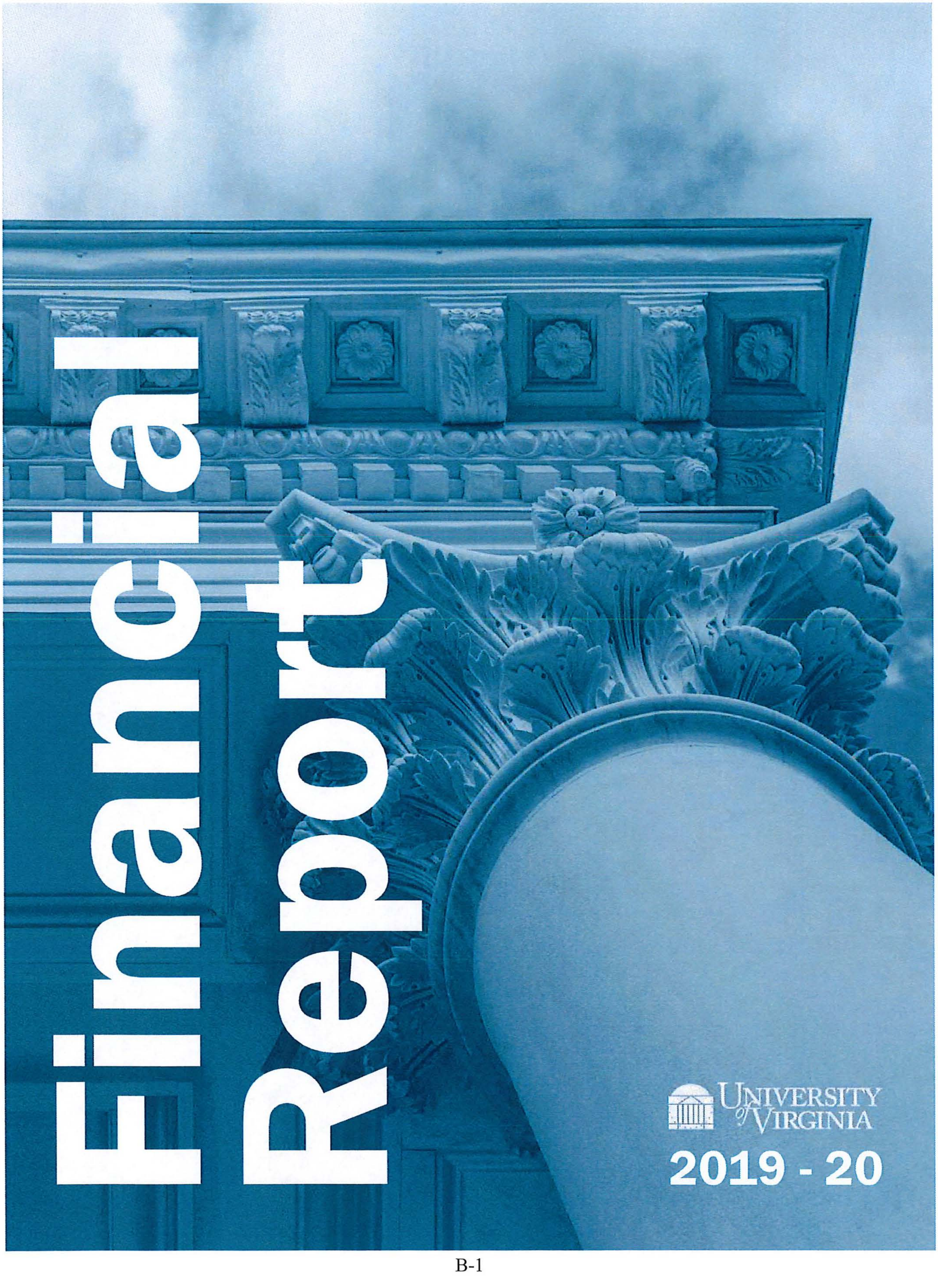
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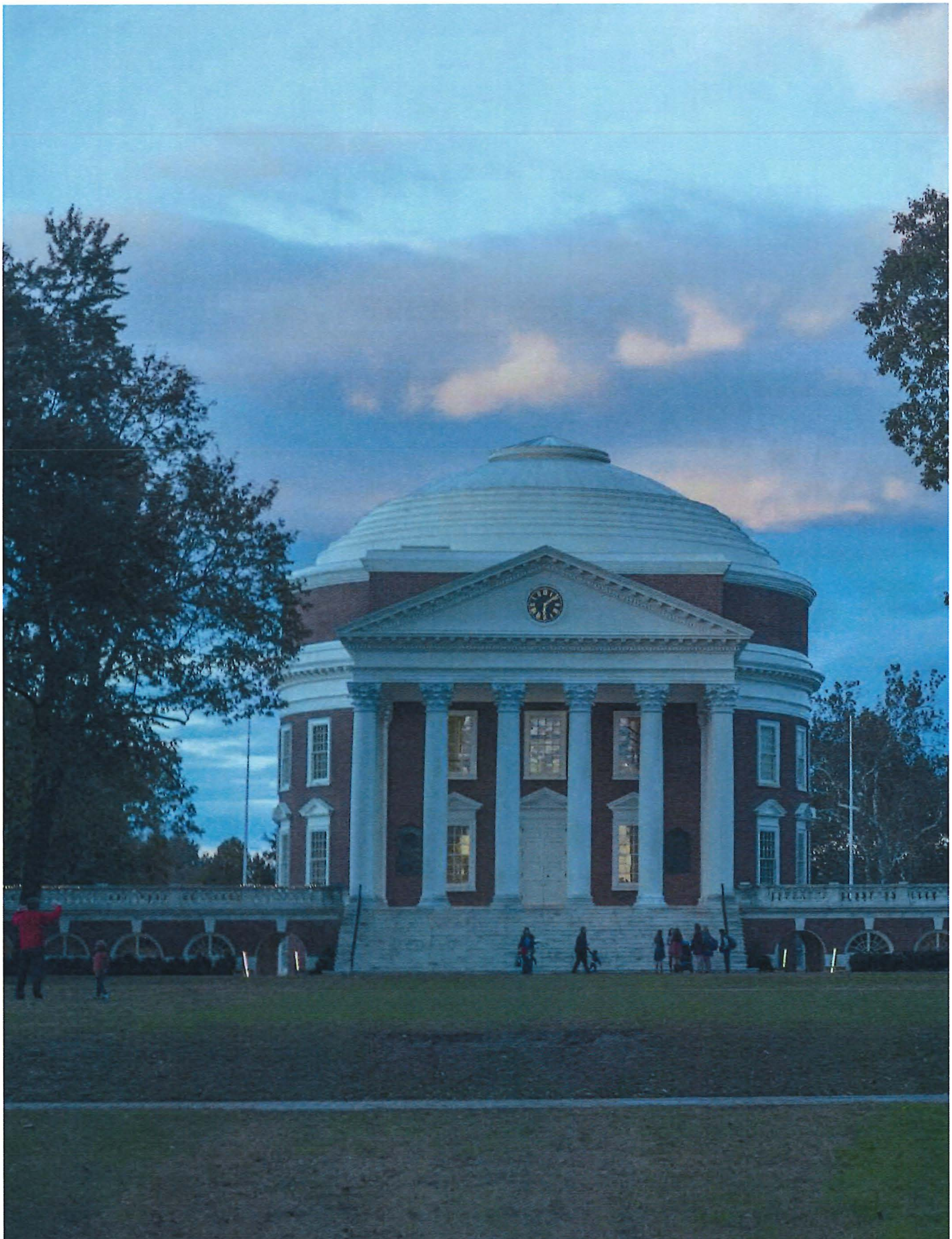

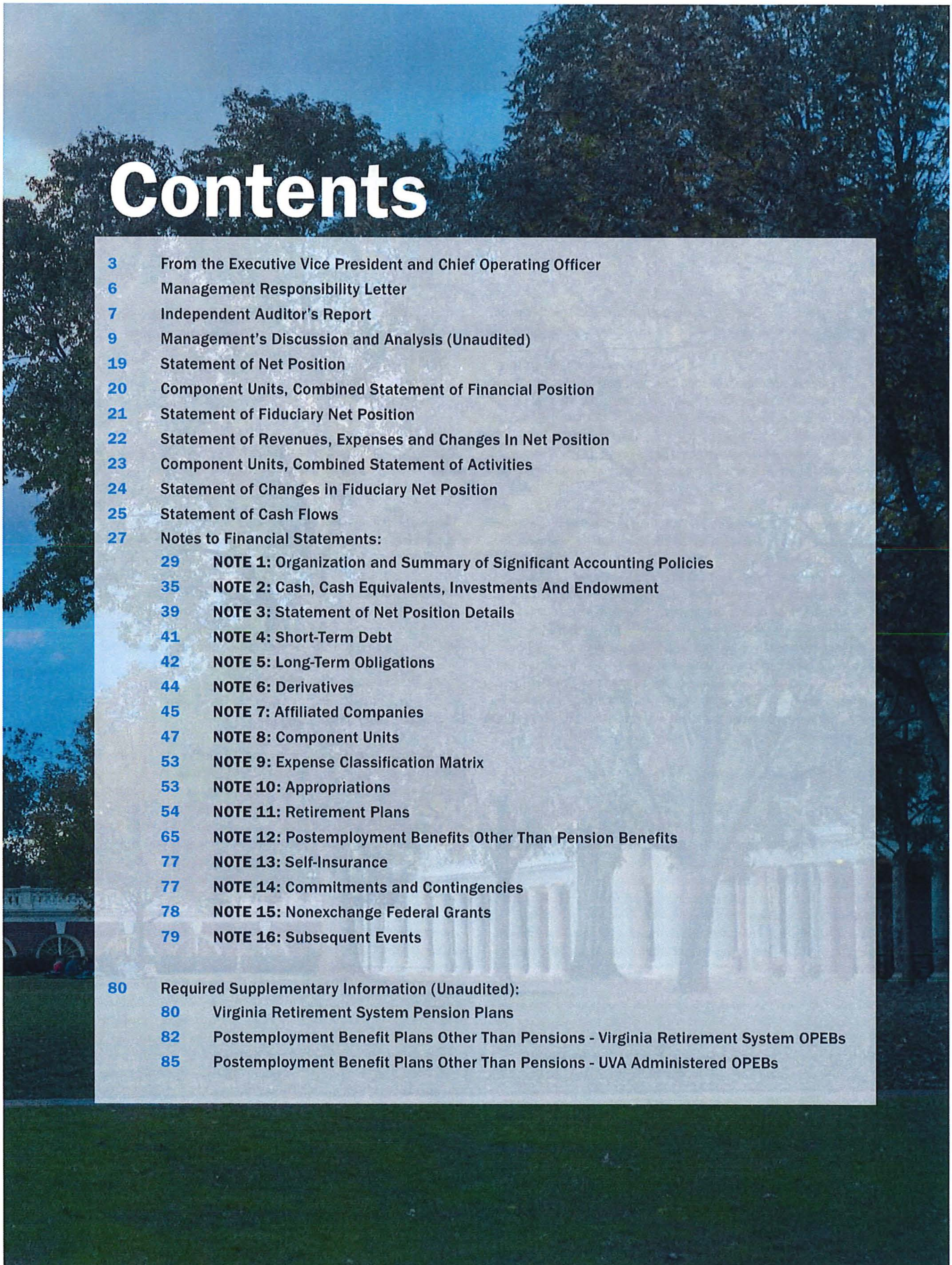

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From the Executive Vice President and Chief Operating Officer

JENNIFER (J.J.) WAGNER DAVIS
Executive Vice President and Chief Operating Officer

When Fiscal Year 2020 started on July 1, 2019, few of us could imagine the challenge the University, the nation, and the world would encounter later that year. Midway through the spring 2020 semester, the University faced an unprecedented global coronavirus pandemic that disrupted many facets of our daily organization including the academic enterprise, the Medical Center, and the University's operations. Recognizing that there was no historical experience to easily draw on, the team at UVA came together to partner in new ways, guided by three principles: maintain excellence in our core mission, support the most vulnerable, and be creative.

We followed those principles and worked together to protect health and safety of our students, faculty, staff, and the local community. While this report focuses on the financial health of the University, stewardship of our resources during this critical time is paramount. The University's executive leadership team faced major decisions in FY2020 that have both short-term and long-term impact. UVA's long-term financial stability enabled leaders to take advantage of emerging opportunities and prepare for future uncertainties. Our position of strength was publicly confirmed in FY2020 through the reaffirmation of our triple-A bond rating from all three rating agencies and exemplary rankings for our academic, research, and medical programs for delivering an excellent education and providing a great value.

Leadership Transitions

The fiscal year began with a new Executive Vice President and Provost, Liz Magill, in place and a search underway for a new Executive Vice President for Health Affairs (EVP-HA). Dr. Craig Kent joined UVA as EVP-HA on February 1, 2020, completing the transformation of the entire executive leadership team that began with President Ryan taking office in August 2018, followed by the beginning of my tenure as Executive Vice President and Chief Operating Officer in November 2018. We quickly developed close working relationships as we faced extraordinary circumstances together.

We had two important leadership changes in our operational units this fiscal year. In the fall, Tim Longo joined the team as Associate Vice President for Safety and Security and Chief of University Police. He brought significant experience and strategic thinking to this combined leadership role. At the end of the fiscal year, Kelley Stuck stepped down from her role as Vice President and Chief Human Resources Officer. During her four years at the University, Kelley led the transformation of HR at UVA across the Academic Division, Medical Center, and University Physicians Group. I am grateful for the work she did and the team she built, which includes John Kosky, who is now serving most capably as Interim Chief Human Resources Officer for Operations. Their transformation of HR laid the groundwork for the Finance Strategic Transformation now underway, furthering our commitment to continuous improvement and service enhancements.

Change is constant, and 2019-20 brought additional changes throughout the academic enterprise. Ian Solomon succeeded Allan Stam as Dean of the Batten School at the start of the academic year and Nicole Jenkins succeeded Carl Zeithaml after 22 years as dean of the McIntire School at the close of fiscal year. Vice President and Chief Student Affairs Officer Pat Lampkin announced her plan to retire after over 40 years at UVA, nearly half as vice president. A search is now underway for her successor, and searches will be conducted this year for deans in the Schools of Medicine, Architecture, Engineering, and Nursing.

Strategic Debt Management

Debt management has been and continues to be a critical element of our long-term financial strategy. As we kicked off the fiscal year, the UVA Finance team positioned the University to take advantage of market conditions and issue debt at favorable rates. Because of UVA's uncommonly strong and consistent triple-A ratings from Moody's, Standard & Poor's, and Fitch Investor Services, the University is among a small group of institutions that are positioned to secure debt at the lowest rates. Careful planning and agility led to exceptional success in the market in Fall 2019.

Preparations had begun months earlier, with the Board of Visitors' approval of debt shelf registration in April 2019. All three major rating agencies reaffirmed UVA's triple-A rating during the summer months. In early Fall 2019, we moved quickly to take advantage of favorable rates and executed three bond sales that position UVA to save millions in interest payments over the coming decades while backing strategic projects across Grounds. In early September 2019, the University successfully priced $350 million in "century bonds" at a record-setting yield of 3.227 percent. This was the lowest interest rate ever achieved on a domestic century bond across American higher education. In the same month, UVA issued two more bond series at remarkably low rates, setting another record by refinancing $255.3 million in outstanding debt at a taxable rate of 2.974 percent and issuing a $150 million, tax-exempt 30-year bond series at a rate of 3.167 percent. These bond sales will benefit the

University for generations and support essential and strategic projects across our twelve schools through the University's internal bank. I am especially grateful to the Board, the senior leadership team, our VP of Finance Melody Bianchetto, and Treasurer Julie Richardson and her entire team for their exceptional work and dedication to the long-term financial health of UVA.

Long-Term Investment Pool

Just as carefully managing debt benefits the University over time, management of the long-term investment pool is essential to ensuring UVA's financial strength and stability for future generations. In a year marked by volatility, UVIMCO reported a 5.3 percent return in FY2020, exceeding its policy portfolio return of 3.3 percent. Over the ten-year period ending June 30, 2020, the Long-Term Pool generated a return of 10.1 percent, exceeding both the 8.2 percent return for the policy portfolio and the University's inflation-adjusted spending rate. At the close of the fiscal year, the Long-Term Pool, which includes the endowment, the University's central bank and other long-term assets, was valued at $9.9 billion and the Short-Term Pool was valued at $211.4 million. Both the Long-Term Pool and the Short-Term Pool include portions of the Strategic Investment Fund and investments from University-Associated Organizations.

Progress toward Strategic Plan Initiatives

The University's financial stability over time enables leaders to develop and execute long-term strategic plans. Despite the global uncertainties of FY2020, UVA made important progress toward the goals identified in the 2030 Plan that were formally approved by the Board of Visitors in August 2019. Successful fundraising efforts continue to bolster financial support for students and faculty through the Bicentennial Scholars and Bicentennial Professors programs.

In Fall 2019, the University established a $15 hourly base wage for full-time, benefits-eligible UVA employees and followed in early 2020 by announcing the same base wage for employees of the major contractors that work on Grounds on a daily basis. Continuing work toward being both great and good outlined in the "Good Neighbor Program" portion of the 2030 Plan, President Ryan created a President's Council on UVA-Community Partnerships with four working groups focused on affordable housing, the local economy, growing the employment pipeline, and early childhood education. These groups began their work in Spring 2020 and paused as attention shifted to pandemic response. In Fall 2020, the University has recommitted to this important work.

UVA announced bold sustainability goals in FY2020, including an arrangement with the College of William & Mary in which both institutions pledged to be carbon-neutral by 2030. UVA also plans to be fossil-fuel-free by 2050. These auspicious goals build on UVA's significant progress in meeting or exceeding several previous sustainability and greenhouse gas emissions goals years ahead of schedule.

The University made progress on important capital construction projects in FY2020, opening a new hospital bed tower ahead of schedule and a new upper-class residence hall – Bond House – for the start of the academic year, continuing work to develop the Brandon Avenue corridor and construct a new facility for Student Health and Wellness, completing UVA softball's new home at Palmer Park, and advancing long-term plans for the Emmet-Ivy Corridor. In addition, the University continues the renovation of the Chemistry Building and Gilmer Hall, a project largely funded by the state. In FY2020, the state approved funding for the Alderman Library renewal project, which is now under construction, and authorized the University to begin the renovation of the Physics Building.

Tuition and Fees

In December 2019, the Board approved a 3.6-percent increase in tuition and mandatory fees for most undergraduates. This followed a year in which the Board rolled back its previously-approved increase and held tuition at the 2018-19 rate for two years after the Commonwealth allocated an additional $5.52 million in support for 2019-20. The University remains committed to providing one of the best values in higher education. Tuition increases are implemented only after considering other revenue sources and looking for opportunities to increase efficiency. The University distinguishes itself by offering need-blind admission, meeting 100 percent of demonstrated financial need, and limiting need-based loans for all students.

Financial Implications of the Pandemic: Individual and Institutional

The COVID-19 pandemic has had a significant financial impact on our students and their families since the spring. Student Financial Services and Student Affairs partnered to assist undergraduate, graduate, and professional students who were enrolled in the Spring 2020 semester. Students could request funding for expenses related to the disruption of campus operations due to the pandemic including, but not limited to, travel, technology, food, medication, and other living expenses. Funding for these efforts was initially provided by the University, and later supplemented through an allocation from the federal Coronavirus Aid Relief and Economic Security (CARES) Act, with $5.86 million for grants to be paid directly to students. The University issued refunds to students for pro-rated housing and dining charges after residence halls closed following an extended break in the spring 2020 semester and a shift to online learning. UVA received an additional $5.86 million in CARES Act funds that it used to partially offset the cost of these housing and dining refunds.

Student financial needs persist into the current fiscal year, and we continue to support students affected by the pandemic. In addition to institutional funds and CARES Act support, a generous group of alumni, parents, and friends provided nearly $2 million in private funds to create a new Bridge Scholarship that is providing one-year grants to students affected by the pandemic. By using private and institutional funds, the University can assist students who do not qualify for federal support.

UVA faced both substantial expenses and decreased revenues related to COVID-19. Auxiliaries, athletics, and summer programs were among the areas that faced the greatest loss of revenues due to credits issued, programs canceled, and ticket sales lost. As the fiscal year ended, the University began to incur new expenses related to the provision of personal protective equipment (PPE), cleaning and disinfecting supplies, barriers and other physical changes to facilities, technology infrastructure, and most significantly, testing and isolation and quarantine capacity as a result of COVID-19. A portion of the new expenses will be reimbursable through CARES Act funds flowing from the federal government and through the state, but the expenses far exceed funds available for reimbursement.

UVA Health felt the constraints of lost revenues most acutely when the Medical Center and clinics were forced to suspend elective procedures and routine care for an extended period, resulting in a significant reduction in revenue during March and April of 2020. As a result of the impact to revenues, the University's leadership team announced the implementation of fiscal mitigation measures in mid-April. These included freezing both hiring and salaries, limiting capital projects, reducing expenses, and instituting pay cuts for senior leadership. At UVA Health, circumstances necessitated broader pay cuts and furloughs of non-patient care staff that extended into the summer months. Coupled with federal and state funds, these financial measures allowed the Medical Center to end the fiscal year in a much stronger position.

These measures affected UVA employees and contracted workers alike, and the University responded by creating an Emergency Assistance Fund to help bridge the gap for those impacted until state and federal benefits began to flow. UVA also contributed to a similar fund at the Charlottesville Area Community Foundation and helped those who needed assistance applying for unemployment insurance benefits.

While facing enormous pressure, the team at UVA Health continued to lead by developing in-house COVID-19 testing and offering it to hospitals in Virginia, Washington, D.C., and North Carolina. UVA Health also opened the first COVID-19 clinic in Virginia and expanded to serve four sites. This was possible in part due to the accelerated completion and modification of a dedicated hospital bed tower for the safe treatment of COVID-19 patients in our community. UVA Health also offered several local community testing opportunities and launched a very effective COVID-19 wastewater testing program for students living in our dormitories.

A Tradition of Philanthropy

With an exceptionally strong philanthropic tradition, it was no surprise that members of the UVA community came together in a time of great need and offered their support. The University publicly launched a Campaign in October 2019 with $2.75 billion already committed toward a $5-billion goal. Alumni, parents, and friends made remarkably generous gifts in support of students, faculty, and programs. When the world began to experience the financial effects of the pandemic, many of these same people looked for new ways to help, and together, a group created the Bridge Scholarship program to provide grants directly to students. By the end of the fiscal year, fundraising totals surpassed $500 million for the year and Campaign commitments totaled nearly $3.1 billion. This support in the face of a global pandemic is a testament to the love and commitment the University family has for this very special place.

Commitment and Dedication

Alumni are not alone in their deep commitment and loyalty to the University. Our students, faculty, and staff are also dedicated to the institution's current and future success. While grappling with uncertainty and challenges unlike anything we have experienced before, our team has come together to work across the Academic Division and UVA Health to build new programs and processes related to our COVID-19 response. I am humbled by the extraordinary talent and intelligence of the colleagues with whom I am privileged to work each day, and I am in awe of their abiding dedication. I have been on the job as EVP and COO for two years and I continue to be amazed by my colleagues at all levels of the organization. I am proud to work beside these remarkable people. Our front-line staff have always been essential to keeping the University running, and their important work has gained visibility and well-deserved recognition. Never has the UVA community valued the work of our staff in Facilities Management, Parking & Transportation, Dining Services, and Information Technology Services as it has since March 2020.

Like institutions across the nation and around the world, the University will be different when we emerge from this challenging period. We will have a deeper appreciation for the gift of time spent together and the sense of place on Grounds, for the interconnectedness of our work and the wellbeing of our community, and for the resiliency of the University of Virginia. I am confident that many of the lessons learned during this pandemic – including but not limited to learning how to work across work in teams across all facets of our organization, developing new innovative teaching opportunities, and finding nimble and effective ways to deal with challenges in an efficient manner – will serve the institution well for the long term. I am honored, humbled, and grateful to be a part of the University community, and to call Charlottesville my home.

Very truly yours,

Jennifer (J.J.) Wagner Davis
Executive Vice President and Chief Operating Officer

Management Responsibility

UNIVERSITY of VIRGINIA

December 11, 2020

To the President and Board of Visitors of the University of Virginia:

We are pleased to submit the annual Financial Report of the University of Virginia for the year ended June 30, 2020. Management is responsible for the objectivity and integrity of the accompanying financial statements, which have been prepared in conformance with the Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and Statement No. 35, Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities. The financial statements, of necessity, included management's estimates and judgments relating to matters not concluded by year-end. The financial information contained elsewhere in the annual Financial Report is consistent with that included in the financial statements.

Management is responsible for maintaining the University's system of internal control, which includes careful selection and development of employees, proper division of duties, and written accounting and operating policies and procedures augmented by a continuing internal audit program. Although there are inherent limitations to the effectiveness of any system of accounting controls, management believes that the University's system provides reasonable, but not absolute, assurance that assets are safeguarded from unauthorized use or disposition and that the accounting records are sufficiently reliable to permit the preparation of financial statements that conform in all material respects with generally accepted accounting principles.

The Auditor of Public Accounts for the Commonwealth of Virginia, using the reports of independent certified public accountants for the component units, provides an independent opinion regarding the fair presentation of the financial statements of the University's financial position. Their examination was made in accordance with generally accepted government auditing standards and included a review of the system of internal accounting controls to the extent they considered necessary to determine the audit procedures required to support their opinion. The Audit, Compliance and Risk Committee of the Board of Visitors meets periodically and privately with the independent auditors, the internal auditors and the financial officers of the University to review matters relating to the quality of the University's financial reporting, the internal accounting controls, and the scope and results of audit examinations. The committee also reviews the scope and quality of the internal auditing program.

Respectfully submitted,

Melody S. Bianchetto

Melody S. Bianchetto
Vice President for Finance

Augie L. Maurelli

Augie L. Maurelli
Associate Vice President for Financial Operations

Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 11, 2020

The Honorable Ralph S. Northam
Governor of Virginia

The Honorable Kenneth R. Plum
Chairman, Joint Legislative Audit and Review Commission

Board of Visitors
The University of Virginia

Independent Auditor's Report

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities, aggregate discretely presented component units, and aggregate remaining fund information of the University of Virginia, a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units of the University, which are discussed in Notes 1 and 8. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units of the University, is based on the reports of the other auditors.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the component units of the University that were audited by other auditors upon whose reports we are relying were audited in accordance with auditing standards generally accepted in the United States of America, but not in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinion
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the University of Virginia as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 of the accompanying financial statements, the University implemented Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, related to accounting for funds held by the University in a fiduciary capacity for the benefit of other organizations or individuals. Our opinion is not modified with respect to this matter.

Correction of 2019 Financial Statements

As discussed in Note 1 of the accompanying financial statements, the fiscal year 2019 financial statements have been restated to correct previous misstatements. Our opinion is not modified with respect to this matter.

Other Matters

Prior-Year Summarized Comparative Information

We have previously audited the University's 2019 financial statements, and we expressed an unmodified audit opinion on the respective financial statements in our report dated November 22, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived, except where revised, as necessary, to correct a previous misstatement.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 9 through 18; the Schedule of Employer's Share of Net Pension Liability, the Schedule of Employer Contributions, and the Notes to the Required Supplementary Information – Virginia Retirement System Pension Plans on pages 80 through 81; the Schedule of Employer's Share of Net OPEB Liability (Asset), the Schedule of Employer Contributions, and the Notes to the Required Supplementary Information – Virginia Retirement System OPEBs on pages 82 through 84; and the Schedule of Total OPEB Liability and Related Ratios, Schedule of Total Liability, and the Notes to the Required Supplementary Information – UVA Administered OPEBs on page 85. Such information, 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 the 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 auditing standards generally accepted in the United States of America, 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 Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued our report dated December 11, 2020 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 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 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.

Martha S. Mavredes
AUDITOR OF PUBLIC ACCOUNTS

www.apa.virginia.gov | (804) 225-3350 | reports@apa.virginia.gov

Management's Discussion & Analysis

This discussion and analysis provides an overview of the financial position and results of activities of the University of Virginia (the University) for the year ended June 30, 2020. Comparative information for the year ended June 30, 2019, has been provided where applicable. Management has prepared this discussion, which should be read in conjunction with the financial statements and the notes that follow this section.

Academic Division

As a public institution of higher learning with approximately 23,460 on-Grounds students and 2,899 full-time instructional and research faculty members in 12 schools in 2019-20, the University offers a diverse range of degree programs, from baccalaureate to postdoctoral levels, including doctorates in 98 programs. The University is recognized internationally for the quality of its faculty and its commitment to the primary academic missions of instruction, research, public service and medical care. The University consistently ranks among the nation's top public colleges and universities, both for its excellent academic programs as well as for its affordability and value. Its emphasis on the student experience is extraordinary among major public institutions, and its dedication to new advances in research permeates all of its schools and colleges.

Medical Center

The Medical Center is an integrated network of primary and specialty-care services ranging from wellness programs and routine checkups to the most technologically advanced care. The hub of the Medical Center is a licensed hospital with 600 beds in a state-designated Level 1 trauma center located in Charlottesville. The Medical Center also has a transitional care hospital with 40 beds that is located west of the Charlottesville campus. In addition, primary and specialty care are provided at convenient clinic locations throughout Central Virginia communities. The University's Medical Center has a tradition of excellence in teaching, advancement of medical science and patient care, consistently ranking among the best health care systems in the nation.

College at Wise

Located in southwestern Virginia, the College at Wise is a public liberal arts college with 1,910 students and 104 full-time instructional and research faculty. It offers baccalaureate degrees in 34 majors and eight pre-professional programs, including dentistry, pharmacy, engineering, forestry, law, medicine, physical therapy and veterinary medicine.

Using the Financial Statements

The University's financial report includes seven financial statements and related notes:

1. The Statement of Net Position for the University of Virginia
2. The Combined Statement of Financial Position for the Component Units of the University of Virginia
3. The Statement of Fiduciary Net Position
4. The Statement of Revenues, Expenses and Changes in Net Position for the University of Virginia
5. The Combined Statement of Activities for the Component Units of the University of Virginia
6. The Statement of Changes in Fiduciary Net Position
7. The Statement of Cash Flows for the University of Virginia

These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities. These principles require that financial statements be presented on a consolidated basis to focus on the University as a whole, with resources classified for accounting and reporting purposes into four net asset categories. Although some of the University's foundations are reported in the component unit financial statements, the Management's Discussion and Analysis excludes them except where specifically noted.

Statement of Net Position

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the University. The net position is an indicator of the prudent utilization of financial resources and the overall health of the University, while the change in net position reflects the current year's activities. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost, less accumulated depreciation. Depreciation is a method of allocating the cost of a tangible asset over its useful life to indicate how much of an asset's value has been consumed.

The University's Statement of Net Position at June 30, 2020, and June 30, 2019, is summarized as follows:

SUMMARY OF THE STATEMENT OF NET POSITION *(In thousands)*	2020	2019	INCREASE (DECREASE) AMOUNT	PERCENT
Current assets	$ 1,035,205	$ 880,849	$ 154,356	17.5%
Noncurrent assets				
Endowment investments	5,151,300	5,068,614	82,686	1.6%
Other long-term investments	2,678,450	2,553,198	125,252	4.9%
Capital assets, net	4,338,842	4,039,554	299,288	7.4%
Other	406,799	317,304	89,495	28.2%
Total assets	**13,610,596**	**12,859,519**	**751,077**	**5.8%**
Deferred outflows of resources	200,480	144,136	56,344	39.1%
Total assets and deferred outflows of resources	**13,811,076**	**13,003,655**	**807,421**	**6.2%**
Current liabilities	864,657	878,370	(13,713)	(1.6%)
Noncurrent liabilities	3,519,026	2,886,051	632,975	21.9%
Total liabilities	**4,383,683**	**3,764,421**	**619,262**	**16.5%**
Deferred inflows of resources	301,640	321,701	(20,061)	(6.2%)
Total liabilities and deferred inflows of resources	**4,685,323**	**4,086,122**	**599,201**	**14.7%**
TOTAL NET POSITION	**$ 9,125,753**	**$ 8,917,533**	**$ 208,220**	**2.3%**

Current Assets and Liabilities

Current assets consist of cash and cash equivalents, short-term investments, and accounts receivable. Current liabilities consist of accounts payable, unearned revenue and the current portion of long-term liabilities.

Current assets cover current liabilities 1.2 times, an indicator of good liquidity and the ability to weather short-term demands on working capital. Current assets cover 3.7 months of total operating expenses, excluding depreciation. For 2019-20, one month of operating expenses equaled approximately $278.9 million.

Endowment and Other Investments

Performance. The major portion of the University's endowment and other investments continues to be maintained in a long-term investment pool managed by the University of Virginia Investment Management Company. The return for the long-term investment pool was 5.3 percent in fiscal year 2019-20. This performance figure includes realized and unrealized gains and losses, along with cash income. Total investment income for all funds was $342.5 million for the fiscal year ended June 30, 2020.

Distribution. The University uses its endowment funds to support operations by distributing endowment earnings with the objective of balancing the annual funding needed to support the endowed programs against the preservation of future purchasing power. The endowment spending-rate policy is approved by the Board of Visitors and is based on total return, not just cash earnings. For the year ended June 30, 2020, the total distribution for the University's endowment was $229.6 million, excluding fiduciary funds, or 4.72 percent of the market value of the endowment as of June 30, 2018, the measurement date.

Other Investments. The total of other short-term and long-term investments as well as investment in affiliated companies is $2.86 billion, a $67.2-million increase over the prior year, which is primarily due to positive investment returns of the long-term and short-term investment pools of 5.3 and 1.5 percent, respectively.

Endowment investments. The total of endowment investments is $5.2 billion, a $82.7-million increase over the prior year. Additional new gifts and investment earnings were the primary drivers of this increase.

From a net position perspective, earnings from the endowment are expendable; however, about two-thirds of the earnings are restricted as to use by donors. A significant portion of the unrestricted earnings, the remaining one-third of the endowment, is internally designated by the University for scholarships, fellowships, professorships, and research activities.

Including endowment investments held by the nine related foundations reported as component units, the combined University system endowment was just under $6.8 billion as of June 30, 2020.

Capital and Debt Activities

A critical factor in sustaining the quality of the University's academic and research programs and residential life is the development and maintenance of its capital assets. The University continues to implement its long-range plan to modernize its older teaching and research facilities, construct new facilities, and fund major maintenance obligations.

Capital projects consist of replacement, renovation, and new construction of academic, research, and health care facilities, as well as significant investments in equipment and information systems.

Some of the largest new or ongoing projects during the year are listed as follows:

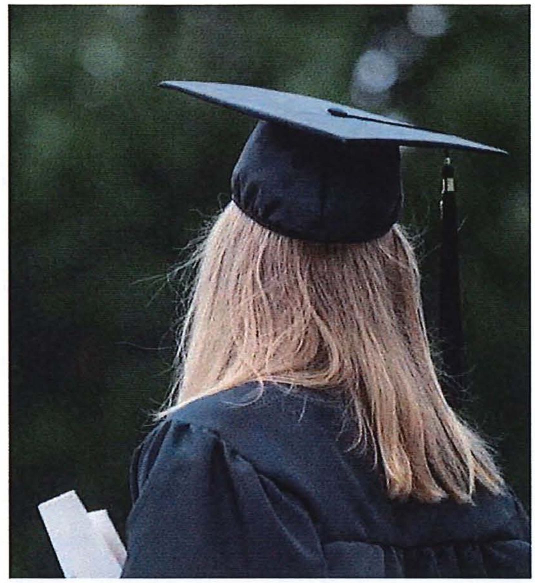
MAJOR CAPITAL PROJECTS DURING 2019-20 *(in thousands)*	PROJECTED COST	FY2020 ACTUAL EXPENSES
UVA Medical Center - MRI/ED/OR/Bed Tower	$ 391,600	$ 62,651
Gilmer Hall and Chemistry Building renovations	197,000	30,850
UVA Medical Center Ivy Musculoskeletal Center and Utility Plant	174,000	52,163
Alderman Library	152,500	13,992
McCormick Road Residence Hall	104,700	23,321
Student Health and Wellness Center	100,000	30,732
TOTAL	**$ 1,119,800**	**$ 213,709**

As infrastructure and building projects were completed or otherwise acquired during the year, the University's capital asset balances grew significantly. More than $577.3 million of completed projects were added to depreciable capital assets during the fiscal year. The largest infrastructure and building projects completed or acquired during the year are listed below:

MAJOR PROJECTS COMPLETED OR ACQUIRED DURING 2019-20 *(in thousands)*	CAPITALIZED COST
Brandon Avenue Bond House	$ 61,819
2420 Old Ivy Road Building and Garage	36,436
Brandon Avenue Green Street Infrastructure	24,443
Palmer Softball Stadium	23,560
University Hospital renovation - levels 7 & 8	17,314
Hospital HVAC - phase III and phase IV	16,447
Emily Couric Clinical Cancer Center - 4th floor fitout	13,502
TOTAL	**$ 193,521**

Financial stewardship requires the effective management of resources, including the prudent use of debt to finance capital projects. As evidence of the University's effective stewardship, the University has received the highest long-term and short-term debt ratings from all three major rating agencies, including Moody's Investors Service (Aaa/P-1), Standard & Poor's (AAA/A-1+) and Fitch Ratings, Inc. (AAA/F1+). The University of Virginia is one of only four public institutions with the highest long-term debt ratings from all three agencies. Besides being an official acknowledgment of the University's financial strength, these ratings enable the University to obtain future debt financing at optimum pricing. In addition to issuing its own bonds, the University utilizes its commercial paper program, backed by a general revenue pledge, to provide interim financing for its capital improvements and provide a source of short-term liquidity. Outstanding commercial paper is typically converted to long-term debt financing as appropriate, within the normal course of business.

The University's debt portfolio contains a strategic mix of maturity structures and both variable- and fixed-rate obligations. The University achieves this mix through issuing a combination of variable- and fixed-rate debt, including commercial paper. It also adjusts its debt mix through the use of interest rate swaps executed according to its Board-approved interest-rate risk-management policy. The University had just under $2.5 billion of debt outstanding as of June 30, 2020.

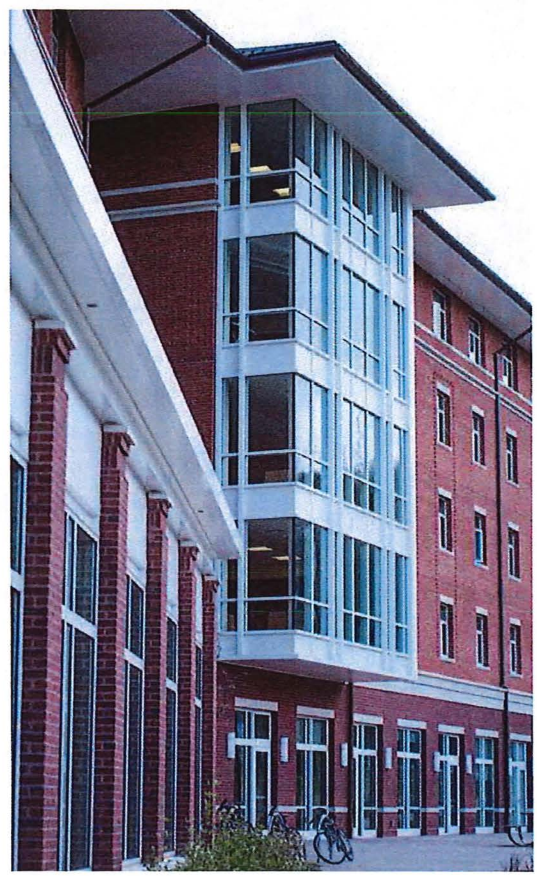


Net Position

The four net-position categories represent the residual interest in the University's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. The University's net position on June 30, 2020, and June 30, 2019, is summarized below:

NET POSITION (in thousands)	2020	2019	INCREASE (DECREASE) AMOUNT	INCREASE (DECREASE) PERCENT
Net investment in capital assets	$2,064,432	$ 1,960,130	$ 104,302	5.3%
Restricted				
Nonexpendable	998,964	891,397	107,567	12.1%
Expendable	3,356,964	3,286,385	70,579	2.1%
Unrestricted	2,705,393	2,779,621	(74,228)	(2.7%)
TOTAL NET POSITION	**$ 9,125,753**	**$ 8,917,533**	**$ 208,220**	**2.3%**

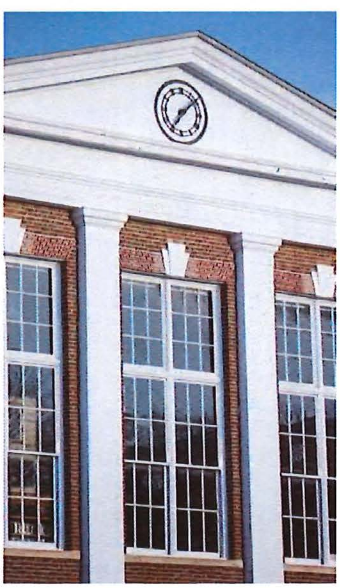
Net investment in capital assets represents the University's capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Capitalized assets, net of accumulated depreciation, increased by $299.3 million and were offset by a $195-million increase in debt used to finance those capital assets, for a net change of $104.3 million.



Restricted nonexpendable net position represents the historical value (corpus) of the University's permanent endowments, which cannot be expended due to donor restrictions. The increase in nonexpendable net position included new gifts of $45.7 million as well as $60.9 million in related matches from the Strategic Investment Fund.

Restricted expendable net position includes spendable earnings on permanent and quasi-endowments, gifts, grants and contracts, and loan funds that are subject to externally imposed restrictions governing their use. The increase in the restricted expendable net position is related to new quasi and true endowments as well as investment returns. As mentioned above, the increase is mainly a result of UVIMCO long-term pool's investment return of 5.3 percent for the fiscal year.

Unrestricted net position includes all other activities that are both spendable and not subject to externally imposed restrictions. The majority of the University's unrestricted net position has been internally designated for the core mission activities of instruction, research, health services programs and initiatives, and capital projects that align with the University's highest priorities. The decrease is largely a result of investment returns of 5.3 percent, offset by a decrease in the Medical Center's operating margin as result of reduced patient service revenues and an increase in operating expenses as well as an increase in other unrestricted expenses and liabilities.



Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the University's results of activities for the year. Presented below is a summarized statement for the years ended June 30, 2020, and June 30, 2019:

SUMMARY OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION *(In thousands)*	2020	2019	INCREASE (DECREASE) AMOUNT	INCREASE (DECREASE) PERCENT
Operating revenues				
Student tuition and fees, net	$ 619,517	$ 595,751	$ 23,766	4.0%
Patient services, net	1,688,766	1,719,128	(30,362)	(1.8%)
Sponsored programs	413,058	376,935	36,123	9.6%
Other	225,354	223,212	2,142	1.0%
Total operating revenues	**2,946,695**	**2,915,026**	**31,669**	**1.1%**
Operating expenses	**3,612,932**	**3,520,088**	**92,844**	**2.6%**
Operating loss	**(666,237)**	**(605,062)**	**(61,175)**	**10.1%**
Nonoperating revenues (expenses)				
State appropriations	192,642	175,152	17,490	10.0%
Gifts	206,454	197,161	9,293	4.7%
Investment income	342,496	400,223	(57,727)	(14.4%)
Pell grants	15,010	14,225	785	5.5%
Nonoperating grant revenue	65,009	-	65,009	100%
Interest on capital asset-related debt	(87,607)	(88,013)	406	(0.5%)
Build America Bonds (BAB) rebate	10,837	5,646	5,191	91.9%
Other net nonoperating expenses	(6,123)	(6,887)	764	(11.1%)
Net nonoperating revenues	**738,718**	**697,507**	**41,211**	**5.9%**
Income before other revenues, expenses, gains, or losses	**72,481**	**92,445**	**(19,964)**	**(21.6%)**
Capital appropriations, gifts, and grants	89,047	179,177	(90,130)	(50.3%)
Additions to permanent endowments	46,692	83,717	(37,025)	(44.2%)
Special Items	-	(4,875)	4,875	(100.0%)
Total other revenues (expenses)	**135,739**	**258,019**	**(122,280)**	**(47.4%)**
INCREASE IN NET POSITION	**208,220**	**350,464**	**(142,244)**	**(40.6%)**
NET POSITION - BEGINNING OF YEAR	8,917,533	8,550,165	367,368	4.3%
Net effect of prior period adjustments	-	16,904	(16,904)	(100.0%)
NET POSITION - END OF YEAR	**$ 9,125,753**	**$ 8,917,533**	**$ 208,220**	**2.3%**

GASB principles determine the categorization of revenues and expenses as either operating or nonoperating activities. Because GASB Statement No. 34 requires that revenues from state appropriations, Pell grants, and gifts be considered nonoperating while the expenses funded from these revenues are categorized as operating (with the exception of interest on capital debt, which remains nonoperating), the University will nearly always demonstrate an operating loss on its Statement of Revenues, Expenses and Changes in Net Position.

Revenues

The University maintains a diverse stream of revenues, which decreases its dependence on any single source and allows it to adapt during difficult economic times. The University's revenues, for the years ended June 30, 2020, and June 30, 2019, are summarized below:

SUMMARY OF REVENUES *(In thousands)*	2020			2019			TOTAL INSTITUTION INCREASE (DECREASE)	
	ACADEMIC DIVISION & WISE	MEDICAL CENTER	TOTAL INSTITUTION	ACADEMIC DIVISION & WISE	MEDICAL CENTER	TOTAL INSTITUTION	AMOUNT	PERCENT
Operating revenues								
Student tuition and fees, net	$ 619,517	$ -	$ 619,517	$ 595,751	$ -	$ 595,751	$ 23,766	4.0%
Patient services, net	-	1,688,766	1,688,766	-	1,719,128	1,719,128	(30,362)	(1.8%)
Federal, state, and local grants and contracts	341,151	-	341,151	310,853	-	310,853	30,298	9.7%
Nongovernmental grants and contracts	71,907	-	71,907	66,082	-	66,082	5,825	8.8%
Sales and services of educational departments	26,259	-	26,259	31,437	-	31,437	(5,178)	(16.5%)
Auxiliary enterprises revenue, net	137,345	-	137,345	140,787	-	140,787	(3,442)	(2.4%)
Other operating revenues	-	61,750	61,750	-	50,988	50,988	10,762	21.1%
Total operating revenues	**1,196,179**	**1,750,516**	**2,946,695**	**1,144,910**	**1,770,116**	**2,915,026**	**31,669**	**1.1%**
Nonoperating revenues								
State appropriations	192,642	-	192,642	175,152	-	175,152	17,490	10.0%
Private gifts	204,168	2,286	206,454	193,335	3,826	197,161	9,293	4.7%
Investment income	302,999	39,497	342,496	339,873	60,350	400,223	(57,727)	(14.4%)
Nonoperating grant revenues	8,310	56,699	65,009	-	-	-	65,009	100.0%
Other nonoperating revenues	155,011	107	155,118	281,087	-	281,087	(125,969)	(44.8%)
Total nonoperating revenues	**863,130**	**98,589**	**961,719**	**989,447**	**64,176**	**1,053,623**	**(91,904)**	**(8.7%)**
TOTAL REVENUES	**$ 2,059,309**	**$ 1,849,105**	**$ 3,908,414**	**$ 2,134,357**	**$1,834,292**	**$ 3,968,649**	**$ (60,235)**	**(1.5%)**

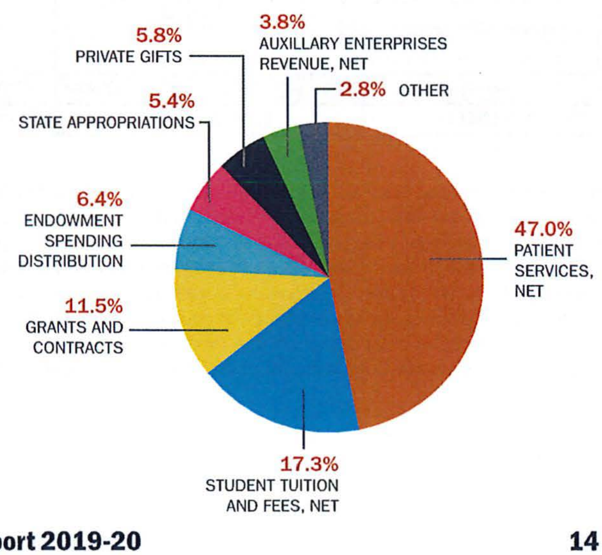
Net student tuition and fees revenue increased due to new programs, enrollment growth, and changes in tuition and fee rates, albeit leaving in-state undergraduate tuition rates unchanged from the previous academic year. Tuition and fees revenue is reported net of scholarships and allowances provided from University sources. Net patient services revenues decreased due to a decline in volume as a result of the COVID-19 pandemic and the Governor's executive order cancelling all elective procedures, surgeries, and clinic visits. Grant and contract activity, including direct research and the recovery of indirect facilities and administrative costs, increased in an environment of ongoing pressure at the federal level. The decrease in nonoperating revenues is attributable to a decrease in investment income resulting from a lower market return on the University's long-term investments of 5.3 percent compared to 5.8 percent in fiscal year 2019 as well as a decrease in capital appropriations, capital grants and gifts, and additions to permanent endowments which are included in other nonoperating revenues. The decreases are partially offset by various COVID-19 relief funding received from federal and state governments which is reported as nonoperating grant revenues.

Revenues and Other Sources of Operational Funding

Below is a chart of revenues by source (both operating and nonoperating). These revenues were used to fund the University's operating activities for the fiscal year ended June 30, 2020. As noted earlier, GASB requires state appropriations, current gifts and Pell grants to be treated as nonoperating revenues. Endowment spending is not current-year revenue but a distribution of previously recognized investment income. However, it is an important funding source for current operations and is included in the chart below to present a more accurate picture of the University's funding of current operations.

Patient services revenues are principally generated within the University's Medical Center under contractual arrangements with governmental payers and private insurers and accounted for nearly one-half of the University's revenues and operational funding sources. The Medical Center continues to negotiate annual payment increases with managed-care companies and receives annual payment updates from the Medicare program.

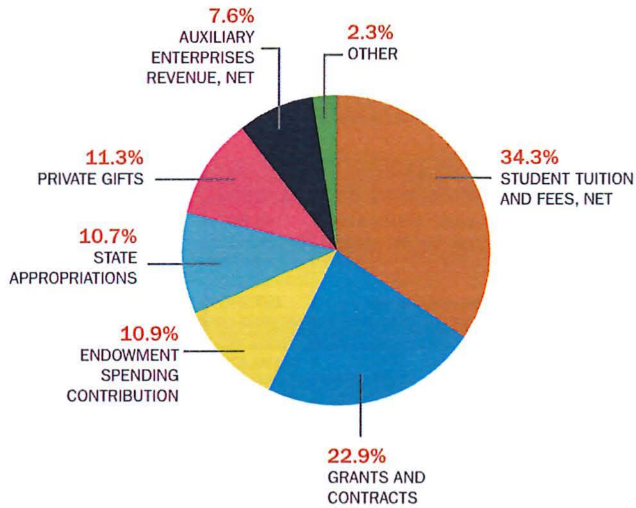
Total University Revenues and Other Sources of Operational Funding



Net student tuition and fees, and grants and contracts are the next largest revenue categories. Private support from endowment spending and gifts combined provides 12.2 percent of the University's funding. State appropriations account for just 5.4 percent of funding for operations. With ongoing economic pressures on state revenues and increasing consideration of affordability, funding from private sources continues to be vitally important to the University's operations.

The University measures its performance both for the University as a whole and for the University without its Medical Center and other clinical activities. A clearer picture of the academic and research mission revenue stream emerges when the Medical Center's data are excluded, as presented below. Net tuition and fees make up more than one-third of the operating revenues for the Academic Division and Wise. Contributing a combined 22.2 percent, private support in the form of endowment spending distribution and gifts has been, and will continue to be, essential to maintaining the University's academic excellence. External research support from grants and contracts makes up another 22.9 percent of operational funding.

Academic and Wise Revenues and Other Sources of Operational Funding



Expenses

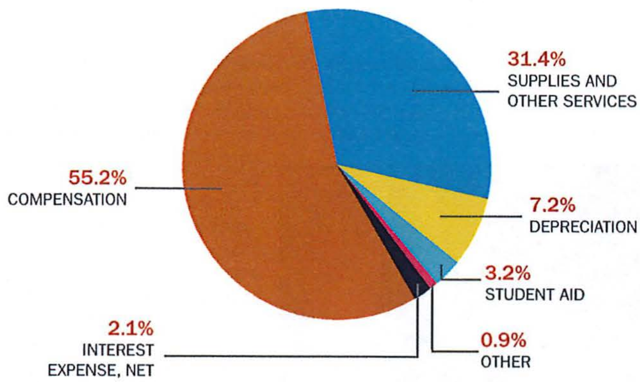
The University's expenses for the years ended June 30, 2020, and June 30, 2019, are summarized as follows:

SUMMARY OF EXPENSES *(in thousands)*	2020			2019			TOTAL INSTITUTION INCREASE (DECREASE)	
	ACADEMIC DIVISION & WISE	MEDICAL CENTER	TOTAL INSTITUTION	ACADEMIC DIVISION & WISE	MEDICAL CENTER	TOTAL INSTITUTION	AMOUNT	PERCENT
Operating expenses								
Compensation	$ 1,287,181	$ 754,261	$ 2,041,442	$ 1,217,975	$ 739,912	$ 1,957,887	$ 83,555	4.3%
Supplies and other services	361,598	801,635	1,163,233	424,162	781,497	1,205,659	(42,426)	(3.5%)
Student aid	117,856	-	117,856	104,793	-	104,793	13,063	12.5%
Depreciation	150,108	115,887	265,995	141,376	102,444	243,820	22,175	9.1%
Other operating expenses	24,406	-	24,406	7,929	-	7,929	16,477	207.8%
Total operating expenses	**1,941,149**	**1,671,783**	**3,612,932**	**1,896,235**	**1,623,853**	**3,520,088**	**92,844**	**2.6%**
Nonoperating expenses and other								
Interest expense (net of BAB rebate)	58,463	18,307	76,770	62,971	19,396	82,367	(5,597)	(6.8%)
Loss on capital assets	-	-	-	5,832	252	6,084	(6,084)	(100.0%)
Other nonoperating expenses	6,310	4,182	10,492	4,875	4,771	9,646	846	8.8%
Total nonoperating expenses	**64,773**	**22,489**	**87,262**	**73,678**	**24,419**	**98,097**	**(10,835)**	**(11.0%)**
TOTAL EXPENSES	**$ 2,005,922**	**$ 1,694,272**	**$ 3,700,194**	**$ 1,969,913**	**$ 1,648,272**	**$ 3,618,185**	**$ 82,009**	**2.3%**

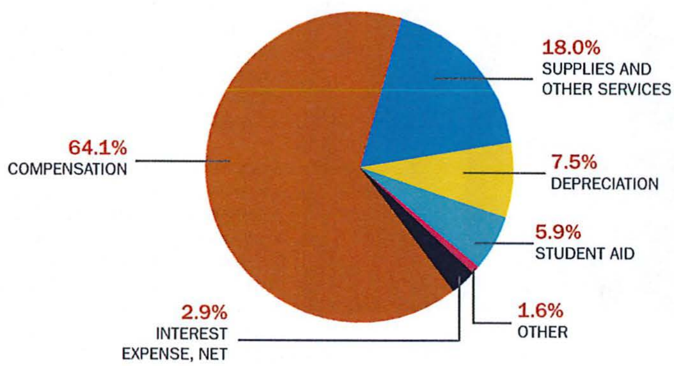
Increases in operating expenses are primarily driven by the increase in compensation and benefits (including the Virginia Retirement System pension and OPEB accruals). The University is committed to recruiting and retaining outstanding faculty and staff, and the compensation package is one way to successfully compete with peer institutions and nonacademic employers. The decrease in supplies and other services for the Academic Division and Wise is primarily related to the COVID-19 pandemic and a move to telework and virtual instruction in the last quarter. The decrease is partially offset by an increase in supplies and services on the Medical Center side due to strategic initiatives, ongoing relationships with other health systems, contractual increases with pharmaceutical suppliers, the opening of new clinics, continuing collaborative effort to increase staffing levels to meet patient demand, and the purchase of COVID-19 related equipment, telemedicine functionality for clinics, supplies, and opening of COVID-19 specific inpatient units.

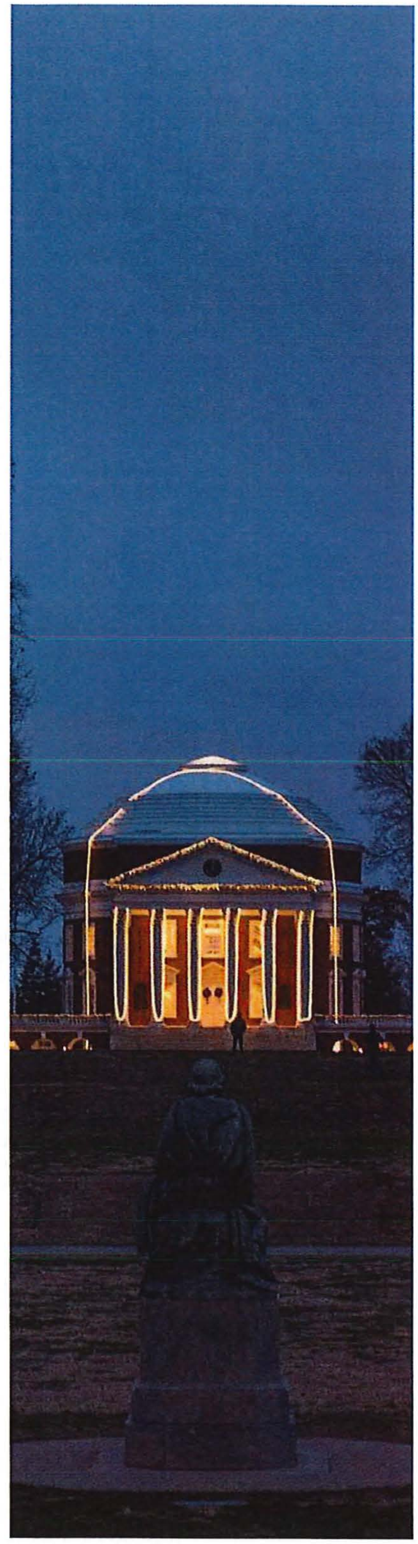
The following are graphic illustrations of expenses (both operating and nonoperating) for the fiscal year ended June 30, 2020.

TOTAL UNIVERSITY EXPENSES



ACADEMIC AND WISE EXPENSES





The first chart presents information for the total University, including the Medical Center, while the second chart presents information for just the Academic and Wise divisions. In addition to their natural (object) classification, it is also informative to review operating expenses by function.

A complete matrix of expenses, natural versus functional, is contained in Note 9 of the Notes to the Financial Statements. Expenses for core mission functions of patient services, instruction and research account for 71.3 percent of total operating expenses. The remainder is for support costs of these core mission functions and includes academic support, libraries, student services, institutional support services, and operation and maintenance of facilities.

Economic Outlook

The last thirteen months brought a new way of life to everyone as the nation, the Commonwealth of Virginia, and all aspects of the University were presented with a novel virus that sparked a global pandemic. And while COVID-19 has certainly changed the business and social norms for all colleges, universities, and health care systems, UVA continues to deliver on its mission of providing excellence in education, research, and patient care.

Necessity is often the catalyst of innovation, and UVA nimbly implemented a robust number of actions including hybrid learning, virus testing protocols, restrictions on facilities, as well as efforts surrounding athletics and patient care delivery. These are just a handful of the issues that have forced UVA to rethink its efforts for fiscal year 2020 and forward. The current dynamic and ongoing battle against COVID-19 has demonstrated in real time the University's resiliency as well as its ability to address and engage in the ongoing effort of protecting human, community, and intellectual capital.

As we progress into the new challenges of fiscal year 2021, UVA will look to its strong leadership team, healthy balance sheet, diverse and stable revenue streams, and most importantly, overall sound business acumen to aid in curtailing any sustained financial impact while seeking unexpected opportunities. While UVA continues to tirelessly navigate these new and challenging times, it is abundantly clear that significant hurdles and change continue to present themselves as we forge a new academic year.

Strategic priorities often become malleable in the face of uncertainty; however, the University continues to evaluate and explore its strategic initiatives encompassed in its 2030 Plan amidst the lingering impact of the coronavirus. As a result, UVA continues to advance exciting new initiatives that are critical to the long-term success of the institution.

The University is steadfast in its commitment to diversity and inclusion, with the formation of the Racial and Equity task force in June and an expanded scope that now includes not only students, faculty, and staff, but also community partnerships that all will work closely with the President's Council. Capital investments in classrooms and labs in the Gilmer/Chemistry complex, Alderman Library, and medical facilities continue, as does master planning for the Emmet-Ivy corridor to the University.

Other initiatives to retain top faculty, expand research opportunities, improve the residential experience, and address a ground-breaking commitment to sustainability are in balance with other pressing needs that include the overall financial impact of COVID.

At a macro level, the University of Virginia, as a public institution of higher education, faces a similar economic outlook as the Commonwealth of Virginia and the nation, according to rating agencies. Higher education remains a focus of attention at the state and national levels, particularly in terms of access, affordability, and student outcomes. With the economic and fiscal challenges COVID has presented, the overall outlook for The Higher Education Sector in 2020 shifted from stable to negative according to Moody's. The rationale for the sector downgrade cites uncertainty around the financial impact of the coronavirus and the unprecedented enrollment uncertainty it brings. Standard and Poor's has a similar outlook, and dropped its rating from stable to negative due to similar concerns around the novel virus and the burden it will create on sector credit quality and investment deterioration.

Both Moody's and Standard and Poor's share that while UVA may be better positioned to meet the demands of this challenging market dynamic, it is not immune to all the financial pressures at hand. As we navigate this environment, several challenges come to the forefront that included modified learning environments and athletic participation, increasing costs around health and safety, state funding compression, and financial market uncertainty. Fortunately, a diverse revenue base, strong endowment, broad philanthropic base, a commitment to organizational excellence and risk management, and relatively strong student demand all aid in mitigating the current fiscal climate, as all three rating agencies re-affirmed UVA's AAA debt rating in 2020.

With challenging times comes opportunity, and UVA has been able to leverage its strong market position to access capital markets at favorable terms. In July 2020, UVA issued $600 million of taxable, 30-year bonds, priced at 2.256 percent.

Some of the known uses of the proceeds include the University's 2030 Strategic Plan as well as $275 million in approved capital projects, refunding $81 million of the outstanding Series 2015A, and new capital projects under consideration but pending approval. When reaffirming UVA's triple-A rating, the rating agencies made positive comments about the University's superior market position and broad national reputation, excellent student demand and healthy enrollment trend (including geographic diversity), robust financial resources and sizable endowment, strong operating performance, treasury management, and carefully-managed self-liquidity program, generous donor support, prudent financial and strategic planning, excellent strategic positioning, sponsored research, and academic and Medical Center reputations, and revenue diversity, among other factors.

Increased liquidity and a bolstered balance sheet were not the only relief effort taken by the University. The $2.2-trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act, provided Federal support for UVA, ultimately aiding in curtailing some of the financial impacts that COVID created. During the fiscal year, the University was awarded $11.6 million from the CARES Act for the Higher Education Emergency Relief Fund (HEERF). Over $5.86 million of those funds have been used to provide students with emergency hardship support related to the disruption of on-Grounds operations due to COVID-19. The remaining $5.86 million, which will be drawn in fiscal year 2021, will cover costs associated with refunding student housing and dining charges in the Spring 2020 semester.

In addition to HEERF funds, UVA was also awarded $10.4 million in Coronavirus Relief Funding (CRF) as federal pass-through funds from the Commonwealth of Virginia. The primary use of these funds is in enhanced efforts around hybrid learning, personal protective equipment, adequate virus testing, improved quarantine and isolation support, and preparing Grounds for social distancing requirements.

The Medical Center was awarded $40.4 million in Provider Relief Funding to help offset $99 million in estimated lost patient revenues during the Coronavirus pandemic. The Medical Center was also granted $16.3 million in CRF federal pass-through funds from the Commonwealth, which is used primarily for personal protective equipment of patients and staff, telemedicine and teleworking costs, and COVID testing.

The CARES Act also provided cash flow relief in several forms. Both the Academic and Medical Center divisions elected to take advantage of relief under Section 2302 of the CARES Act. Section 2302 permits employers to defer payment of the 6.2 percent employer FICA tax on all wages paid between March 27, 2020, and December 31, 2020, and to pay 50% of the deferred FICA by December 31, 2021, and the remaining 50% by December 31, 2022. In addition, Centers for Medicare & Medicaid Services (CMS) accelerated Medicare payments to the Medical Center to minimize the effects of revenue shortfalls. The Medicare Accelerated and Advance Payment Programs, which existed before the pandemic, are designed to help hospitals facing cash flow disruptions during an emergency. These are loans that must be paid back, with timelines and terms for repayment. The total value of the combined Medical Center and Academic area deferrals is approximately $218 million at fiscal year end and will total approximately $250 million over the life of the program.

For fall of 2020, over 41,000 students applied to UVA with approximately 9,400 admission offers released, illustrating record application levels and yield. First year student enrollment for fall of 2020 is steady compared to previous years at 3,790, despite the pandemic. In addition, summer session attendance across the academic enterprise exceeded forecasts by over 3 percent. While the Provost and Vice President for Enrollment contemplate the 2021-22 academic year, the strong demand surrounding UVA's educational delivery continues to provide strong enrollment, even during these challenging times.

The Federal Government is not the only entity focusing its efforts on long term fiscal sustainability. The Commonwealth of Virginia also remains committed to diversifying and strengthening the workforce development, and business investments with less dependence on Federal spending. A clear signal of that commitment was represented in the additional $3 million of general funds awarded to UVA for fiscal year 2021 in October. In addition, the state stayed true to its commitment to higher education by maintaining its general funding support from fiscal year 2020 despite all the challenges COVID has created. While uncertainty remains at both the Federal and State level, it appears all parties are working diligently to support the mission and delivery of higher education for fiscal year 2021.

While cost recovery and expense management are critical components of UVA's 2021 plan, top line growth remains a strength that will be leveraged moving into a new fiscal year. In October 2019, UVA publicly launched *Honor the Future: The Campaign for the University of Virginia*, with a $5-billion fundraising goal. The University has both a strong tradition of philanthropy and exceptional leadership among volunteers and staff, who are executing strategic fundraising plans to grow support for institutional priorities. The Advancement team works with alumni and friends of the University to align their interests and philanthropic goals with UVA's priorities. Despite the global pandemic, donor commitment to the university has remained strong, with nearly $3.2 billion committed toward priority areas as of October 2020. Donors responded to the pandemic, contributing funds to support emergency assistance to students and employees and the Bridge Scholarship program to ensure that students who have experienced significant financial impact related to COVID do not have their studies interrupted.

The same commitment to excellence and resiliency is shared by the UVA Medical Center. When the Commonwealth of Virginia halted all elective surgeries during the early months of the COVID-19 pandemic, the Medical Center experienced dramatic volume declines, creating significant financial pressures from the loss of revenue. UVA Health managed this initial crisis with a successfully executed temporary financial mitigation plan. In fiscal year 2021 volumes are projected to return to pre-COVID levels, but the pandemic is expected to continue to drive significant uncertainty and financial challenges. Looking forward, UVA Health will begin a strategic planning process that will guide the organization into the future, keeping responsibility to care for the medically underserved as a cornerstone.

UVA continues to explore growth opportunities in instruction, research, and patient care while effectively managing its current operating model. As UVA remains true to its 2030 Strategic Plan with aspirations of being both Great and Good, it will leverage a strong sense of community combined with effective and efficient leadership and a proven track record of fiscal management to navigate these unprecedented times.

UNIVERSITY OF VIRGINIA
STATEMENT OF NET POSITION *(in thousands)*

AS OF JUNE 30, 2020 (WITH COMPARATIVE INFORMATION AS OF JUNE 30, 2019)

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	$ 314,161	$ 123,304
Short-term investments (Note 2)	177,234	235,286
Appropriations available	12,989	11,772
Accounts receivable, net (Note 3a)	425,837	402,293
Prepaid expenses	25,661	25,450
Inventories	37,801	33,654
Notes receivable, net (Note 3b)	5,526	6,045
Pledges receivable, net (Note 3c)	35,996	43,045
Total current assets	**1,035,205**	**880,849**
Noncurrent assets		
Cash and cash equivalents (Note 2)	101,103	12,854
Long-term investments (Note 2)	2,584,830	2,455,688
Endowment (Note 2)	5,151,300	5,068,614
Notes receivable, net (Note 3b)	34,379	29,189
Pledges and other receivables, net (Note 3c)	165,098	185,238
Capital assets - depreciable, net (Note 3d)	3,765,491	3,320,737
Capital assets - nondepreciable, net (Note 3d)	573,351	718,817
Derivative instrument asset (Note 6)	1,422	140
Investment in affiliated companies (Note 7)	93,620	97,510
OPEB asset (Note 12)	15,321	17,048
Other (Note 3e)	89,476	72,835
Total noncurrent assets	**12,575,391**	**11,978,670**
DEFERRED OUTFLOWS OF RESOURCES (Note 3f)	**200,480**	**144,136**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 13,811,076**	**$ 13,003,655**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 3g)	$ 645,842	$ 430,039
Unearned revenue (Note 3h)	85,781	80,038
Deposits held in custody for others	17,874	14,716
Commercial paper (Note 4)	-	243,900
Long-term debt - current portion (Note 5a)	10,514	10,186
Long-term liabilities - current portion (Note 5b)	104,646	99,491
Total current liabilities	**864,657**	**878,370**
Noncurrent liabilities		
Long-term debt (Note 5a)	2,475,090	1,980,362
Derivative instrument liability (Note 6)	51,414	35,068
Net pension liability (Note 11)	569,102	474,206
OPEB liability (Note 12)	265,810	255,675
Other noncurrent liabilities (Note 5b)	157,610	140,740
Total noncurrent liabilities	**3,519,026**	**2,886,051**
DEFERRED INFLOWS OF RESOURCES (Note 3l)	**301,640**	**321,701**
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**$ 4,685,323**	**$ 4,086,122**
NET POSITION		
Net investment in capital assets	$ 2,064,432	$ 1,960,130
Restricted:		
Nonexpendable	998,964	891,397
Expendable	3,356,964	3,286,385
Unrestricted	2,705,393	2,779,621
TOTAL NET POSITION	**$ 9,125,753**	**$ 8,917,533**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$ 13,811,076**	**$ 13,003,655**

Certain 2019 amounts have been restated to conform to 2020 classifications.

The accompanying Notes to Financial Statements are an integral part of this statement.

UNIVERSITY OF VIRGINIA
COMPONENT UNITS, COMBINED STATEMENT OF FINANCIAL POSITION *(in thousands)*

AS OF JUNE 30, 2020 (WITH COMPARATIVE INFORMATION AS OF JUNE 30, 2019)

		2020		2019
ASSETS				
Current assets				
Cash and cash equivalents	$	206,109	$	110,415
Receivables		176,519		190,038
Short-term investments		274,559		668,270
Other current assets		5,998		5,548
Total current assets		**663,185**		**974,271**
Noncurrent assets				
Pledges receivable, net		166,584		170,821
Long-term investments		10,120,197		9,532,621
Capital assets, net of depreciation		484,615		468,028
Other noncurrent assets		57,258		51,784
Total noncurrent assets		**10,828,654**		**10,223,254**
TOTAL ASSETS	**$**	**11,491,839**	**$**	**11,197,525**
LIABILITIES AND NET ASSETS				
Current liabilities				
Assets held in trust for others	$	118,590	$	116,777
Other liabilities		352,202		310,488
Total current liabilities		**470,792**		**427,265**
Noncurrent liabilities				
Long-term debt, net of debt issuance cost and current portion of $9,852 and $5,181		92,390		137,731
Other noncurrent liabilities		8,515,079		8,297,032
Total noncurrent liabilities		**8,607,469**		**8,434,763**
TOTAL LIABILITIES	**$**	**9,078,261**	**$**	**8,862,028**
NET ASSETS				
Unrestricted	$	455,341	$	477,587
Temporarily restricted		969,153		934,699
Permanently restricted		989,084		923,211
TOTAL NET ASSETS	**$**	**2,413,578**	**$**	**2,335,497**
TOTAL LIABILITIES AND NET ASSETS	**$**	**11,491,839**	**$**	**11,197,525**

The accompanying Notes to Financial Statements are an integral part of this statement.

UNIVERSITY OF VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION *(in thousands)*

FOR THE YEAR ENDED JUNE 30, 2020 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2019)

		2020		2019
CUSTODIAL FUND ASSETS				
Noncurrent assets				
Long-term investments	$	19,164	$	17,466
Total noncurrent assets		**19,164**		**17,466**
TOTAL ASSETS	**$**	**19,164**	**$**	**17,466**
CUSTODIAL FUND LIABILITIES				
Current liabilities				
Distributions Payable	$	937	$	708
Total current liabilities		**937**		**708**
TOTAL LIABILITIES	**$**	**937**	**$**	**708**
CUSTODIAL FUND NET POSITION				
Restricted for outside organizations	$	18,227	$	16,758
TOTAL CUSTODIAL FUND NET POSITION	**$**	**18,227**	**$**	**16,758**
TOTAL CUSTODIAL FUND LIABILITIES AND NET POSITION	**$**	**19,164**	**$**	**17,466**

The accompanying Notes to Financial Statements are an integral part of this statement.

UNIVERSITY OF VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION *(in thousands)*

FOR THE YEAR ENDED JUNE 30, 2020 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2019)

	2020	2019
REVENUES		
Operating revenues		
Student tuition and fees, net of scholarship allowances of $157,278 and $143,610	$ 619,517	$ 595,751
Patient services, net of charity care and contractual adjustments of $4,334,197 and $4,252,671	1,688,766	1,719,128
Federal grants and contracts	333,612	304,008
State and local grants and contracts	7,539	6,845
Nongovernmental grants and contracts	71,907	66,082
Sales and services of educational departments	26,259	31,437
Auxiliary enterprises revenue, net of scholarship allowances of $17,371 and $22,098	137,345	140,787
Other operating revenues	61,750	50,988
TOTAL OPERATING REVENUES	**2,946,695**	**2,915,026**
EXPENSES		
Operating expenses (Note 9)		
Compensation and benefits	2,041,442	1,957,887
Supplies and other services	1,163,233	1,205,659
Student aid	117,856	104,793
Depreciation	265,995	243,820
Other	24,406	7,929
TOTAL OPERATING EXPENSES	**3,612,932**	**3,520,088**
OPERATING LOSS	**(666,237)**	**(605,062)**
NONOPERATING REVENUES (EXPENSES)		
State appropriations (Note 10)	192,642	175,152
Gifts	206,454	197,161
Investment income	342,496	400,223
Pell grants	15,010	14,225
Nonoperating grants (Note 15)	65,009	-
Interest on capital asset-related debt	(87,607)	(88,013)
Build America Bonds rebate	10,837	5,646
Gain (loss) on capital assets	4,369	(6,084)
Other net nonoperating expenses	(10,492)	(803)
NET NONOPERATING REVENUES	**738,718**	**697,507**
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	**72,481**	**92,445**
Capital appropriations	45,339	49,379
Capital grants and gifts	43,708	129,798
Additions to permanent endowments	46,692	83,717
Special items	-	(4,875)
TOTAL OTHER REVENUES (EXPENSES)	**135,739**	**258,019**
INCREASE IN NET POSITION	**208,220**	**350,464**
NET POSITION		
Net position - beginning of year	8,917,533	8,550,165
Net effect of prior period adjustments (Note 1)	-	16,904
NET POSITION - BEGINNING OF YEAR AS RESTATED	**8,917,533**	**8,567,069**
NET POSITION - END OF YEAR	**$ 9,125,753**	**$ 8,917,533**

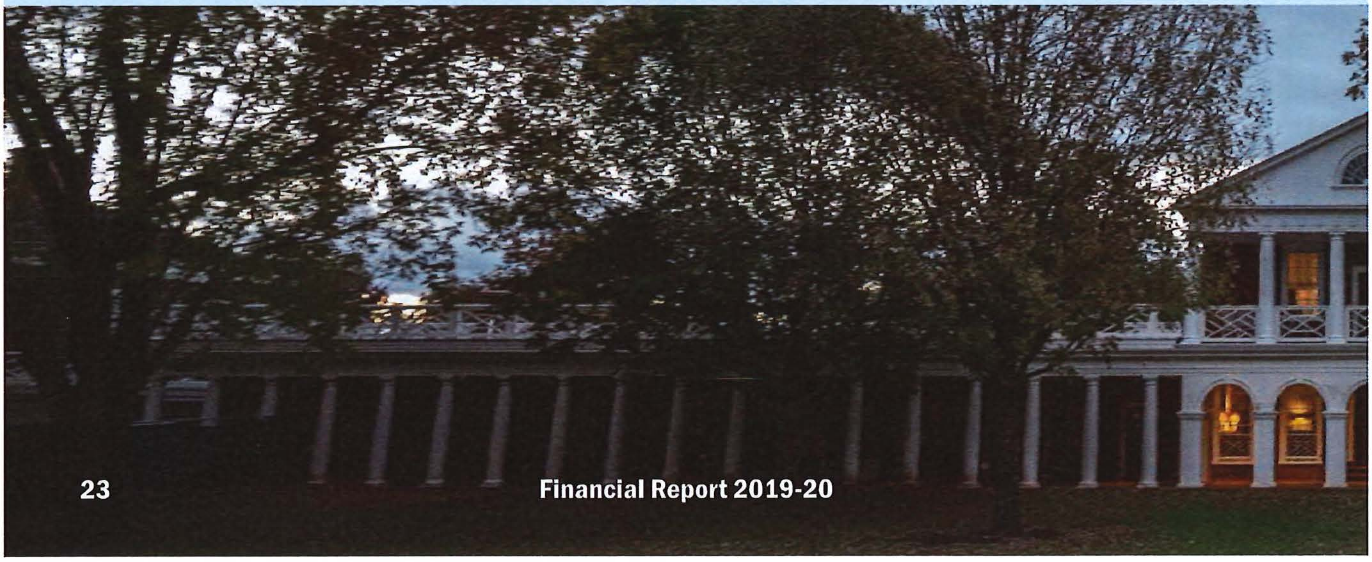
The accompanying Notes to Financial Statements are an integral part of this statement.

UNIVERSITY OF VIRGINIA
COMPONENT UNITS, COMBINED STATEMENT OF ACTIVITIES *(in thousands)*

FOR THE YEAR ENDED JUNE 30, 2020 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2019)

	2020	2019
UNRESTRICTED REVENUES AND SUPPORT		
Contributions	$ 33,734	$ 29,716
Fees for services, rentals and sales	413,791	441,239
Investment income	54,022	51,410
Net assets released from restriction	135,527	161,226
Other revenues	158,648	145,073
TOTAL UNRESTRICTED REVENUES AND SUPPORT	**795,722**	**828,664**
EXPENSES		
Program services, lectures and special events	558,482	549,663
Scholarships and financial aid	87,889	79,786
Management and general	39,805	38,400
Other expenses	130,551	148,568
TOTAL EXPENSES	**816,727**	**816,417**
(DEFICIENCY) EXCESS OF UNRESTRICTED REVENUES AND SUPPORT OVER EXPENSES	**(21,005)**	**12,247**
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	89,123	95,565
Investment and other income	72,475	81,307
Reclassification per donor stipulation	-	(2,435)
Net assets released from restriction	(128,278)	(151,611)
NET CHANGES IN TEMPORARILY RESTRICTED NET ASSETS	**33,320**	**22,826**
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS		
Contributions	63,180	168,168
Investment and other income (loss)	9,835	(1,822)
Reclassification per donor stipulation	-	30
Net assets released from restriction	(7,249)	(9,615)
NET CHANGES IN PERMANENTLY RESTRICTED NET ASSETS	**65,766**	**156,761**
CHANGES IN NET ASSETS	**78,081**	**191,834**
Net assets - beginning of year	2,335,497	2,143,663
NET ASSETS - END OF YEAR	**$ 2,413,578**	**$ 2,335,497**

The accompanying Notes to Financial Statements are an integral part of this statement.

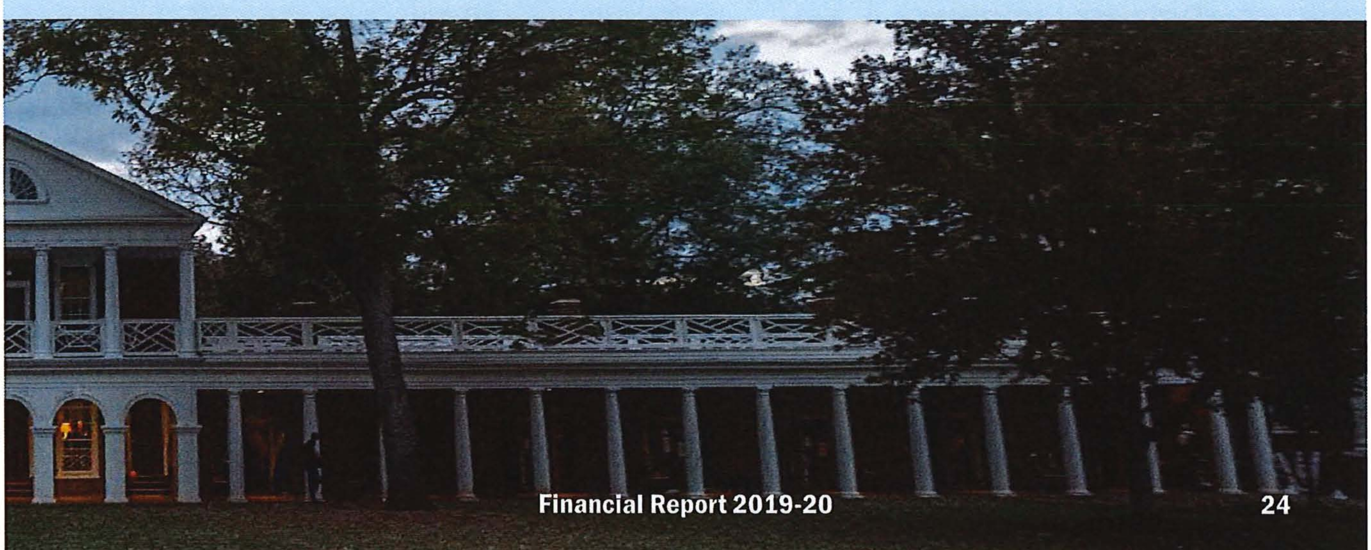


UNIVERSITY OF VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION *(in thousands)*

FOR THE YEAR ENDED JUNE 30, 2020 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2019)

	2020	2019
ADDITIONS		
Investment Income		
Net increase in fair value of investments	$ 1,103	$ 974
Less: Investment fees	(36)	(38)
Net Investment Income	**1,067**	**936**
Participant contributions	1,389	-
TOTAL ADDITIONS	**2,456**	**936**
DEDUCTIONS		
Annual distribution to participants	937	708
Additional shares redeemed	50	35
TOTAL DEDUCTIONS	**987**	**743**
INCREASE IN FIDUCIARY NET POSITION	**1,469**	**193**
NET POSITION		
Net position - beginning of year	16,758	-
Net effect of prior period adjustments (Note 1)	-	16,565
NET POSITION - BEGINNING OF YEAR AS RESTATED	**16,758**	**16,565**
NET POSITION - END OF YEAR	**$ 18,227**	**$ 16,758**

The accompanying Notes to Financial Statements are an integral part of this statement.



UNIVERSITY OF VIRGINIA
STATEMENT OF CASH FLOWS *(in thousands)*

FOR THE YEAR ENDED JUNE 30, 2020 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 622,608	$ 594,746
Grants and contracts	410,594	385,487
Patient services	1,871,747	1,794,254
Sales and services of educational activities	24,573	36,724
Sales and services of auxiliary enterprises	129,896	133,647
Payments to employees and fringe benefits	(1,962,385)	(1,941,427)
Payments to vendors and suppliers	(1,176,308)	(1,216,731)
Payments for scholarships and fellowships	(117,856)	(104,793)
Perkins and other loans issued to students	(10,979)	(7,344)
Collection of Perkins and other loans to students	7,982	8,908
Other receipts	(14,294)	60,824
NET CASH USED BY OPERATING ACTIVITIES	**(214,422)**	**(255,705)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	190,872	169,878
Additions to permanent endowments	46,692	83,717
Federal Direct Loan Program receipts	129,428	133,178
Federal Direct Loan Program payments	(129,428)	(133,178)
Pell grants	15,010	14,225
Nonoperating grants	69,481	-
Deposits held in custody for others	3,232	2,949
Noncapital gifts and grants and endowments received	239,625	181,350
Proceeds from noncapital debt	100	73,454
Repayments from noncapital debt	(49,000)	(137,745)
Other net nonperating expenses	(29,974)	(41,364)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	**486,038**	**346,464**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations	45,808	47,683
Capital gifts and grants received	66,923	43,776
Proceeds from capital debt	818,104	189,433
Proceeds from sale of capital assets	9,013	325
Acquisition and construction of capital assets	(557,819)	(498,694)
Principal paid on capital debt and leases	(474,088)	(10,902)
Interest paid on capital debt and leases	(112,437)	(83,127)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	**(204,496)**	**(311,506)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	498,242	1,051,906
Interest on investments	(10,484)	(15,898)
Purchase of investments and related fees	(271,907)	(776,356)
Other investment activities	(3,865)	(2,132)
NET CASH PROVIDED BY INVESTING ACTIVITIES	**211,986**	**257,520**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**279,106**	**36,773**
Cash and cash equivalents - beginning of year	136,158	99,385
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 415,264**	**$ 136,158**

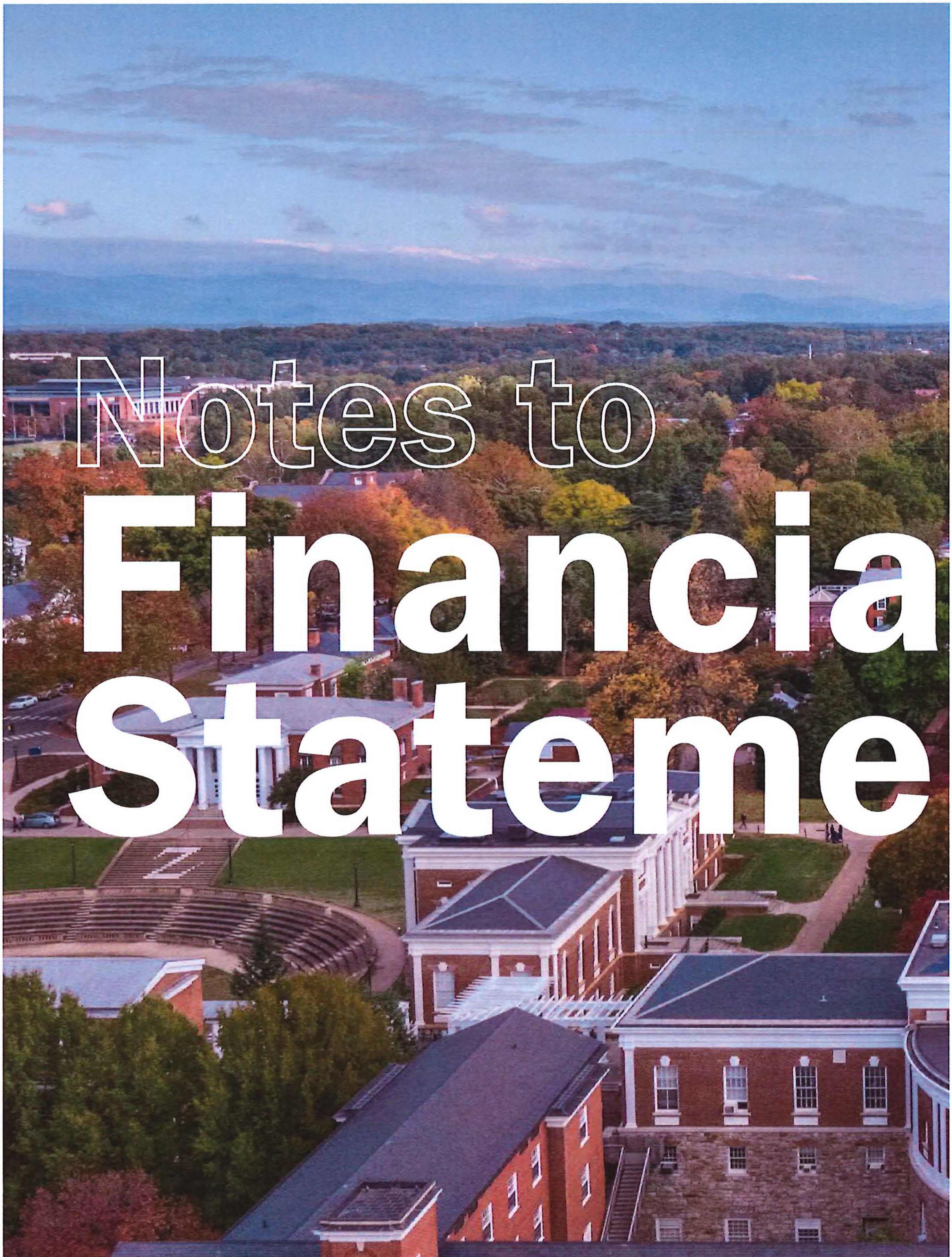
Certain 2019 amounts have been restated to conform to 2020 classifications.
The accompanying Notes to Financial Statements are an integral part of this statement.

UNIVERSITY OF VIRGINIA
STATEMENT OF CASH FLOWS, CONTINUED *(in thousands)*

FOR THE YEAR ENDED JUNE 30, 2020 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2019)

	2020	2019
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$ (666,237)	$ (605,062)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	265,995	243,820
Changes in assets, liabilities, deferred outflows and deferred inflows:		
Receivables, net	(30,829)	14,638
Inventories	(1,403)	(2,318)
OPEB asset	1,727	(1,611)
Other assets	(3)	-
Prepaid expenses	(2,930)	(2,092)
Notes receivable, net	(7,197)	3,215
Investment in affiliated companies	512	-
Capital assets, net	(1)	(5,142)
Deferred outflows of resources	(72,390)	732
Accounts payable and accrued liabilities	217,047	108,667
Unearned revenue	(8,281)	5,312
Long-term liabilities	10,602	21,030
Net pension liability	94,896	(32,180)
OPEB liability	10,135	(37,870)
Deferred inflows of resources	(26,065)	33,156
TOTAL ADJUSTMENTS	**451,815**	**349,357**
NET CASH USED BY OPERATING ACTIVITIES	**$ (214,422)**	**$ (255,705)**
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Assets acquired through assumption of a liability	$ 2,661	$ 7,564
Assets acquired through a gift	20	468
Change in fair value of investments	366,214	410,033
(Decrease) increase in receivables related to nonoperating income	(35,430)	99,242
Gain (loss) on disposal of capital assets	4,262	(5,832)
Loss on investments in affiliated companies	(11,751)	(146)
Change in non-controlling interest in subsidiary	(229)	(558)
Amortization of bond premium and deferral	30,331	(121)

Certain 2019 amounts have been restated to conform to 2020 classifications.
The accompanying Notes to Financial Statements are an integral part of this statement.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NOTE 1

Organization and Summary of Significant Accounting Policies

ORGANIZATION AND PURPOSE

The University of Virginia (the University) is an agency of the Commonwealth of Virginia (the Commonwealth) and is governed by the University's Board of Visitors (the Board). A separate report is prepared for the Commonwealth that includes all agencies, boards, commissions and authorities over which the Commonwealth exercises or can exercise oversight authority. The University is a discretely presented component unit of the Commonwealth and is included in its basic financial statements. The University consists of three divisions. The Academic Division and the University of Virginia's College at Wise (the College at Wise) generate and disseminate knowledge in the humanities, arts, and scientific and professional disciplines through instruction, research, and public service. The Medical Center Division (the Medical Center), along with its two controlled subsidiary companies — University of Virginia Imaging, LLC and Community Medicine, LLC — provides routine and ancillary patient services through a full-service hospital and clinics.

INCOME TAX STATUS

The University is an agency of the Commonwealth and is exempt from federal income tax under Section 115(a) of the Internal Revenue Code. The University's related organizations are 501(c)(3) organizations and are exempt from federal income tax under the Internal Revenue Code. Certain activities may be subject to taxation as unrelated business income per Internal Revenue Code requirements.

FINANCIAL REPORTING ENTITY

As required by generally accepted accounting principles in the United States of America (U.S. GAAP), the financial reporting entity includes both the University and all of its component units. The University's component units are either blended or discretely presented in the University's financial statements. The blended component units, although legally separate, are, in substance, part of the University's operations and, therefore, are reported as if they were part of the University. Discretely presented component units' financial data are reported in separate financial statements because of their use of different GAAP reporting models and to emphasize their separate legal status.

BLENDED COMPONENT UNITS

UVA Global, LLC, a 100 percent controlled subsidiary of the University, was organized to serve as the parent company to a wholly foreign-owned enterprise (the WFOE) in Shanghai, China. The purpose of UVA Global, LLC and its subsidiary, the WFOE, is to help promote and orchestrate the University's academic activities and operations in China in compliance with the legal structures permitted by the host country. Subsequently, an authorized representative has been appointed to act on behalf of the parent company and the University.

DISCRETELY PRESENTED COMPONENT UNITS

The University has 23 legally separate, tax-exempt University-Associated Organizations (UAOs) operating in support of the interests of the University. These UAOs are not-for-profit corporations controlled by separate boards of directors. The University determined that the following nine UAOs qualify as component units of the University because of the nature and significance of their relationship with the University, including their ongoing financial support of its schools. As such, they are presented discretely in the financial statements as of and for the year ended June 30, 2020.

- University of Virginia Law School Foundation
- The College Foundation of the University of Virginia
- University of Virginia Darden School Foundation
- Alumni Association of the University of Virginia
- Jefferson Scholars Foundation
- Virginia Athletics Foundation
- University of Virginia Foundation
- University of Virginia Physicians Group
- University of Virginia Investment Management Company

The component units' combined financial information is included in the accompanying financial statements. Condensed financial statements for each component unit are disclosed in Note 8. Information on the organization and nature of activities for each component unit follows.

The **University of Virginia Law School Foundation (Law School Foundation)** was established to foster the study and teaching of law at the University and to receive and administer funds for that purpose. It expends funds to support professorships, faculty benefits, financial aid, student activities and other academic programs within the University's Law School. For additional information, contact the Law School Foundation Treasurer's Office at Slaughter Hall, 580 Massie Road, Charlottesville, VA 22903.

The **College Foundation of the University of Virginia (College Foundation)** was formed to further the purposes and aspirations of the College and Graduate School of Arts and Sciences (the College) of the University. It accomplishes its purposes through fundraising and funds management efforts to benefit the College, its programs and other areas of the University. For additional information, contact the College Foundation at P.O. Box 400801, Charlottesville, VA 22904.

The **University of Virginia Darden School Foundation (Darden School Foundation)** was established to promote the advancement and further the aims and purposes of the Darden School of Business of the University and to provide education for business executives. For additional information, contact the Darden School Foundation at P.O. Box 6550, Charlottesville, VA 22906.

The **Alumni Association of the University of Virginia (Alumni Association)** was established to provide services to all alumni of the University, thereby assisting the University and all its students, faculty and administration in attaining the University's highest priority of achieving eminence as a center of higher learning. For additional information, contact the Alumni Foundation's Finance and Administration Office at P.O. Box 400314, Charlottesville, VA 22904.

The **Jefferson Scholars Foundation (JSF)** was established to develop and administer a merit-based scholarship, fellowship and professorship program. The mission of the JSF is to serve the University by identifying, attracting and nurturing individuals of extraordinary intellectual range and depth, who possess the highest concomitant qualities of leadership, scholarship and citizenship. For additional information, contact the JSF Finance Team at P.O. Box 400891, Charlottesville, VA 22904.

The **Virginia Student Aid Foundation, Inc., T/A Virginia Athletics Foundation (VAF)**, was established to support intercollegiate athletic programs at the University by providing student-athletes the opportunity to achieve academic and athletic excellence. It provides funding for student-athlete scholarships, funding for student-athlete academic advising programs, operational support for various sports, informational services to its members and the general public, and ancillary support to the athletic programs. VAF has adopted December 31 as its year end. All amounts reflected are as of December 31, 2019. For additional information, contact the VAF Gift Accounting Office at P.O. Box 400833, Charlottesville, VA 22904.

The **University of Virginia Foundation (UVAF)**, including the University of Virginia Real Estate Foundation, was established to provide administrative services to the University and supporting organizations; engage in any and all matters pertaining to real property for the benefit of the University; and use and administer gifts, grants and bequests, and devises for the benefit of the University. For additional information, contact the UVAF Financial Services Office at P.O. Box 400218, Charlottesville, VA 22904.

The **University of Virginia Physicians Group (UPG)** was established as a nonprofit group practice health care provider organization designed to assist medical education through teaching and research within the academic environment of the Health System of the University. It also strives to coordinate and develop superior patient care in the Health System. UPG entered into an affiliation agreement with the University for UPG, through its member clinical departments, to provide patient care at the Health System. UPG provides patient care services to Health System patients, and in conjunction with the care of patients, provides teaching services. The University provides space and certain administrative services to UPG, which reimburses the University for the salaries and fringe benefits of classified and hourly employees of the clinical departments paid by the University and not funded by the Commonwealth or by gifts, grants and contracts. For additional information, contact the UPG Finance Office at 4105 Lewis & Clark Drive, Charlottesville, VA 22911.

The **University of Virginia Investment Management Company (UVIMCO)** was established to provide investment management services to the University and University foundations. For additional information, contact UVIMCO at 701 East Water Street, Charlottesville, VA 22902.

REPORTING BASIS AND MEASUREMENT FOCUS

The University prepares its financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP). As a public institution, the University adheres to standards promulgated by the Governmental Accounting Standards Board (GASB). In accordance with GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, the University has elected to report as an entity engaged in business-type activities. Entities engaged in business-type activities are financed in whole or in part by fees charged to external parties for goods and services. Statement No. 34 establishes standards for external financial reporting for public colleges and universities.

The University also follows GASB Statement No. 84, *Fiduciary Activities* for activities that meet the fiduciary activity criteria defined by GASB. Fiduciary activities are those activities that state and local governments carry out for the benefit of individuals or other agencies outside the government. The University's fiduciary activities are presented in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

The accompanying financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues, including all exchange and nonexchange transactions, are recorded when earned, and expenses are recorded when incurred and measurable, regardless of when the related cash flows take place. In accordance with GASB requirements, revenues from nonexchange transactions are recognized in the fiscal year in which all eligibility requirements (resource provider conditions) have been satisfied, if measurable and probable of collection.

The component units included herein follow the pronouncements of the Financial Accounting Standards Board (FASB). Their separately published financial statements are presented in accordance with those standards and use the full accrual basis of accounting.

FAIR VALUE MEASUREMENTS

The University follows the guidance in GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value and establishes guidelines and a framework for measuring fair value. Fair value is 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. The University categorizes its fair value measurements within the fair value hierarchy established by Statement No. 72. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 – Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets as of the reporting date.

Level 2 – Inputs are observable, for example, for quoted prices for similar assets or liabilities in active markets or for identical assets or liabilities in inactive markets.

Level 3 – Inputs are unobservable, reflecting the assumptions of management and are significant to the fair value measurement.

The University establishes the fair value of its investments in investment funds that do not have a readily determinable fair value by using net asset value (NAV) per share (or its equivalent) as reported by the external fund manager when NAV per share is calculated as of the measurement date in a manner consistent with the FASB's measurement principles for investment companies. These investments are not reported in the fair value hierarchy.

CASH AND CASH EQUIVALENTS

In addition to cash on deposit in commercial bank accounts, petty cash and undeposited receipts, cash and cash equivalents include cash on deposit with fiscal agents and investments with original maturities of ninety days or less. Substantially all cash is concentrated in accounts in which balances exceed Federal Deposit Insurance Corporation (FDIC) insurance limits. At June 30, 2020, the Medical Center had $10.4 million in uncollateralized cash related to its subsidiary operations. Money market instruments are valued at amortized costs.

INVESTMENTS

The University invests with UVIMCO and other asset managers. Investments are recorded at market value. Certain less marketable investments, such as private equity investments, are generally carried at estimated values as determined by management. Because of the inherent uncertainty in the use of estimates, values that are based on estimates may differ from the values that would have been used had a ready market existed for the investments.

Investments with UVIMCO are in the Short-Term Pool (STP) and Long-Term Pool (LTP), which are unitized investment pools. The STP commingles LTP cash, certain UVIMCO funds and short-term funds of the University and the UAOs. The LTP commingles endowment, charitable trusts, certain fiduciary assets, and other investments of the University and the UAOs. Assets of the STP and LTP are pooled on a fair value basis in accordance with U.S. GAAP. These assets are unitized daily for the STP and monthly for the LTP. Deposits and withdrawals are processed weekly for the STP and monthly for the LTP.

Effective July 1, 2019, the University and UVIMCO amended the Deposit and Management Agreement (DMA) for the LTP. In accordance with the new agreements, depositors may invest in the LTP on a monthly basis and redeem on a quarterly basis. Subject to the terms in the agreements, depositors may also request a special redemption at any month-end. Each depositor subscribes to or disposes of units on the basis of the market value per share as of the trade date for the STP. Contribution and redemption requests are processed weekly for the University and UAOs and daily for the LTP. LTP transactions are subject to the notification requirements and caps set forth in the DMA between the University and UVIMCO. There is also a quarterly withdrawal cap of 4 percent of the value of the University's total interest in the pool. All withdrawal requests require at least 120 days' written notice.

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, including time requirements, have been met. In the absence of such a promise, revenue is recognized when the gift is received. Endowment pledges do not meet eligibility requirements, as defined by GASB standards, and are not recorded as assets until the related gift is received.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promises are made, commensurate with expected future payments. An allowance for uncollectible pledges receivable is determined based on management's judgment of potentially uncollectible amounts. The determination includes such factors as prior collection history and the type of gift.

PREPAID EXPENSES

Prepaid expenses are items paid for in the current year, but for which the underlying asset will not be entirely consumed until a future period. The University's prepaid expenses for fiscal year ended June 30, 2020 included prepaid insurance premiums, various prepayments to vendors, and prepaid rent.

INVENTORIES

Inventories, consisting primarily of supplies and merchandise for resale, are valued at the lower of cost (generally determined on the weighted average method) or market value.

CAPITAL ASSETS AND DEPRECIATION

Capital assets are recorded at cost on the date of acquisition or, if donated, at the acquisition value on the date of donation. Capital assets are depreciated or amortized on a straight-line basis over their estimated useful lives unless they are inexhaustible or are intangible assets with indefinite useful lives. The University capitalizes construction costs that have a value or cost in excess of $250,000 on the date of acquisition. Renovations in excess of $250,000 are capitalized if they significantly extend the useful life of the existing asset. The Academic Division and the College at Wise capitalize moveable equipment at a value or cost of $5,000 and an expected useful life of greater than one year.

The Medical Center capitalizes moveable equipment at a value or cost of $2,000 and an expected useful life of two or more years. Maintenance or renovation expenditures of $250,000 or more are capitalized only to the extent that such expenditures prolong the life of the asset or otherwise enhance its capacity to render service.

Expenditures related to construction are capitalized as they are incurred. Projects that have not been completed as of the date of the Statement of Net Position are classified as Construction in Progress.

Capital assets, such as roads, parking lots, sidewalks, and other nonbuilding structures and improvements, are capitalized as infrastructure and depreciated accordingly.

In accordance with GASB standards, the University capitalizes intangible assets such as computer software developed or obtained for internal use, easements, patents, and trademarks. Capitalization begins when the asset is considered identifiable. For computer software, this is often at the application development stage, which consists of the design, coding, installation, and testing of the software and interfaces.

Interest expense incurred during the construction of capital assets is capitalized, if material, net of interest income earned on resources set aside for this purpose. Net interest capitalized for the fiscal year ended June 30, 2020, was $5.2 million.

The estimated useful lives of capital assets are as follows:

ASSETS	YEARS
Buildings, improvements other than buildings and infrastructure	10-50
Equipment	2-20
Intangible assets	5-20
Library books	10

COLLECTIONS

The University does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are protected and preserved, neither disposed of for financial gain, nor encumbered by any means. Accordingly, such collections are not recognized as assets for financial statement purposes.

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources are a consumption of net assets that are applicable to a future reporting period and increase net position similar to assets.

DEPOSITS

Deposits held in custody for others represent cash and invested funds held by the University on behalf of various groups and organizations.

UNEARNED REVENUE

Unearned revenue consists primarily of cash received from grant and contract sponsors that has not been earned under the terms of the agreement, and amounts received in advance of an event, such as student tuition and fees as well as fees for housing and dining services.

COMPENSATED ABSENCES

The amount of leave earned but not taken by nonfaculty salaried employees is recorded as a liability on the Statement of Net Position. The amount reflects, as of June 30, 2020, all unused vacation leave, and the amount payable upon termination under the Commonwealth's sick leave payout policy. The applicable share of employer-related taxes payable on the eventual termination payments is also included.

LONG-TERM DEBT AND DEBT ISSUANCE COSTS

Long-term debt on the Statement of Net Position is reported net of related discounts and premiums, which are amortized over the life of the debt. Debt issuance costs, except portions related to prepaid insurance, are expensed as nonoperating expenses.

PENSIONS

The Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan are single employer pension plans that are treated like cost-sharing plans for financial reporting purposes. For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the VRS State Employee Retirement Plan and the VaLORS Retirement Plan, and the additions to/deductions from the VRS State Employee Retirement Plan's and the VaLORS Retirement Plan's net fiduciary position, have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments held by VRS are reported at fair value.

Full-time faculty and certain administrative staff may participate in defined contribution Optional Retirement Plans established by the University. University of Virginia employees must elect to be in the Optional Retirement Plan (ORP) within sixty days of becoming eligible. Medical Center employees are automatically placed in the Medical Center Retirement Program (MCRP), but may elect to continue in the VRS if they were already a participant prior to becoming eligible for the MCRP. Distributions from both the ORP and MCRP are made in accordance with Code Section 401(a)(9). Transactions and account balances are based on fair market value determined by Fidelity or TIAA-CREF.

OTHER POSTEMPLOYMENT BENEFITS

The University participates in other postemployment benefit (OPEB) programs that are sponsored by the Commonwealth and administered by the VRS. These programs include the Group Life Insurance Program, Virginia Sickness and Disability Plan, Retiree Health Insurance Credit Program, and Line of Duty Act Program.

Group Life Insurance

The VRS Group Life Insurance (GLI) program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, which provides the authority under which benefit terms are established or may be amended. The GLI program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI Program OPEB, and GLI program OPEB expense, information about the fiduciary net position of the VRS GLI program OPEB and the additions to/deductions from the VRS GLI program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

State Employee Health Insurance Credit Program

The VRS State Employee Health Insurance Credit (HIC) program is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The HIC program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, which provides the authority under which benefit terms are established or may be amended. The HIC program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired state employees. For purposes of measuring the net HIC program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the HIC program OPEB, and the HIC program OPEB expense, information about the fiduciary net position of the VRS HIC program; and the additions to/deductions from the VRS HIC program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Line of Duty Act Program

The VRS Line of Duty Act (LODA) program is a multiple-employer, cost-sharing plan. The LODA program was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, which provides the authority under which benefit terms are established or may be amended. The LODA program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. For purposes of measuring the net LODA program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the LODA program OPEB, and LODA program OPEB expense, information about the fiduciary net position of the VRS LODA program OPEB plan and the additions to/deductions from the VRS LODA program OPEB plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

VRS Disability Insurance Program
The VRS Virginia Sickness and Disability Program (VSDP) is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The VSDP was established pursuant to §51.1-1100 et seq. of the *Code of Virginia,* as amended, and which provides the authority under which benefit terms are established or may be amended. The VSDP is a managed care program that provides sick, family and personal leave and short-term and long-term disability benefits for state police officers, state employees, and VaLORS employees. For purposes of measuring the net VSDP OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to the VSDP OPEB, and VSDP OPEB expense, information about the fiduciary net position of the VRS VSDP OPEB plan and the additions to/deductions from the VRS Disability Insurance Program OPEB plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

University OPEB Plans
The University also provides Optional Retirement Retiree Life Insurance and Retiree Health Plan OPEBs that are not part of the Commonwealth-provided OPEB plans. These are defined benefit plans not administered through a trust as defined in GASB Statement No. 75. The University's total OPEB liability, deferred outflows of resources related to OPEBs, deferred inflows of resources related to OPEBs, and OPEB expense are recognized and measured in accordance with the parameters of GASB Statement No.75. There are currently no assets accumulated in a trust for the University administered OPEBs.

IRREVOCABLE SPLIT-INTEREST AGREEMENTS

The University serves as the trustee for gift assets where there is a requirement that an annual distribution is made to specified beneficiaries. The fair value of trust assets, the liability for the obligation to the beneficiaries, and deferred inflows to the University are recorded in accordance with GASB Statement No. 81, *Irrevocable Split Interest Agreements.*

Additionally, the University shares beneficial interests with at least one other beneficiary in various trusts managed by third parties. The University recognizes an asset and a deferred inflow of resources when the University becomes aware of the agreement, has sufficient information to measure the beneficial interest, and the asset meets the specified criteria in GASB Statement No. 81. The assets are measured at fair value and remeasured at each financial reporting date, with the change being reflected in the related deferred inflow of resources.

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources are an acquisition of net assets that are applicable to a future reporting period and decrease net position similar to liabilities.

NET POSITION

The University's net position is required to be classified for accounting and reporting purposes into the following categories:

Net Investment in Capital Assets. This category represents all of the University's capital assets, net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction or improvement of those assets.

Restricted. The University classifies the net position resulting from transactions with purpose restrictions as restricted net position until the specific resources are used for the required purpose, or for as long as the provider requires the resources to remain intact.

> ***Nonexpendable.*** The net position subject to externally imposed restrictions, which must be retained in perpetuity by the University, is classified as nonexpendable net position. This includes the corpus portion (historical value) of gifts to the University's permanent endowment funds and certain investment earnings stipulated by the donor to be reinvested.
>
> ***Expendable.*** The University's net position subject to externally imposed restrictions that can be fulfilled by actions of the University pursuant to those restrictions or that expire by the passage of time is classified as expendable net position. This includes net appreciation of the University's permanent endowment funds that has not been stipulated by the donor to be reinvested permanently.

Unrestricted. The net position that is neither restricted nor invested in capital assets, net of related debt, is classified as unrestricted net position. The University's unrestricted net position may be designated for specific purposes by the Board. Substantially all of the University's unrestricted net position is allocated for academic and research initiatives or programs, for capital programs, or for other purposes.

Expenses are charged to either restricted or unrestricted net position based on a variety of factors, including consideration of prior and future revenue sources, the type of expenditure incurred, the University's budgetary policies surrounding the various revenue sources, and whether the expense is a recurring cost.

FIDUCIARY NET POSITION

The University's fiduciary net position is required to be classified for accounting and reporting purposes into pension and other employee benefit trust funds, investment trust funds, private-purpose trust funds, or custodial funds. All of the fiduciary funds of the University are classified as custodial funds and includes investments on behalf of other entities in UVIMCO and all related activity. These investments are not held in a trust that meets the criteria in paragraph 11c(1) in GASB 84, *Fiduciary Activities*, and therefore represent external investment pool funds within the custodial fund classification.

The provisions of GASB 84 were not applied to items that were considered by the University to be immaterial.

STUDENT TUITION AND FEES

Student tuition and fees are presented net of scholarships, discounts and fellowships applied to student accounts. Scholarship discount and allowance is the difference between the stated charge for goods and services provided by the University and the amount paid by students and/or third parties making payments on the students' behalf.

MEDICAL CENTER SALES AND SERVICE

A significant portion of the Medical Center services is rendered to patients covered by Medicare, Medicaid or other third-party payors. The Medical Center has entered into contractual agreements with these third parties to accept payment for services in amounts less than scheduled charges.

Certain annual settlements of amounts due for Medical Center services covered by third parties are determined through cost reports that are subject to audit and retroactive adjustment by the third parties. Provisions for possible adjustments of cost reports have been estimated and reflected in the accompanying financial statements. Since the determination of cost reimbursement settlements of amounts earned in prior years has been based on reasonable estimation, the difference in any year between the originally estimated amount and the final determination is reported in the year of determination.

REVENUE AND EXPENSE CLASSIFICATIONS

The University's policy for defining operating activities as reported on the Statement of Revenues, Expenses and Changes in Net Position are those that generally result from activities having the characteristics of exchange transactions, meaning revenues are received in exchange for goods and services. Operating revenues include student tuition and fees, net of scholarship discounts and allowances; sales and services from Medical Center, net of charity care allowances; educational activities and auxiliary enterprises, net of scholarship discounts and allowances; and federal, state, local and nongovernmental grants and contracts. With the exception of interest expense and losses on the disposal of capital assets, all expense transactions are classified as operating expenses.

Certain significant revenues relied on and budgeted for fundamental operational support of the core institutional mission of the University are mandated by GASB requirements to be recorded as nonoperating revenues. Nonoperating revenues and expenses include state educational appropriations, state financing appropriations, federal Pell grants, nonexchange federal grants, private gifts for other than capital purposes, investment income, net unrealized appreciation or depreciation in the fair value of investments, interest expense, and gain or loss on the disposal of assets.

ELIMINATIONS

Certain auxiliary operations provide goods and services to internal customers. These auxiliary operations include activities such as central stores, the print shop, and other auxiliaries with interdepartmental activities. The net effect of these internal transactions has been eliminated in the Statement of Revenues, Expenses and Changes in Net Position to avoid inflating revenues and expenses.

COMPARATIVE DATA

The University presents its financial information on a comparative basis. The basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail required for a presentation in conformity with U.S. GAAP. Accordingly, the prior-year information should be read in conjunction with the University's financial statements as of and for the year ended June 30, 2019, from which the summarized information was derived. Certain amounts from the prior fiscal year have been reclassified to conform to current-year presentation.

RESTATEMENT OF NET POSITION

The Medical Center restated their net position as of June 30, 2019 due to the discovery of a formula error embedded in the Medicaid estimation calculation worksheet. The Medicaid estimation calculation worksheet is used to estimate the amount of cost the Medical Center incurs serving the indigent patient population. The total restatement for this error was $11.7 million.

The Academic Division also restated their net position as of June 30, 2019 due to a manual error in recording the interest expense on the 2009 and 2010 Series bonds reported in Note 5. The total restatement from this error was $5.2 million.

CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

For the fiscal year ended June 30, 2020, the University implemented the following pronouncements issued by the GASB.

GASB Statement No. 84, *Fiduciary Activities* establishes standards of accounting and financial reporting for fiduciary activities and improves the guidance on the identification of such activities. The Statement provides criteria for three types of activities, defined as fiduciary component units, pension and OPEB arrangements that are not component units, and other fiduciary activities. In accordance with the standard, the University identified certain investment activities that meet the criteria. The activities are reported on the Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position as part of the basic financial statements.

NOTE 2

Cash, Cash Equivalents, Investments and Endowment

CASH

The University deposits cash in commercial banking accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et seq., *Code of Virginia*. The Virginia Security for Public Deposits Act significantly diminishes any custodial risk on the University's banking deposits. This Act includes a cross guarantee among approved financial institutions eligible to hold public funds. In the event of a default of one of the approved financial institutions, an assessment is levied against all participating institutions to cover the uncollateralized public deposits of the defaulting entity. This cross guarantee significantly diminishes custodial credit risk. On June 30, 2020, amounts on deposit covered by the Virginia Security of Public Deposits Act totaled $186.3 million and uncollateralized deposits totaled $10.4 million.

CASH EQUIVALENTS

The University maintains an investment policy approved by the Board that governs its short-term investments. As part of this policy, the University complies with the provisions set forth in the Investment of Public Funds Act (the Act), Sections 2.2-4500 through 2.2-4518 of the *Code of Virginia*. It is the policy of the University to comply with the Act when investing tuition and educational fees that are used or required for day-to-day operations, as permitted under the *Code of Virginia* Section 23-76.1. Authorized investments under the Act include U.S. Treasury and agency securities, corporate debt securities of domestic corporations, asset-backed securities, mortgage-backed securities, AAA-rated obligations of foreign governments, bankers' acceptances and bank notes, negotiable certificates of deposit, repurchase agreements, and money market funds. The University considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents include short-term money market investments in mutual funds, overnight collective funds or other short-term, highly liquid investments registered as securities held by the University. The short-term investments of the University are valued daily by the custodian banks. Deposits and withdrawals may be processed daily.

Restricted cash and cash equivalents totaled $15.5 million and $39.7 million on June 30, 2020, and June 30, 2019, respectively, which is restricted in accordance with applicable debt or other contractual requirements.

RISK

Risks disclosed below are direct risks to the University. The risk disclosure does not include indirect risks incurred by investing in the UVIMCO LTP.

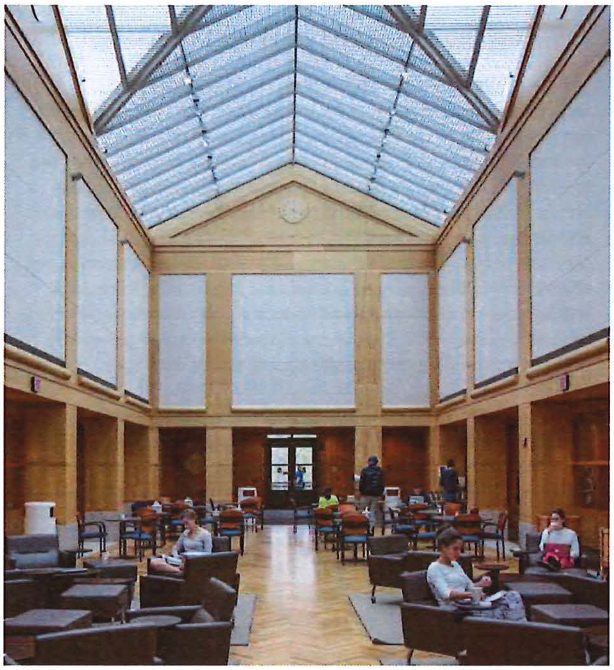
Custodial credit risk is the risk that, in the event of the failure of a depository financial institution or financial counterparty, the agency will not be able to recover the value of its deposits or investments or recover collateral securities that are in the possession of an outside third party. The University had no custodial credit risk related to investments as of June 30, 2020.

Interest-rate risk results if changes in interest rates adversely affect the fair market value of an investment. The longer the duration of an investment, the greater the interest-rate risks. Investments subject to interest-rate risk at June 30, 2020, are outlined in the accompanying chart.

Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. State law limits the investment of certain nonendowed assets to short-term commercial paper, certificates of deposit, asset-backed securities and debt obligations to the top rating issued by nationally recognized statistical rating organizations (NRSROs) and requires the investment be rated by at least two NRSROs. For longer-term certificates of deposit and corporate notes, the rating must be one of the top two ratings issued by two NRSROs. Investments subject to credit risk at June 30, 2020, are outlined in the accompanying chart.

Concentration of credit risk is the risk of a large loss attributed to the magnitude of investment in a single issuer of fixed-income securities. The University minimizes this risk by diversifying its investments. As of June 30, 2020, the University does not have investments in any one issuer (excluding investments issued or explicitly guaranteed by the U.S. government and mutual fund or pool investments) representing 5 percent or more of its total investments.

Foreign currency risk is the risk that investments denominated in foreign currencies may lose value due to adverse fluctuations in the value of the U.S. dollar relative to foreign currencies. The University has no foreign investments or deposits as of June 30, 2020.



Details of the University's investment risks as of June 30, 2020 are outlined below:

CREDIT QUALITY AND INTEREST RATE RISK (In thousands)	BALANCE AT JUNE 30, 2020	CREDIT RATING (S&P/ MOODY'S)	INVESTMENT MATURITIES (IN YEARS) LESS THAN 1 YEAR	1 - 5 YEARS	6 - 10 YEARS	GREATER THAN 10 YEARS
CASH AND CASH EQUIVALENTS						
Cash on hand	$ 385	Not Applicable	N/A	N/A	N/A	N/A
Cash deposits	186,815	Not Applicable	N/A	N/A	N/A	N/A
Money market*	87,181	AAA/Aaa	$ 87,181	$ -	$ -	$ -
Repurchase agreements*	100,894	P-1/A-1	100,894	-	-	-
Agency notes*	39,989	P-1/A-1+	39,989	-	-	-
TOTAL CASH AND CASH EQUIVALENTS	**$ 415,264**		**$ 228,064**	**$ -**	**$ -**	**$ -**
SHORT-TERM INVESTMENTS						
Cash deposits	$ 4	Not Applicable	N/A	N/A	N/A	N/A
UVIMCO STP	95,234	Not Rated	N/A	N/A	N/A	N/A
Agency notes	31,988	P-1/A-1+	$ 31,988	$ -	$ -	$ -
US Treasury bills	49,981	Aaa/AA+	49,981	-	-	-
Other investments not subject to credit or interest-rate risk	27	Not Applicable	27	-	-	-
TOTAL SHORT-TERM INVESTMENTS	**$ 177,234**		**$ 81,996**	**$ -**	**$ -**	**$ -**
LONG-TERM INVESTMENTS						
UVIMCO LTP	$ 2,580,773	Not Rated	N/A	N/A	N/A	N/A
Other investments not subject to credit or interest-rate risk	4,057	Not Applicable	N/A	N/A	N/A	N/A
TOTAL LONG-TERM INVESTMENTS	**$ 2,584,830**		**$ -**	**$ -**	**$ -**	**$ -**
ENDOWMENT						
Cash and cash equivalents	$ 2,280	Not Applicable	$ 2,280	$ -	$ -	$ -
UVIMCO LTP	5,137,246	Not Rated	N/A	N/A	N/A	N/A
Other investments not subject to credit or interest-rate risk	11,774	Not Applicable	N/A	N/A	N/A	N/A
TOTAL ENDOWMENT	**$ 5,151,300**		**$ 2,280**	**$ -**	**$ -**	**$ -**
INVESTMENT IN AFFILIATED COMPANIES						
Other investments not subject to credit or interest-rate risk	$ 93,620	Not Applicable	N/A	N/A	N/A	N/A
TOTAL INVESTMENT IN AFFILIATED COMPANIES	**$ 93,620**		**$ -**	**$ -**	**$ -**	**$ -**

** These securities have original maturities of less than 90 days. In accordance with UVA policy, they are reported as cash and cash equivalents.*

INVESTMENTS

UVIMCO administers and manages most of the University's investments in its unitized investment pools. From time to time, the University also invests its operating funds with several other asset managers. At June 30, 2020, the University's investment in the UVIMCO LTP and STP was $7.8 billion representing 92.1 percent of the University's invested assets. These pools are not rated by NRSROs.

UVIMCO's primary investment objective for the LTP is to maximize long-term real return commensurate with the risk tolerance of the University. To obtain this objective, UVIMCO actively manages the LTP to achieve returns that consistently exceed the returns on a passively investable benchmark with similar asset allocation and risk.

UVIMCO is governed by a board of directors, three of whom are appointed by the Board and one of whom is appointed by the University's president. The University receives and monitors periodic reports on the long-term investment policy as executed by UVIMCO.

UVIMCO invests primarily in investment funds that allow the LTP to gain exposure to a broad array of financial instruments and markets. UVIMCO classifies LTP investments as public equity, long/short equity, buyout, growth equity, venture capital, real estate, resources, fixed income, or marketable alternatives and credit according to the investment strategy of the underlying manager.

These investments are subject to a variety of risks, including market risk, manager risk and liquidity risk. UVIMCO closely manages and monitors the LTP's exposure to these risks. The risks may be influenced by several factors, including the size, composition and diversification of positions held, fund manager actions, and market volatility.

In the normal course of business, UVIMCO's external investment fund managers trade various financial instruments and enter into investment activities subject to various market risks. Market risk is the risk that the value of assets such as common stocks may fall. Fixed-income investments are subject to other market risks, including interest-rate and credit risk. Foreign investments are subject to currency exchange rates (foreign exchange risk), political and economic developments, limited legal recourse, and market risks. The prices of derivative positions such as futures, options, warrants, and swap contracts may move in unexpected ways due to the use of leverage or other factors, especially in unusual market conditions, and may result in increased volatility.

Manager risk includes tracking error or active positions away from the benchmark, operational or business risks, a lack of transparency, and leverage. UVIMCO mitigates manager risk through extensive due diligence, diversification, by declining certain partnership structures, and by avoiding certain investment strategies (e.g., highly leveraged hedge funds). UVIMCO's investment fund managers often limit the liquidity of their funds, resulting in liquidity risk for the LTP. UVIMCO manages liquidity risk by maintaining a portfolio of Treasury bills and bonds, maintaining sufficient liquidity with public equity funds and hedge funds, and managing the pace of commitments to private investments.

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The University had the following recurring fair value measurements as of June 30, 2020:

INVESTMENTS AND DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE *(In thousands)*	BALANCE AT JUNE 30, 2020	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	INVESTMENTS MEASURED AT NAV*	AMOUNTS NOT MEASURED AT FAIR VALUE
CASH AND CASH EQUIVALENTS						
Cash on hand	$ 385	$ -	$ -	$ -	$ -	$ 385
Cash deposits	186,815	-	-	-	-	186,815
Repurchase agreements**	100,894	-	100,894	-	-	-
Money market**	87,181	-	-	-	-	87,181
Agency notes**	39,989	-	39,989	-	-	-
TOTAL CASH AND CASH EQUIVALENTS	**$ 415,264**	**$ -**	**$ 140,883**	**$ -**	**$ -**	**$ 274,381**
SHORT-TERM INVESTMENTS						
Cash deposits	$ 4	$ -	$ -	$ -	$ -	$ 4
UVIMCO STP	95,234	-	-	-	95,234	-
Agency notes	31,988	-	31,988	-	-	-
US Treasury bills	49,981	49,981	-	-	-	-
Equity securities	27	27	-	-	-	-
TOTAL SHORT-TERM INVESTMENTS	**$ 177,234**	**$ 50,008**	**$ 31,988**	**$ -**	**$ 95,234**	**$ 4**
LONG-TERM INVESTMENTS						
Life insurance contracts***	$ 4,052	$ -	$ -	$ -	$ -	$ 4,052
Equity securities	5	-	-	5	-	-
UVIMCO LTP	2,580,773	-	-	-	2,580,773	-
TOTAL LONG-TERM INVESTMENTS	**$ 2,584,830**	**$ -**	**$ -**	**$ 5**	**$ 2,580,773**	**$ 4,052**
ENDOWMENT						
Cash and cash equivalents	$ 2,280	$ -	$ 1,589	$ -	$ -	$ 691
Equity securities	440	287	-	153	-	-
UVIMCO LTP	5,137,246	-	-	-	5,137,246	-
Exchange traded funds	11,334	11,334	-	-	-	-
TOTAL ENDOWMENT	**$ 5,151,300**	**$ 11,621**	**$ 1,589**	**$ 153**	**$ 5,137,246**	**$ 691**
INVESTMENT IN AFFILIATED COMPANIES						
Investment in affiliates	$ 93,620	$ -	$ -	$ -	$ -	$ 93,620
TOTAL INVESTMENT IN AFFILIATED COMPANIES	**$ 93,620**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 93,620**
INVESTMENT DERIVATIVE INSTRUMENTS****						
Fixed-receiver interest rate swaps	$ 1,422	$ -	$ 1,422	$ -	$ -	$ -
Fixed-payer interest rate swaps	(51,414)	-	(51,414)	-	-	-
TOTAL INVESTMENT DERIVATIVE INSTRUMENTS	**$ (49,992)**	**$ -**	**$ (49,992)**	**$ -**	**$ -**	**$ -**

* *Certain investments that are measured at fair value using the NAV per share (or its equivalent) have not been categorized in the fair value hierarchy. The amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statement of Net Position.*

** *These securities have original maturities of less than 90 days. In accordance with UVA policy, they are reported as cash and cash equivalents.*

*** *Investments in life insurance contracts are measured at cash surrender value.*

**** *Derivative instruments classified in Level 2 of the fair value hierarchy are valued using a market approach that considers benchmark interest rates.*

The valuation method for investments measured at NAV per share or its equivalent is presented on the following table:

INVESTMENTS MEASURED AT NET ASSET VALUE (NAV) *(in thousands)*	BALANCE AT JUNE 30, 2020	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY (IF CURRENTLY ELIGIBLE)	REDEMPTION NOTICE PERIOD
UVIMCO STP	$ 95,234	$ -	Weekly	2 days
UVIMCO LTP	7,718,019	-	Monthly	(a)
TOTAL INVESTMENTS MEASURED AT NAV	**$ 7,813,253**	**$ -**		

(a) Subject to the notification requirements and caps set forth in the deposit and management agreement between the University and UVIMCO as discussed in Note 1.

ENDOWMENT

Endowments are invested in accordance with Virginia Uniform Prudent Management Institutional Funds Act (UPMIFA), Chapter 11 of Title 64.2 of the *Code of Virginia*, as amended; and paragraph 23-50.10:01 of the *Code of Virginia*. The market value of the endowment on June 30, 2020, was $5.2 billion. Three annual distributions are made from the University's endowment to departments holding endowment accounts. The University's endowment spending policy ties annual increases to inflation as defined by the Higher Education Price Index (HEPI). The current inflation factor in use by the University is 2.7 percent, based on a five-year rolling average of the HEPI. If the increase causes the endowment distribution to fall outside a range defined as 4.0 percent to 6.0 percent of the market value of the endowment, then the Finance Committee of the Board may recommend increasing or decreasing the spending rate. For fiscal year 2020, the endowment spending distribution of $229.6 million, excluding fiduciary funds, equaled 4.72 percent of the fiscal year 2018 ending market value. Since the results fell within the range, no further action by the board was needed. Restricted expendable net assets includes $1.5 billion of appreciation on donor-restricted endowments.

For the year ended June 30, 2020, the University had the following endowment-related activities:

SUMMARY OF ENDOWMENT ACTIVITY *(in thousands)*	TYPE OF ENDOWMENT FUND				
	DONOR-RESTRICTED	QUASI	TRUSTS	OTHER	TOTAL
Investment earnings	$ 114,988	$ 119,700	$ 3,584	$ 117	$ 238,389
Contributions to permanent endowments	46,692	-	-	-	46,692
Other gifts	-	-	3,706	-	3,706
Spending distribution	(109,161)	(120,388)	-	-	(229,549)
Endowment administrative fee*	(18,357)	(20,267)	-	-	(38,624)
Transfers in (out)**	63,454	12,469	(8,580)	(24)	67,319
TOTAL CHANGE IN ENDOWMENT FUNDS	**$ 97,616**	**$ (8,486)**	**$ (1,290)**	**$ 93**	**$ 87,933**

** The University has implemented an administrative fee on the endowment of up to 100 basis points.*
*** Transfers into donor-restricted endowments include donor-directed income capitalizations, and transfers out of trusts include payments to income beneficiaries.*

NOTE 3

Statement Of Net Position Details

a. Accounts receivable: The composition of accounts receivable at June 30, 2020, is summarized as follows:

ACCOUNTS RECEIVABLE *(in thousands)*		
Patient care	$	853,312
Grants and contracts		56,407
Student payments		11,805
Institutional loans		1,736
Bond requisition receivables		641
Build America Bonds rebate		936
Equipment Trust Fund reimbursement		14,177
Auxiliary		3,860
Service concession arrangements		8,664
Related foundation		57,258
Higher Education Relief funds		5,858
Other		25,453
Less: Allowance for doubtful accounts		(614,270)
TOTAL ACCOUNTS RECEIVABLE	**$**	**425,837**

b. Notes receivable: The principal repayment and interest-rate terms of federal and University loans vary considerably. The allowance for doubtful accounts only applies to University-funded notes and the University portion of federal student loans, as the University is not obligated to fund the federal portion of uncollected student loans. Federal loan programs are funded principally with federal advances to the University under the Perkins and various other loan programs. The composition of notes receivable at June 30, 2020, is summarized as follows:

NOTES RECEIVABLE *(in thousands)*		
Perkins	$	9,624
Nursing		1,662
Institutional		21,158
Fraternity loan		575
Dues from related foundation		8,839
Less: Allowance for doubtful accounts		(1,953)
Total notes receivable, net		**39,905**
Less: Current portion, net of allowance		(5,526)
TOTAL NONCURRENT NOTES RECEIVABLE	**$**	**34,379**

c. Pledges and other receivables: As discussed in Note 1, permanent endowment pledges do not meet eligibility requirements, as defined by GASB, until the related gift is received. Accordingly, permanent endowment pledges totaling $89.3 million and $109 million at June 30, 2020, and June 30, 2019, respectively, are not recognized as assets in the accompanying financial statements. In addition, bequest intentions and other conditional promises are not recognized as assets until the specified conditions are met because of uncertainties with regard to their realizability and valuation. The composition of pledges and other receivables at June 30, 2020, is summarized as follows:

PLEDGES AND OTHER RECEIVABLES *(in thousands)*	
PLEDGES AND OTHER RECEIVABLES OUTSTANDING	
Gift pledges - operations	$ 12,390
Gift pledges - capital	77,441
Service concession arrangements	126,335
Total pledges and other receivables outstanding	**216,166**
Less:	
Allowance for uncollectible accounts	(6,271)
Discount to present value	(8,801)
Total pledges and other receivable, net	**201,094**
Less: Current portion, net of allowance	(35,996)
TOTAL NONCURRENT PLEDGES AND OTHER RECEIVABLES	**$ 165,098**

d. Capital assets: The capital assets activity for the year ended June 30, 2020, is summarized as follows:

CAPITAL ASSETS *(in thousands)*	BEGINNING BALANCE JULY 1, 2019	INCREASES	DECREASES	ENDING BALANCE JUNE 30, 2020
NONDEPRECIABLE CAPITAL ASSETS				
Land	$ 97,580	$ 4	$ (527)	$ 97,057
Construction in progress	617,287	464,058	(610,949)	470,396
Software in development	3,950	1,948	-	5,898
TOTAL NONDEPRECIABLE CAPITAL ASSETS	**$ 718,817**	**$ 466,010**	**$ (611,476)**	**$ 573,351**
DEPRECIABLE CAPITAL ASSETS				
Buildings	$ 4,264,530	$ 510,742	$ (5,729)	$ 4,769,543
Equipment	991,171	122,024	(23,886)	1,089,309
Infrastructure	547,275	35,882	-	583,157
Improvements other than buildings	192,278	31,732	(5)	224,005
Capitalized software	275,922	6,611	(24)	282,509
Library books	124,789	691	-	125,480
Total depreciable capital assets	**6,395,965**	**707,682**	**(29,644)**	**7,074,003**
Less: Accumulated depreciation for:				
Buildings	(1,703,964)	(132,436)	3,418	(1,832,982)
Equipment	(676,606)	(77,493)	22,300	(731,799)
Infrastructure	(253,876)	(17,997)	-	(271,873)
Improvements other than buildings	(143,927)	(9,193)	3	(153,117)
Capitalized software	(180,034)	(19,453)	9	(199,478)
Library books	(116,821)	(2,442)	-	(119,263)
Total accumulated depreciation	**(3,075,228)**	**(259,014)**	**25,730**	**(3,308,512)**
TOTAL DEPRECIABLE CAPITAL ASSETS, NET	**$ 3,320,737**	**$ 448,668**	**$ (3,914)**	**$ 3,765,491**
TOTAL CAPITAL ASSETS, NET	**$ 4,039,554**	**$ 914,678**	**$ (615,390)**	**$ 4,338,842**

e. Other assets: The composition of other assets on June 30, 2020, is summarized as follows:

OTHER ASSETS *(in thousands)*	
Funds held at foundation	$ 76,606
UVA LVG seed funds	9,918
Trustee held split-interest agreement assets	2,948
UVA Global LLC	4
TOTAL OTHER ASSETS	**$ 89,476**

f. Deferred outflows of resources: The composition of deferred outflows of resources on June 30, 2020, is summarized as follows:

DEFERRED OUTFLOWS OF RESOURCES *(in thousands)*	
Goodwill	$ 11,168
Deferred loss on early retirement of debt	14,109
OPEB	46,172
Pension	129,031
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**$ 200,480**

In July 2004, the Medical Center purchased Virginia Ambulatory Surgery Center, now known as Virginia Outpatient Surgery Center. As a result of the purchase, the Medical Center recorded $6.9 million of goodwill to be amortized over a period of 40 years.

In November 2004, the Medical Center purchased Amherst and Lynchburg renal facilities. As a result of the purchase, the Medical Center recorded goodwill of $3.4 million and $4 million, respectively. The goodwill is to be amortized over a period of 20 years, however as a result of staffing, operational, and business environment changes related to the Amherst and Lynchburg renal facilities during fiscal year 2020, the Medical Center fully amortized the remaining goodwill balances related to those facilities. As a result of management's goodwill determination, the total amount amortized is $1.5 and $1.8 million for the Amherst and Lynchburg renal facilities, respectively.

In April 2017, the previously acquired Hematology Oncology Patient Enterprises, Inc. (HOPE) was absorbed into the Medical Center's normal clinical operations. Goodwill remaining from the acquisition of HOPE will be amortized over a period of 15 years beginning April 1, 2017.

g. Accounts payable and accrued liabilities: The composition of accounts payable on June 30, 2020, is summarized as follows:

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES *(In thousands)*	
Accounts payable	$ 123,365
Accrued salaries and wages payable	130,162
Due to related foundations	51,928
Due to third party payors	319,191
Other	21,196
TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	**$ 645,842**

h. Unearned revenue: The composition of unearned revenue on June 30, 2020, is summarized as follows:

UNEARNED REVENUE *(In thousands)*	
Grants and contracts	$ 46,982
Student payments	18,706
Medical Center unearned revenues	760
Other	19,333
TOTAL UNEARNED REVENUE	**$ 85,781**

i. Deferred inflows of resources: The composition of deferred inflows on June 30, 2020, is summarized as follows:

DEFERRED INFLOWS OF RESOURCES *(In thousands)*	
Deferred gain on early retirement of debt	$ 261
Service concession arrangements	192,813
Split-Interest agreements	14,285
Pension	33,155
OPEB	61,126
TOTAL DEFERRED INFLOWS OF RESOURCES	**$ 301,640**

During the year ended June 30, 2015, the University entered into an agreement with Aramark Educational Services, LLC (Aramark) for Aramark to provide dining services to the University. In return for use of University facilities, Aramark is required to make certain payments to the University and the University is required to provide certain repair and maintenance services related to the facilities during the term of the agreement. The University also receives a yearly minimum guarantee on dining and vending commissions and has a minimum guaranteed profit split on residential and athletics services regardless of gross sales. In accordance with GASB requirements, as of June 30, 2020, the University has accrued $135 million in current and noncurrent receivables and a $192.8 million deferred inflow of resources related to the service concession arrangement.

NOTE 4

Short-Term Debt

Short-term debt at June 30, 2020, is summarized as follows:

SHORT-TERM DEBT *(In thousands)*	BEGINNING BALANCE JULY 1, 2019	ADDITIONS	REDUCTIONS	ENDING BALANCE JUNE 30, 2020
Taxable commercial paper	$ 48,900	$ 100	$ 49,000	$ -
Tax-exempt commercial paper	195,000	15,100	210,100	-
TOTAL COMMERCIAL PAPER	**$ 243,900**	**$ 15,200**	**$ 259,100**	**$ -**

The University has a $500 million combined taxable and tax-exempt commercial paper program that is primarily used to bridge finance capital projects and, from time to time, fund operations. In fiscal year 2020, interest rates on commercial paper ranged from 1.3 to 2.27 percent.

The University has four revolving credit agreements from four different banks in an aggregate amount of $500 million to provide liquidity for its operating expenses and variable-rate debt obligations. In the event of default under the agreements, any outstanding advances, interest, and the value of the promissory note would be due and payable to the various banking institutions. As of June 30, 2020, there were no advances outstanding, collateral pledged, or subjective acceleration clauses.

NOTE 5

Long-Term Obligations

a. Long-term debt: The composition of long-term debt at June 30, 2020, is summarized as follows:

LONG-TERM DEBT *(in thousands)*	INTEREST RATES AT ISSUANCE	FINAL MATURITY FISCAL YEAR	BEGINNING BALANCE JULY 1, 2019	ADDITIONS	REDUCTIONS	ENDING BALANCE JUNE 30, 2020	CURRENT PORTION
BONDS AND NOTES PAYABLE							
Revenue bonds:							
University of Virginia Series 2009 (9d)	4.16%*	2040	$ 250,000	$ -	$ -	$ 250,000	$ -
University of Virginia Series 2010 (9d)	3.35%**	2041	190,000	-	-	190,000	-
University of Virginia Series 2011 (9d)	4.0% to 5.0%	2033	58,259	-	51,624	6,635	3,245
University of Virginia Series 2013A (9d)	2.0% to 5.0%	2043	156,114	-	147,719	8,395	2,660
University of Virginia Series 2013B (9d)	5.0%	2037	61,595	-	61,595	-	-
University of Virginia Series 2015A-1 (9d)	4.0%	2045	86,995	-	-	86,995	-
University of Virginia Series 2015A-2 (9d)	3.57% to 5.0%	2045	97,735	-	-	97,735	-
University of Virginia Series 2015B (9d)	2.0% to 5.0%	2022	106,910	-	-	106,910	-
University of Virginia Series 2017A (9d)	4.0% to 5.0%	2047	231,780	-	-	231,780	-
University of Virginia Series 2017B (9d)	4.0% to 5.0%	2046	123,440	-	-	123,440	-
University of Virginia Series 2017C (9d)	4.2%	2118	300,000	-	-	300,000	-
University of Virginia Series 2018A (9d)	4.0%	2049	64,080	-	-	64,080	-
University of Virginia Series 2018B (9d)	4.0%	2049	135,920	-	-	135,920	-
University of Virginia Series 2019A (9d)	3.2%	2120	-	350,000	-	350,000	-
University of Virginia Series 2019B (9d)	3.0% to 5.0%	2055	-	150,000	-	150,000	-
University of Virginia Series 2019C-1 (9d)	3.0%	2050	-	200,140	-	200,140	-
University of Virginia Series 2019C-2 (9d)	3.0%	2050	-	87,270	-	87,270	-
Commonwealth of Virginia bonds (9c)	3.8% to 9.3%	2021	663	335	663	335	335
Notes payable to VCBA 2007B (9d)	4.0% to 4.25%	2020	3,530	-	3,530	-	-
Notes payable to VCBA 2010B (9d)	2.0% to 5.0%	2021	3,435	-	-	3,435	3,435
Other	various	various	5,086	262	726	4,622	839
Total bonds and notes payable			**1,875,542**	**788,007**	**265,857**	**2,397,692**	**10,514**
Less: Current portion of debt			(10,186)	-	328	(10,514)	
Bond premium			115,006	14,883	41,977	87,912	
NET LONG-TERM DEBT			**$ 1,980,362**	**$ 802,890**	**$ 308,162**	**$ 2,475,090**	

* *The University of Virginia Series 2009 (9d) revenue bonds are Build America Bonds, issued at 6.2 percent. The University receives an interest credit from the United States Treasury for a portion of the interest it pays on the bonds. On issuance of the bonds, the University received an interest credit of 35 percent. This amount has been reduced as noted in the footnote on the next page. With the current credit, the effective interest rate on the bonds is reduced to 4.16 percent.*

** *The University of Virginia Series 2010 (9d) revenue bonds are Build America Bonds, issued at five percent. The University receives an interest credit from the United States Treasury for a portion of the interest it pays on the bonds. On issuance of the bonds, the University received an interest credit of 35 percent. This amount has been reduced as noted in the footnote on the next page. With the current credit, the effective interest rate on the bonds is reduced to 3.35 percent.*

On September 12, 2019, the University issued $350 million taxable in General Revenue Pledge Bonds, Series 2019A to fund capital projects at the University's academic facilities and refund $158.3 million of the outstanding principal balance of the University's commercial paper notes.

On September 12, 2019, the University issued $150 million in tax-exempt General Revenue Pledge Bonds, Series 2019B to fund capital projects at the University's medical center facilities and refund $95.9 million of the outstanding principal balance of the University's commercial paper notes. The Series 2019B bonds were issued with a premium of $14.9 million.

On September 17, 2019, the University issued an additional $287.4 million in taxable General Revenue Pledge Refunding Bonds, Series 2019C to advance refund $255.3 million of the University's Series 2011, Series 2013A, and Series 2013B bonds. The refunding resulted in net present value savings of $37.8 million and a recognized accounting loss of $5.6 million, calculated as the difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete the refunding.

Notes to Financial Statements

At its April 24, 2020 meeting, the University's Board of Visitors approved an extension to its shelf registration program for issuing up to $600 million in fixed or variable rate bonds. The maximum yield on fixed rate bonds, or the initial maximum yield on variable bonds, is authorized up to six percent per year.

Maturities and interest on notes and bonds payable for the next five years and in subsequent five-year periods are as follows:

FISCAL YEAR MATURITIES *(In thousands)*	PRINCIPAL	INTEREST	BUILD AMERICA BONDS INTEREST REBATE	NET INTEREST EXPENSE
2021*	$ 10,514	$ 102,111	$ (8,234)	$ 93,877
2022	113,959	99,144	(8,234)	90,910
2023	3,814	96,354	(8,234)	88,120
2024	900	96,186	(8,234)	87,952
2025	323	96,170	(8,234)	87,936
2026-2030	822	480,756	(41,169)	439,587
2031-2035	-	480,707	(41,169)	439,538
2036-2040	397,700	462,839	(38,616)	424,223
2041-2045	492,440	312,553	(1,563)	310,990
2046-2050	627,220	214,331	-	214,331
2051-2055	100,000	132,658	-	132,658
2056-2060	-	119,158	-	119,158
2061-2065	-	119,158	-	119,158
2066-2070	-	119,158	-	119,158
2071-2075	-	119,158	-	119,158
2076-2080	-	119,158	-	119,158
2081-2085	-	119,158	-	119,158
2086-2090	-	119,157	-	119,157
2091-2095	-	119,157	-	119,157
2096-2100	-	119,157	-	119,157
2101-2105	-	119,157	-	119,157
2106-2110	-	119,157	-	119,157
2111-2115	-	119,157	-	119,157
2116-2120	650,000	82,167	-	82,167
TOTAL	**$ 2,397,692**	**$ 4,085,866**	**$ (163,687)**	**$ 3,922,179**

* *Fiscal year 2020 represents a 6.2 percent reduction in the credit interest payment for September 1, 2019, and a 5.9 percent reduction in the credit interest payment for March 1, 2020. The 5.9 percent sequestration reduction rate will be applied to all future years unless and until a law is enacted that cancels or otherwise impacts the sequester, at which time the sequestration reduction rate is subject to change.*

Prior Year Refundings: As of June 30, 2020, prior years' in-substance defeased bonds and notes had no outstanding balances.

b. Long-term liabilities: The composition of long-term liabilities at June 30, 2020, is summarized as follows:

LONG-TERM LIABILITIES *(in thousands)*	BEGINNING BALANCE JULY 1, 2019	ADDITIONS	REDUCTIONS	ENDING BALANCE JUNE 30, 2020
Investments held for related entities*	$ 2,348	$ 520	$ 449	$ 2,419
Accrual for compensated absences	100,447	100,590	94,254	106,783
Perkins loan program	9,047	-	3,866	5,181
Deferred FICA taxes	-	25,782	-	25,782
Investment in Culpeper Regional Hospital	35,953	-	3,652	32,301
Irrevocable split-interest agreements	72,919	2,848	3,846	71,921
Other	19,517	6,913	8,561	17,869
Total long-term liabilities	**240,231**	**136,653**	**114,628**	**262,256**
Less: Current portion of long-term liabilities	(99,491)	(5,155)	-	(104,646)
NET LONG-TERM LIABILITIES	**$ 140,740**	**$ 131,498**	**$ 114,628**	**$ 157,610**

**The balance as of July 1, 2019 has been adjusted for certain investments that are now included in the Statement of Fiduciary Net Position. Please see Note 1 for additional information.*

NOTE 6

Derivatives

The University recognizes all derivative instruments as either assets or liabilities on the Statement of Net Position at their respective fair values. Changes in fair values of hedging derivative instruments are reported as either deferred inflows or deferred outflows in the Statement of Net Position. Changes in fair values of investment derivative instruments, including derivative instruments that are determined to be ineffective, are reported as investment income or loss on the Statement of Revenues, Expenses and Changes in Net Position. On June 30, 2020, the University held the following derivative instruments:

INVESTMENT DERIVATIVE INSTRUMENTS *(in thousands)*	EFFECTIVE DATE	MATURITY DATE	RATE PAID	RATE RECEIVED	NOTIONAL AMOUNT	FAIR VALUE ASSET (LIABILITY)	CHANGE IN FAIR VALUE
INVESTMENT DERIVATIVE ASSETS							
Fixed-receiver interest rate swaps	4/8/2015	8/1/2021	SIFMA*	1.2%	$ 128,000	$ 1,422	$ 1,282
TOTAL INVESTMENT DERIVATIVE ASSETS					**$ 128,000**	**$ 1,422**	**$ 1,282**
INVESTMENT DERIVATIVE LIABILITY							
Fixed-payer interest rate swaps	6/1/2008	6/1/2038	4.07-4.15%	SIFMA*	$ 100,000	$ (51,414)	$ (16,346)
TOTAL INVESTMENT DERIVATIVE LIABILITIES					**$ 100,000**	**$ (51,414)**	**$ (16,346)**

* *Securities Industry and Financial Markets Municipal Swap Index*

The fair value of the interest-rate swaps was determined by using the quoted Securities Industry and Financial Markets Association (SIFMA) index curve at the time of market valuation. The University's fixed-receiver swaps were identified as hedges to its fixed-rate Series 2015B bonds maturing in August 2021. The swaps were re-evaluated as of June 30, 2016, and determined to no longer be effective hedges. The fixed-payer swaps were established as cash flow hedges to provide a hedge against changes in interest rates on a similar amount of the University's debt. During the year ended June 30, 2015, the University refunded the associated variable-rate debt for the fixed-payer swaps. As such, the fixed-payer interest rate swaps are no longer effective hedges. In accordance with GASB standards, the University terminated hedge accounting for both the fixed-receiver and fixed-payer swaps. Subsequent changes in fair value are reported as investment income or loss in the Statement of Revenues, Expenses and Changes in Net Position.

RISK

The use of derivatives may introduce certain risks for the University, including the following:

Credit risk is the risk that a counterparty will not settle an obligation in full, either when due or at any time thereafter. The University would be exposed to the credit risk of its swap counterparties any time the swaps had a positive market value. As of June 30, 2020, the University's swap counterparties were rated at least BBB+ from Standard & Poor's or A3 by Moody's Investors Service. To mitigate credit risk, the University limits market value exposure and requires the posting of collateral based on the credit rating of the counterparty. As of June 30, 2020, no collateral was required to be posted by the counterparties.

Interest-rate risk is the risk that an investment's value will change due to a change of interest rates. The University is exposed to interest-rate risk on its interest-rate swap, as the fair value of this instrument is highly sensitive to interest-rate changes. See Note 2 for additional interest rate risk disclosures.

Termination risk arises when the unscheduled termination of a derivative could have an adverse effect on the University's strategy or could lead to potentially significant unscheduled payments. The University's derivative contracts use the International Swap Dealers Association Master Agreement (the Master Agreement), which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an additional termination event. That is, the swap may be terminated by either party if the counterparty's credit rating falls below BBB/Baa2 in the case of Standard & Poor's and Moody's Investors Service, respectively. The University or the counterparty may also terminate the swap if the other party fails to perform under the terms of the contract. If at the time of termination the swap has a negative market value, the University would be liable to the counterparty for a payment equal to the swaps' market value.

Foreign currency risk is the risk of a swap's value changing due to changes in currency exchange rates. The University's derivatives have no foreign currency risk.

NOTE 7

Affiliated Companies

NOVANT HEALTH UNIVERSITY OF VIRGINIA HEALTH SYSTEM

On December 31, 2015, the Medical Center entered into a joint operating agreement with Novant Health to form a new joint operating company named Novant Health University of Virginia Health System (Novant). As part of the agreement, the Medical Center contributed Culpeper Regional Hospital to the joint operating company for a 40 percent investment in the new joint operating company. Effective January 1, 2016, the Medical Center used the equity method of consolidation in order to reflect the Medical Center's investment in the joint operating company.

UNIVERSITY OF VIRGINIA / ENCOMPASS HEALTH CORPORATION

The Medical Center entered into a joint venture with Encompass Health Corporation to establish an acute rehabilitation facility, located at the Fontaine Research Park in Charlottesville, Virginia, to provide patient services to the region. The Medical Center made a capital contribution of $2.2 million to the joint venture in May 1996, which represents a 50 percent interest. Complete financial statements can be obtained from the managing member: Encompass Health Corporation, 9001 Liberty Parkway, Birmingham, AL 35242.

VALIANCE HEALTH, LLC

In November 1997, the Medical Center became a participant with Rockingham Memorial Hospital and Augusta Health Care, Inc., in Valiance Health, LLC (Valiance), a joint venture integrating and coordinating the delivery of health care services in central and western Virginia. The Medical Center contributed $100,000 in initial capital, which entitles it to a pro rata distribution of any profits and losses of Valiance. In October 2003, the Medical Center contributed an additional $400,000 in capital to Valiance, bringing the Medical Center's total investment to $500,000.

UNIVERSITY HEALTH SYSTEM CONSORTIUM

In December 1986, the Medical Center became a member of the University Health System Consortium (UHC). Founded in 1984, UHC is an alliance of the clinical enterprises of academic health centers. While focusing on the clinical mission, UHC is mindful of and supports the research and education missions. The mission of UHC is to advance knowledge, foster collaboration and promote change to help members compete in their respective health care markets. In keeping with this mission, UHC helps members pool resources, create economies of scale, improve clinical and operating efficiencies, and influence the direction and delivery of health care. Accordingly, UHC is organized and operated on a cooperative basis for the benefit of its member health systems as patrons.

UHC is a not-for-profit organization. It is incorporated as a non-stock corporation and designated as a nonexempt cooperative that is taxable under Subchapter T, Sections 1382–1388, of the Internal Revenue Code. As such, UHC's bylaws provide for distributions of patronage dividends to its patrons based on the value of business done with or for each patron by UHC. The Medical Center records its portion of the patronage dividends that were held by UHC as patronage equity.

VALLEY REGIONAL HEALTH AND UNIVERSITY OF VIRGINIA RADIOSURGERY CENTER, LLC

The Medical Center entered into a 10 percent minority interest partnership with Winchester Medical Center in fiscal year 2014. Winchester Medical Center expanded its cancer program with the addition of stereotactic radiosurgery (SRS) and stereotactic body radiotherapy (SBRT), offered in partnership with the Medical Center. By collaborating with nationally recognized leaders in stereotactic radiosurgery, this advanced non-surgical technology is available to patients in the Winchester and surrounding areas, who would have otherwise had to travel to receive care.

HEALTHCARE PARTNERS, INC.

In May 1995, HealthCare Partners, Inc., a non-stock, non-profit corporation, was established to support networking, external business relationships with neighboring hospitals and physicians groups, and expansion of primary care activities. The Medical Center and UPG are the primary contributors to the funding of the corporation. Healthcare Partners, Inc. is governed by a board of directors composed of the following members: Medical Center Operating Board Chairman, the Chief Executive Officer and Chief Financial Officer of the Medical Center, UPG representatives, community members, and President appointees.

During the May 2014 Board Meeting for HealthCare Partners, Inc., a resolution was passed for HealthCare Partners to acquire a 15 percent membership interest in BroadAxe Care Coordination, LLC., without imposing any obligations on the part of the UPG, for $599,925. On October 30, 2015, this transaction was processed, and is considered an equity contribution by the Medical Center and HealthCare Partners.

During the June 2019 Board Meeting for HealthCare Partners, Inc., the Board passed by unanimous vote the Plan of Complete Liquidation and Dissolution of Healthcare Partners, Inc. As a result of the dissolution of Healthcare Partners, Inc., the Broadaxe investment was recorded on the Medical Center's books at June 30, 2019. The remaining asset, cash, was distributed based on the contributing partners' investment percentages during fiscal year 2020.

FORTIFY CHILDREN'S HEALTH, LLC

On July 1, 2018 the University of Virginia Medical Center entered into a 50/50 partnership with Children's Quality Care, LLC, a wholly owned subsidiary of Children's Health System. Fortify is a pediatric clinically integrated network (CIN) focused on "improving the health of children throughout the Commonwealth by providing access to the highest quality health care." Fortify is to serve as a model for quality, safety, access, coordination, effectiveness and efficiency of pediatric care, the promotion of pediatric health, and the advancement of state-of-the-art pediatric clinical services, education and research through innovative and collaborative initiatives. The Medical Center uses the equity method of accounting to record the financial activity of Fortify.

BROADAXE CARE COORDINATION, INC.

As a result of the dissolution of Healthcare Partners, Inc., in June 2019, the 8.73 percent investment in the Broadaxe Care Coordination, Inc. was transferred to the Medical Center. Broadaxe, also known as Locus-Health Broad Axe, is the remote patient monitoring system used by the Medical Center to manage the reductions with readmissions. The Medical Center uses the equity method of accounting to record the financial activity of Broadaxe Care Coordination, Inc.

During fiscal year 2020, the Medical Center determined the investment is not expected to increase and will therefore yield no future returns. Therefore, the Medical Center wrote off the investment in the amount at the end of fiscal year 2020. The amount of the write-off was $804,925.

GLOBAL GENOMICS AND BIOINFORMATICS RESEARCH INSTITUTE

In December 2016, the University, Inova Health System Foundation, and George Mason University established the Global Genomics and Bioinformatics Research Institute (GGBRI) as a joint venture governed by a five-member board of directors. GGBRI's mission is to improve the quality of the human condition and its environment through research focused on generating fundamental knowledge to further the understanding of genetics and functional genomics, disseminating discoveries to the public, and enabling scientific collaborations that have potential to culminate in commercialization.

The GGBRI will be located at the campus of the Inova Center for Personalized Health in Falls Church, Virginia. In June 2018, the University agreed to contribute $53.5 million to retrofit Building C into laboratory and ancillary research space and $4 million for the recruitment of high performing researchers. The University was also appropriated and allotted $20 million in VCBA funds in August 2017 in accordance with Item C-52.10 and Item 478.20 of Chapter 780 of the 2016 Acts of Assembly, as amended by Chapter 836 of the 2017 Acts of Assembly. The Commonwealth will also contribute $8 million to UVA for immediate transfer to the GGBRI for recruitment of high performing researchers. As of June 30, 2020, the University has made $11.3 million in contributions to the GGBRI.

Details of the University's net investment in affiliated companies, accounted for using the equity method of accounting as of June 30, 2020, is summarized below:

INVESTMENT IN AFFILIATED COMPANIES *(in thousands)*	**CAPITAL CONTRIBUTIONS**	**SHARE OF ACCUMULATED INCOME (LOSS)**	**NET INVESTMENT**
Fortify Children's Health, LLC	$ 2,500	$ (2,273)	$ 227
Broadaxe Care Coordination, Inc.	805	(805)	-
Valley Regional Health, LLC	5	-	5
Valiance, LLC	249	-	249
University Health System Consortium	3,230	-	3,230
Encompass Health Corporation	-	22,216	22,216
Novant	94,041	(31,837)	62,204
Global Genomics and Bioinformatics Research Institute	11,277	(5,788)	5,489
TOTAL INVESTMENT IN AFFILIATED COMPANIES	**$ 112,107**	**$ (18,487)**	**$ 93,620**

NOTE 8

Component Units

Summary financial statements and additional disclosures for the University's discretely presented component units are presented below.

STATEMENT OF FINANCIAL POSITION *(in thousands)* *as of June 30, 2020*	UNIVERSITY OF VIRGINIA LAW SCHOOL FOUNDATION	THE COLLEGE FOUNDATION OF THE UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	ALUMNI ASSOCIATION OF THE UNIVERSITY OF VIRGINIA	JEFFERSON SCHOLARS FOUNDATION	VIRGINIA ATHLETICS FOUNDATION*	UNIVERSITY OF VIRGINIA FOUNDATION	UNIVERSITY OF VIRGINIA PHYSICIANS GROUP	UNIVERSITY OF VIRGINIA INVESTMENT MANAGEMENT COMPANY	ELIMINATIONS	COMPONENT UNITS TOTAL
ASSETS											
Current assets											
Cash and cash equivalents	$ 37	$ 18,528	$ 18,124	$ 42,094	$ 11,216	$ 18,515	$ 2,820	$ 92,497	$ 2,278	$ -	$ 206,109
Receivables	4,114	11,041	18,533	1,605	23,089	17,257	6,364	81,275	13,241	-	176,519
Short-term investments	24,448	808	7,395	13,465	2,710	-	3,616	10,680	211,437	-	274,559
Other current assets	54	541	1,559	178	208	-	885	2,022	551	-	5,998
Total current assets	**28,653**	**30,918**	**45,611**	**57,342**	**37,223**	**35,772**	**13,685**	**186,474**	**227,507**	**-**	**663,185**
Noncurrent assets											
Long-term investments	502,863	120,848	362,039	343,022	393,828	76,708	121,233	267,753	9,806,855	(1,874,952)	10,120,197
Capital assets, net and other assets	34,816	22,052	103,152	9,986	116,431	30,362	356,221	39,627	4,522	(8,712)	708,457
Total noncurrent assets	**537,679**	**142,900**	**465,191**	**353,008**	**510,259**	**107,070**	**477,454**	**307,380**	**9,811,377**	**(1,883,644)**	**10,828,654**
TOTAL ASSETS	**$ 566,332**	**$ 173,818**	**$ 510,802**	**$ 410,350**	**$ 547,482**	**$ 142,842**	**$ 491,139**	**$ 493,854**	**$10,038,884**	**$(1,883,664)**	**$11,491,839**
LIABILITIES AND NET ASSETS											
Current liabilites											
Total current liabilities	**$ 1,075**	**$ 2,008**	**$ 19,797**	**$ 120,875**	**$ 12,996**	**$ 1,835**	**$ 168,114**	**$ 127,776**	**$ 16,316**	**$ -**	**$ 470,792**
Noncurrent liabilities											
Long-term debt, net of debt issuance cost and current portion of $9,852	-	484	-	-	22,500	-	61,206	8,200	-	-	92,390
Other noncurrent liabilities	391	-	-	4,161	28,417	-	117,356	244,815	10,003,603	(1,883,664)	8,515,079
Total noncurrent liabilities	**391**	**484**	**-**	**4,161**	**50,917**	**-**	**178,562**	**253,015**	**10,003,603**	**(1,883,664)**	**8,607,469**
TOTAL LIABILITIES	**$ 1,466**	**$ 2,492**	**$ 19,797**	**$ 125,036**	**$ 63,913**	**$ 1,835**	**$ 346,676**	**$ 380,791**	**$10,019,919**	**$(1,883,664)**	**$ 9,078,261**
NET ASSETS											
Unrestricted	$ 72,071	$ 4,807	$ 80,033	$ 79,589	$ 9,293	$ 23,877	$ 53,643	$ 113,063	$ 18,965	$ -	$ 455,341
Temporarily restricted	298,488	65,160	195,570	113,143	146,681	74,067	76,044	-	-	-	969,153
Permanently restricted	194,307	101,359	215,402	92,582	327,595	43,063	14,776	-	-	-	989,084
TOTAL NET ASSETS	**$ 564,866**	**$ 171,326**	**$ 491,005**	**$ 285,314**	**$ 483,569**	**$ 141,007**	**$ 144,463**	**$ 113,063**	**$ 18,965**	**$ -**	**$ 2,413,578**
TOTAL LIABILITIES AND NET ASSETS	**$ 566,332**	**$ 173,818**	**$ 510,802**	**$ 410,350**	**$ 547,482**	**$ 142,842**	**$ 491,139**	**$ 493,854**	**$10,038,884**	**$(1,883,664)**	**$11,491,839**

* *December 31, 2019, year-end*

STATEMENT OF ACTIVITIES *(in thousands) for the year ended June 30, 2020*	UNIVERSITY OF VIRGINIA LAW SCHOOL FOUNDATION	THE COLLEGE FOUNDATION OF THE UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	ALUMNI ASSOCIATION OF THE UNIVERSITY OF VIRGINIA	JEFFERSON SCHOLARS FOUNDATION	VIRGINIA ATHLETICS FOUNDATION*	UNIVERSITY OF VIRGINIA FOUNDATION	UNIVERSITY OF VIRGINIA PHYSICIANS GROUP	UNIVERSITY OF VIRGINIA INVESTMENT MANAGEMENT COMPANY	COMPONENT UNITS TOTAL
UNRESTRICTED REVENUES AND SUPPORT										
Contributions	$ 3,385	$ 7,360	$ 5,854	$ 1,399	$ 588	$ 15,148	$ -	$ -	$ -	$ 33,734
Fees for services, rentals, and sales	-	-	16,404	5,963	-	2,571	44,175	344,678	-	413,791
Other revenues	24,619	15,251	23,829	44,763	16,609	19,591	9,801	173,438	20,296	348,197
TOTAL UNRESTRICTED REVENUES AND SUPPORT	**28,004**	**22,611**	**46,087**	**52,125**	**17,197**	**37,310**	**53,976**	**518,116**	**20,296**	**795,722**
EXPENSES										
Program services, lectures, and special events	31,338	14,300	42,928	47,341	15,861	32,801	27,040	419,667	15,095	646,371
Other expenses	4,626	6,265	9,578	4,331	3,888	4,228	28,802	104,622	4,016	170,356
TOTAL EXPENSES	**35,964**	**20,565**	**52,506**	**51,672**	**19,749**	**37,029**	**55,842**	**524,289**	**19,111**	**816,727**
EXCESS (DEFICIENCY) OF UNRESTRICTED REVENUES AND SUPPORT OVER EXPENSES	**(7,960)**	**2,046**	**(6,419)**	**453**	**(2,552)**	**281**	**(1,866)**	**(6,173)**	**1,185**	**(21,005)**
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS										
Contributions	3,928	6,627	10,504	31,697	2,290	33,362	715	-	-	89,123
Other	(3,545)	(5,912)	(6,744)	(26,304)	(1,961)	(9,138)	(2,199)	-	-	(55,803)
NET CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	**383**	**715**	**3,760**	**5,393**	**329**	**24,224**	**(1,484)**	**-**	**-**	**33,320**
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS										
Contributions	12,133	12,565	11,496	11,804	14,715	467	-	-	-	63,180
Other	2,994	(943)	-	(74)	(89)	698	-	-	-	2,586
NET CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	**15,127**	**11,622**	**11,496**	**11,730**	**14,626**	**1,165**	**-**	**-**	**-**	**65,766**
CHANGE IN NET ASSETS	**7,550**	**14,383**	**8,837**	**17,576**	**12,403**	**25,670**	**(3,350)**	**(6,173)**	**1,185**	**78,081**
Net assets - beginning of year	557,316	156,943	482,168	267,738	471,166	115,337	147,813	119,236	17,780	2,335,497
NET ASSETS - END OF YEAR	**$ 564,866**	**$ 171,326**	**$ 491,005**	**$ 285,314**	**$ 483,569**	**$ 141,007**	**$ 144,463**	**$ 113,063**	**$ 18,965**	**$2,413,578**

* *December 31, 2019, year-end*

PLEDGES RECEIVABLE

Unconditional promises to give (pledges) are recorded as receivables and revenues and are assigned to net asset categories based on the presence or absence of donor-imposed restrictions. Pledges expected to be collected within one year are recorded at net realizable value. Pledges that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promise was received and then remain consistent throughout the pledge's life. The component units record an allowance against pledges receivable for estimated uncollectible amounts. UPG does not accept gifts. Unconditional promises to give at June 30, 2020, are as follows:

PLEDGES RECEIVABLE *(in thousands)*	UNIVERSITY OF VIRGINIA LAW SCHOOL FOUNDATION	THE COLLEGE FOUNDATION OF THE UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	ALUMNI ASSOCIATION OF THE UNIVERSITY OF VIRGINIA	JEFFERSON SCHOLARS FOUNDATION	VIRGINIA ATHLETICS FOUNDATION*	COMPONENT UNITS TOTAL
Total pledges receivable	**$ 23,030**	**$ 36,830**	**$ 61,854**	**$ 2,652**	**$ 110,254**	**$ 39,705**	**$ 274,325**
Less:							
Allowance for uncollectible accounts	(1,152)	(3,961)	(1,752)	(273)	(6,312)	(1,820)	(15,270)
Unamortized discount to present value	(914)	(4,250)	(2,998)	(55)	(11,751)	(1,054)	(21,022)
Total pledges receivable, net	**20,964**	**28,619**	**57,104**	**2,324**	**92,191**	**36,831**	**238,033**
Less: Current portion, net of allowance	(4,102)	(11,041)	(16,923)	(633)	(23,088)	(15,662)	(71,449)
TOTAL NONCURRENT PLEDGES RECEIVABLE	**$ 16,862**	**$ 17,578**	**$ 40,181**	**$ 1,691**	**$ 69,103**	**$ 21,169**	**$ 166,584**

* *December 31, 2019, year-end*

INVESTMENTS

Investments are recorded at fair value, which is determined by readily available quotes on the stock exchange or as quoted by UVIMCO. Realized gains (losses) from the sale of securities and unrealized gains (losses) from the appreciation (depreciation) of the value of securities held are recognized in the year incurred. The fair values of investments by investment class on June 30, 2020, for the component units are as follows:

SUMMARY SCHEDULE OF INVESTMENTS *(in thousands)*	UNIVERSITY OF VIRGINIA LAW SCHOOL FOUNDATION	THE COLLEGE FOUNDATION OF THE UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	ALUMNI ASSOCIATION OF THE UNIVERSITY OF VIRGINIA	JEFFERSON SCHOLARS FOUNDATION	VIRGINIA ATHLETICS FOUNDATION*	UNIVERSITY OF VIRGINIA FOUNDATION	UNIVERSITY OF VIRGINIA PHYSICIANS GROUP	UNIVERSITY OF VIRGINIA INVESTMENT MANAGEMENT COMPANY	ELIMINATIONS	COMPONENT UNITS TOTAL
Common stocks, corporate notes, bonds, limited partnerships, and agency securities	$ 64,042	$ -	$ 19,111	$ 15,120	$ 2,962	$ -	$ -	$ 167,346	$ 2,290,134	$ -	$ 2,558,715
University of Virginia Investment Management Company	413,699	120,848	320,240	332,955	386,801	76,331	120,266	103,811	-	(1,874,951)	-
Mutual and money market funds	24,259	808	30,083	3,810	-	377	1,481	5,310	117,093	-	183,221
Other	25,310	-	-	4,603	6,775	-	3,101	1,966	7,611,065	-	7,652,820
Total Investments	**527,310**	**121,656**	**369,434**	**356,488**	**396,538**	**76,708**	**124,848**	**278,433**	**10,018,292**	**(1,874,951)**	**10,394,756**
Less: Short-term investments	(24,448)	(808)	(7,395)	(13,465)	(2,710)	-	(3,616)	(10,680)	(211,437)	-	(274,559)
LONG-TERM INVESTMENTS	**$ 502,862**	**$ 120,848**	**$ 362,039**	**$ 343,023**	**$ 393,828**	**$ 76,708**	**$ 121,232**	**$ 267,753**	**$ 9,806,855**	**$(1,874,951)**	**$10,120,197**

* *December 31, 2019, year-end*

UVIMCO has investments in limited partnership hedge funds, private equity, venture capital investments and similar private investment vehicles. These investments do not actively trade through established exchange mechanisms and are valued at NAV, based on UVIMCO's interest in the investee as determined and reported by the external manager of the investment. Such investments represent $9.3 billion on June 30, 2020. Because of the inherent uncertainty of such valuations, these estimated values may differ from the values that would have been used had a ready market for the investments existed, and such differences could be material.

CAPITAL ASSETS

Capital assets are recorded at cost, except donated property, which is recorded at fair market value at the date of the gift. Depreciation is taken over the estimated useful lives of the assets using the straight-line method. As of June 30, 2020, capital assets consisted of the following:

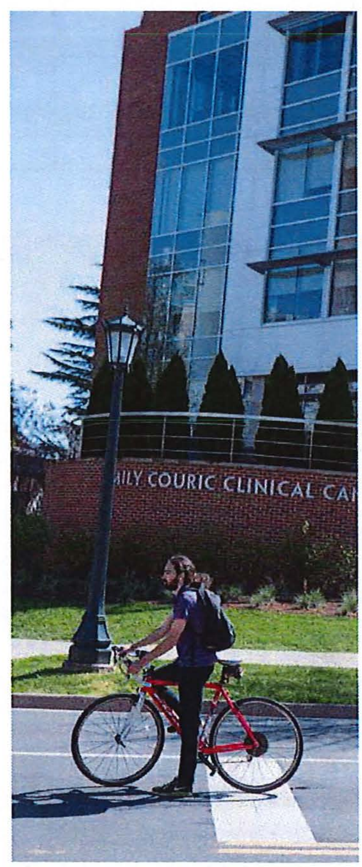
CAPITAL ASSETS *(In thousands)*	UNIVERSITY OF VIRGINIA LAW SCHOOL FOUNDATION	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	ALUMNI ASSOCIATION OF THE UNIVERSITY OF VIRGINIA	JEFFERSON SCHOLARS FOUNDATION	VIRGINIA ATHLETICS FOUNDATION*	UNIVERSITY OF VIRGINIA FOUNDATION	UNIVERSITY OF VIRGINIA PHYSICIANS GROUP	UNIVERSITY OF VIRGINIA INVESTMENT MANAGEMENT COMPANY	COMPONENT UNITS TOTAL
Land	$ 152	$ -	$ 633	$ 4,241	$ -	$ 83,199	$ 3,283	$ -	$ 91,508
Buildings and improvements	914	110,803	8,201	23,350	-	358,559	46,345	4,627	552,799
Furnishings and equipment	330	3,454	2,284	1,861	58	31,259	25,933	1,299	66,478
Collections	-	-	-	96	-	149	-	-	245
Construction in progress	-	6,616	-	260	-	16,362	3,737	-	26,975
Total	**1,396**	**120,873**	**11,118**	**29,808**	**58**	**489,528**	**79,298**	**5,926**	**738,005**
Less: Accumulated depreciation	(477)	(58,480)	(6,972)	(8,097)	(39)	(136,936)	(40,985)	(1,404)	(253,390)
NET CAPITAL ASSETS	**$ 919**	**$ 62,393**	**$ 4,146**	**$ 21,711**	**$ 19**	**$ 352,592**	**$ 38,313**	**$ 4,522**	**$ 484,615**

* *December 31, 2019, year-end*

SHORT-TERM AND LONG-TERM DEBT

The foundations listed below had the following lines of credit available and outstanding as of June 30, 2020:

LINES OF CREDIT *(In thousands)*	AVAILABLE	CURRENT OUTSTANDING BALANCE	NONCURRENT OUTSTANDING BALANCE
University of Virginia Foundation			
Wells Fargo, N.A.	$ 34,000	$ 34,000	$ -
Bank of America, N.A.	68,015	68,015	-
U.S. Bank, N.A.	20,000	20,000	-
Truist Bank	40,000	25,000	15,000
University of Virginia Investment Management Company			
Bank of America, N.A.	150,000	-	-
U.S. Bank, N.A.	50,000	-	-
Jefferson Scholars Foundation			
Truist Bank	10,000	-	-
Alumni Association of the University of Virginia			
Truist Bank	200	-	-
University of Virginia Darden School Foundation			
Truist Bank	3,000	3,000	-
University of Virginia Law School Foundation			
JP Morgan Chase	15,000	-	-
University of Virginia Physicians Group			
Atlantic Union Bank	10,000	10,000	-
TOTAL	**$ 400,215**	**$ 160,015**	**$ 15,000**



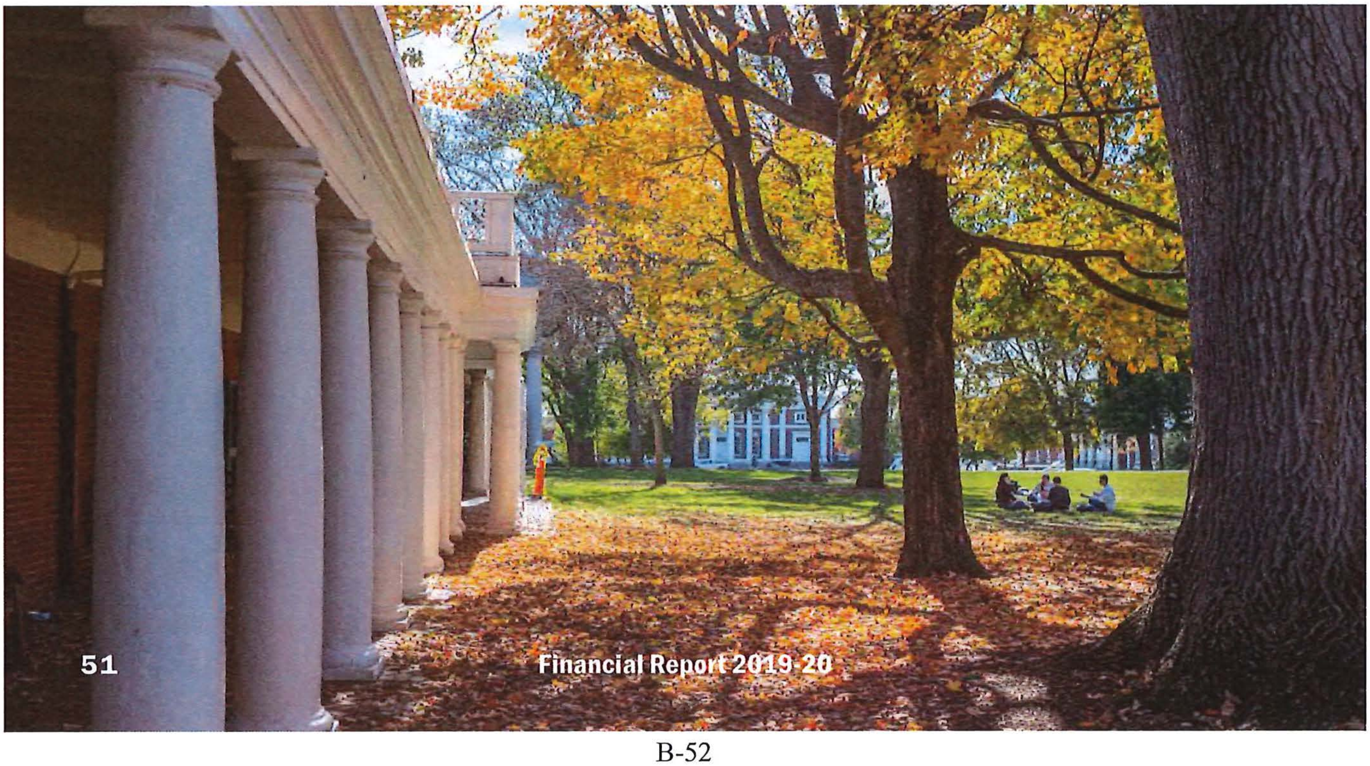
Notes to Financial Statements

The composition of the long-term debt of the component units on June 30, 2020, is summarized as follows:

LONG-TERM DEBT *(in thousands)*	UNIVERSITY OF VIRGINIA LAW SCHOOL FOUNDATION	THE COLLEGE FOUNDATION OF THE UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	ALUMNI ASSOCIATION OF THE UNIVERSITY OF VIRGINIA	JEFFERSON SCHOLARS FOUNDATION	UNIVERSITY OF VIRGINIA FOUNDATION	UNIVERSITY OF VIRGINIA PHYSICIANS GROUP	COMPONENT UNITS TOTAL
University of Virginia Phase I and II	$ -	$ -	$ 2,880	$ -	$ -	$ -	$ -	$ 2,880
Notes payable	512	892	1,903	1,524	-	34,438	8,200	47,469
Recovery Zone Facility Bond	-	-	-	-	-	6,919	-	6,919
2011 Refinancing demand bonds	-	-	-	-	-	7,475	-	7,475
2017 Variable rate bank bonds	-	-	-	-	22,500	-	-	22,500
Total	**512**	**892**	**4,783**	**1,524**	**22,500**	**48,832**	**8,200**	**87,243**
Less: Current portion	(512)	(408)	(4,783)	(1,524)	-	(2,552)	-	(9,779)
Less: Unamortized issuance costs	-	-	-	-	-	(74)	-	(74)
NET LONG-TERM DEBT	**$ -**	**$ 484**	**$ -**	**$ -**	**$ 22,500**	**$ 46,206**	**$ 8,200**	**$ 77,390**

Principal maturities of long-term debt obligations on June 30, 2020, are as follows:

MATURITIES *(in thousands)*	UNIVERSITY OF VIRGINIA LAW SCHOOL FOUNDATION	THE COLLEGE FOUNDATION OF THE UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	ALUMNI ASSOCIATION OF THE UNIVERSITY OF VIRGINIA	JEFFERSON SCHOLARS FOUNDATION	UNIVERSITY OF VIRGINIA FOUNDATION	UNIVERSITY OF VIRGINIA PHYSICIANS GROUP	COMPONENT UNITS TOTAL
2021	$ 512	$ 408	$ 4,783	$ 1,524	$ -	$ 2,552	$ -	$ 9,779
2022	-	484	-	-	-	5,393	1,036	6,913
2023	-	-	-	-	-	8,752	725	9,477
2024	-	-	-	-	-	1,582	754	2,336
2025	-	-	-	-	-	20,606	784	21,390
Thereafter	-	-	-	-	22,500	9,947	4,901	37,348
TOTAL	**$ 512**	**$ 892**	**$ 4,783**	**$ 1,524**	**$ 22,500**	**$ 48,832**	**$ 8,200**	**$ 87,243**



LEASES

The University Foundations have several operating leases for buildings, equipment, and other property. Future minimum rental payments under the operating lease agreements are as follows:

LEASES (in thousands)	THE COLLEGE FOUNDATION OF THE UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	UNIVERSITY OF VIRGINIA FOUNDATION	UNIVERSITY OF VIRGINIA PHYSICIANS GROUP	COMPONENT UNITS TOTAL
2021	$ 411	$ 2,810	$ 617	$ 3,886	$ 7,724
2022	411	2,903	631	3,689	7,634
2023	411	2,975	218	3,683	7,287
2024	411	3,050	223	3,577	7,261
2025	411	3,126	220	2,777	6,534
Thereafter	3,939	24,102	760	2,068	30,869
TOTAL	**$ 5,994**	**$ 38,966**	**$ 2,669**	**$ 19,680**	**$ 67,309**

For fiscal year 2020, rental expense for all Foundations was $8.5 million.

SIGNIFICANT TRANSACTIONS WITH THE UNIVERSITY

The University provides certain services for the Darden School Foundation that are reimbursed by the Darden School Foundation monthly.

The University has entered into agreements with the Darden School Foundation in which the University has committed to reimburse the Darden School Foundation for any defaults the Darden School Foundation is required to pay under its student loan guarantee programs with three banks. As of June 30, 2020, there were outstanding student loan balances under the program of approximately $19.9 million. At the inception of the agreements with the banks, origination fees were used to fund reserve accounts that are to be used to cover subsequent student loan defaults. As of June 30, 2020, the reserve account balances totaled $417,389. No payments have been made to the Darden School Foundation related to student loan guarantee program defaults.

UPG has contracted with the University to provide certain professional and technical services. Payments received for these services were approximately $128.6 million for the year ended June 30, 2020. Approximately $64 million of the fiscal year payments were provided through the Medical Center for the purpose of treating indigent and Medicaid patients. UPG contributed approximately $31.8 million to the University in support of various academic programs, equipment, teaching and research for the year ended June 30, 2020.

In April 2017, the University and UVAF entered into an agreement where the University will reimburse UVAF for the purchase price of new aircraft. UVA makes lease payments to UVAF to cover the interest expense on UVAF's outstanding debt balance and is scheduled to pay $700,000 annually in principal payments through December 2027.

During fiscal year 2018, UVAF entered into an Investment Management Agreement with the University. Under the agreement, the University will, from time to time, deposit funds to be held in the custody and control of the Foundation, with the University retaining beneficial ownership of the funds. The funds will be invested and reinvested by the Foundation to the extent permitted by the agreement and provide other related services for or on behalf of the University, all for the benefit of the University. The total aggregate amount held by the Foundation shall not exceed $100 million. Furthermore, funds from the agreement were used to pay off the affiliated notes payable agreements. At June 30, 2020, the outstanding balance due to UVA was $76.6 million.

NOTE 9

Expense Classification Matrix

The composition of the University's operating expenses by functional classification for the year ended June 30, 2020, is as follows:

OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION *(in thousands)*	COMPENSATION AND BENEFITS	SUPPLIES, UTILITIES, AND OTHER SERVICES	STUDENT AID	DEPRECIATION	OTHER	TOTAL
Instruction	$ 417,254	$ 36,060	$ 7,870	$ -	$ 1,161	$ 462,345
Research	284,668	134,380	22,944	-	927	442,919
Public service	26,890	22,369	776	-	491	50,526
Academic support	158,358	34,252	278	-	17,652	210,540
Student services	40,192	10,400	1,134	-	201	51,927
Institutional support	156,171	57,316	542	-	2,794	216,823
Operation of plant	104,335	18,760	-	-	210	123,305
Student aid	3,641	2,903	83,803	-	124	90,471
Auxiliary	88,751	88,064	509	-	846	178,170
Depreciation	-	-	-	150,108	-	150,108
Patient services	754,261	801,635	-	115,887	-	1,671,783
Other	6,921	(8,672)	-	-	-	(1,751)
Central services recoveries	-	(34,234)	-	-	-	(34,234)
TOTAL OPERATING EXPENSES	**$ 2,041,442**	**$ 1,163,233**	**$ 117,856**	**$ 265,995**	**$ 24,406**	**$ 3,612,932**

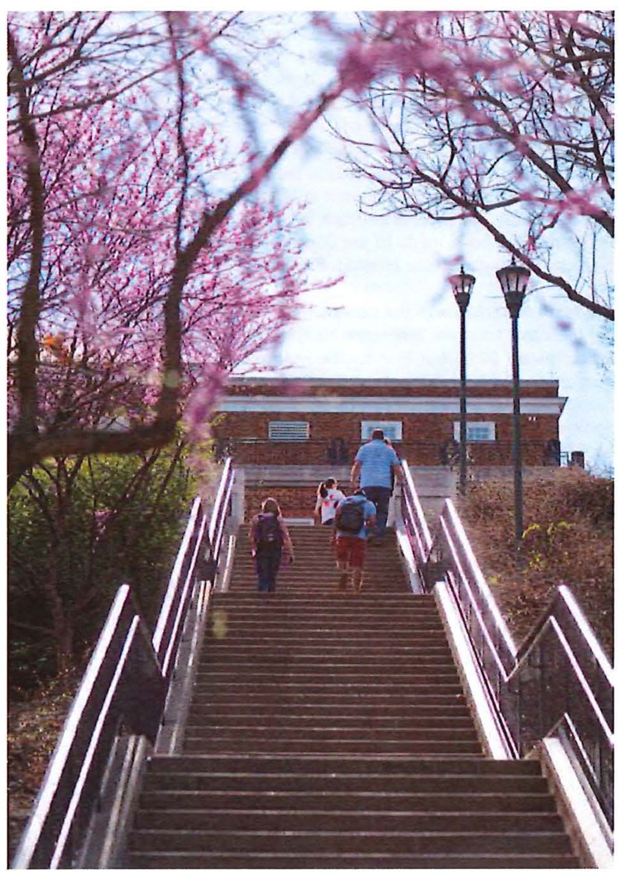
NOTE 10

Appropriations

The University receives state appropriations from the General Fund of the Commonwealth. The Appropriation Act specifies that such unexpended appropriations shall revert, as specifically provided by the General Assembly, at the end of the biennium. For years ending at the middle of a biennium, unexpended appropriations that have not been approved for reappropriation in the next year by the governor become part of the General Fund of the Commonwealth and are, therefore, no longer available to the University for disbursements.

A summary of state appropriations received by the University and the University's College at Wise, including all supplemental appropriations and reversions for the year ended June 30, 2020, is provided in the following chart:

APPROPRIATIONS *(in thousands)*	
Original legislative appropriation per Chapter 854	$ 162,409
Adjustments:	
Financial aid - General Fund	15,809
Financial assistance for educational and general	13,192
Miscellaneous	1,232
TOTAL	**$ 192,642**



NOTE 11

Retirement Plans

VIRGINIA RETIREMENT SYSTEM

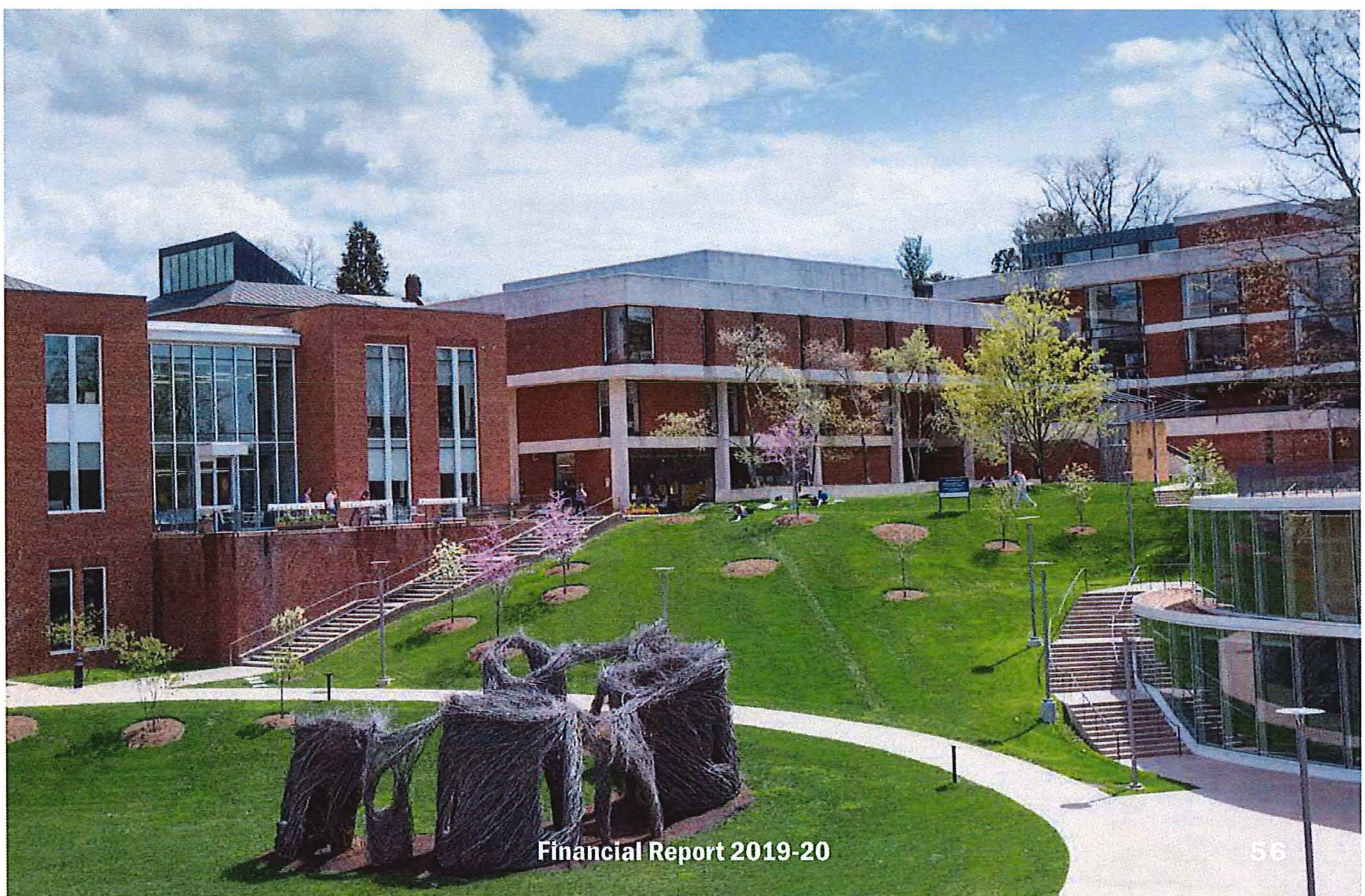
All full-time, salaried, permanent employees of state agencies and higher education institutions are automatically covered by the VRS State Employee Retirement Plan or the VaLORS Retirement Plan upon employment. These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS State Employee Retirement Plan: Plan 1, Plan 2 and Hybrid; and two different benefit structures for covered employees in the VaLORS Retirement Plan: Plan 1 and Plan 2. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund. **Hybrid Opt-In Election** VRS Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** VRS non-hazardous duty covered Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • State employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. ***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Members of the Virginia Law Officers' Retirement System (VaLORS) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions State employees, excluding state elected officials and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**Retirement Contributions** Same as Plan 1.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Service Credit** Same as Plan 1.	**Service Credit** **Defined Benefit Component:** Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **Defined Contributions Component:** Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.



RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contribution Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required except as governed by law.
Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1. **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. **VaLORS:** The retirement multiplier for VaLORS employees is 1.7% or 2%.	**Service Retirement Multiplier** **VRS:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013. **VaLORS:** The retirement multiplier for VaLORS employees is 2%.	**Service Retirement Multiplier** **Defined Benefit Component:** **VRS:** The retirement multiplier for the defined benefit component is 1%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **VaLORS:** Not applicable. **Defined Contribution Component:** Not applicable.
Normal Retirement Age **VRS:** Age 65. **VaLORS:** Age 60.	**Normal Retirement Age** **VRS:** Normal Social Security retirement age. **VaLORS:** Same as Plan 1.	**Normal Retirement Age** **Defined Benefit Component:** **VRS:** Same as Plan 2. **VaLORS:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility **VRS:** Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit. **VaLORS:** Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	**Earliest Unreduced Retirement Eligibility** **VRS:** Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90. **VaLORS:** Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90. **VaLORS:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility **VRS:** Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit. **VaLORS:** Age 50 with at least five years of service credit.	**Earliest Reduced Retirement Eligibility** **VRS:** Age 60 with at least five years (60 months) of service credit. **VaLORS:** Same as Plan 1.	**Earliest Reduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** Age 60 with at least five years (60 months) of service credit. **VaLORS:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Cost-of-Living Adjustment (COLA) In Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. **Eligibility:** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date. **Exceptions to COLA Effective Dates:** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	**Cost-of-Living Adjustment (COLA) In Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. **Eligibility:** Same as Plan 1. **Exceptions to COLA Effective Dates:** Same as Plan 1.	**Cost-of-Living Adjustment (COLA) In Retirement** **Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Not applicable. **Eligibility:** Same as Plan 1 and Plan 2. **Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP) and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP) and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**Disability Coverage** State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP) and are not eligible for disability retirement. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS-refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit Component:** Same as Plan 1, with the following exception: • Hybrid Retirement Plan members are ineligible for ported service. **Defined Contribution Component:** Not applicable.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute five percent of their compensation toward their retirement. Each state agency's contractually required contribution rate for the year ended June 30, 2020, was 13.52 percent of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 21.61 percent of covered employee compensation. These rates were based on actuarially determined rates from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the VRS State Employee Retirement Plan were $51.3 million and $50.9 million for the years ended June 30, 2020, and June 30, 2019, respectively. Contributions from the University to the VaLORS Retirement Plan were $763,052 and $718,919 for the years ended June 30, 2020, and June 30, 2019, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the University reported a liability of $563 million for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability (NPL) and a liability of $6.1 million for its proportionate share of the VaLORS Retirement Plan NPL. The NPL was measured as of June 30, 2019, and the total pension liability used to calculate the NPL was determined by an actuarial valuation as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The University's proportion of the NPL was based on the University's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the University's proportion of the VRS State Employee Retirement Plan was 8.91 percent as compared to 8.66 percent at June 30, 2018. At June 30, 2019, the University's proportion of the VaLORS Retirement Plan was 0.88 percent as compared to 0.89 percent at June 30, 2018.

For the year ended June 30, 2020, the University recognized pension expense of $75.3 million for the VRS State Employee Retirement Plan and $787,928 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2018, and June 30, 2019, a portion of the pension expense was related to deferred amounts from changes in proportion and differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

YEAR ENDING JUNE 30 *(In thousands)*	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual experience	$ 11,793	$ 15,215
Change in assumptions	44,723	9
Net difference between projected and actual earnings on pension plan investments	-	14,172
Changes in proportion and differences between Employer contributions and proportionate share of contributions	20,438	3,758
Employer contributions subsequent to the measurement date	52,078	-
TOTAL	**$ 129,032**	**$ 33,154**

Deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date of $52.1 million will be recognized as a reduction of the NPL in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

YEAR ENDING JUNE 30 *(In thousands)*	
2021	$ 22,176
2022	4,510
2023	15,987
2024	1,125
TOTAL	**$ 43,798**

Actuarial Assumptions: VRS State Employee Retirement Plan

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 5.35 percent
Investment rate of return	6.75 percent, net of pension plan investment expense, including inflation*

** Administrative expenses as a percentage of the market value of assets for the last experience study were found to be approximately 0.06 percent of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75 percent. However, since the difference was minimal, and a more conservative 6.75 percent investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75 percent to simplify preparation of pension liabilities.*

Mortality rates:

Pre-Retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85 percent of rates; females set back 1 year.
Post-Retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5 percent increase compounded from ages 70 to 85.
Post-Disablement:	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115 percent of rates; females 130 percent of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality rates (pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table - RP - 2014 projected to 2020
Retirement rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rates	Adjusted rates to better match experience
Salary scale	No change
Line of duty disability	Increase rate from 14% to 25%
Discount rate	Decrease rate from 7% to 6.75%

Actuarial Assumptions: VaLORS Retirement Plan

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 4.75 percent
Investment rate of return	6.75 percent, net of pension plan investment expense, including inflation*

** Administrative expenses as a percentage of the market value of assets for the last experience study were found to be approximately 0.06 percent of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75 percent. However, since the difference was minimal, and a more conservative 6.75 percent investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75 percent to simplify preparation of pension liabilities.*

Mortality rates:

Pre-Retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90 percent of rates; females set forward 1 year.
Post-Retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1 percent increase compounded from ages 70 to 90; females set forward 1 year.
Post-Disablement:	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100 percent male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality rates (pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table - RP - 2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement rates	Increased age 50 rates and lowered rates at older ages
Withdrawal rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rates	Adjusted rates to better match experience
Salary scale	No change
Line of duty disability	Decrease rate from 50% to 35%
Discount rate	Decrease rate from 7% to 6.75%

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans*, less that system's fiduciary net position. As of June 30, 2019, NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows:

NET PENSION LIABILITY *(In thousands)*	STATE EMPLOYEE RETIREMENT PLAN	VaLORS RETIREMENT PLAN
Total pension liability	$ 25,409,842	$ 2,190,025
Less: Plan fiduciary net position	(19,090,110)	(1,495,990)
EMPLOYERS' NET PENSION LIABILITY	**$ 6,319,732**	**$ 694,035**
Plan fiduciary net position as a percentage of the total pension liability	75.13%	68.31%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The NPL is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) 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 and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

ASSET CLASS (STRATEGY)	TARGET ALLOCATION	ARITHMETIC LONG-TERM EXPECTED RATE OF RETURN PLAN	WEIGHTED AVERAGE LONG-TERM EXPECTED RATE OF RETURN
Public equity	34%	5.61%	1.91%
Fixed income	15%	0.88%	0.13%
Credit strategies	14%	5.13%	0.72%
Real assets	14%	5.27%	0.74%
Private equity	14%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6%	3.52%	0.21%
PIP - Private Investment Partnership	3%	6.29%	0.19%
TOTAL	**100%**		**5.13%**
Inflation			2.50%
Expected arithmetic nominal return*			7.63%

** The above allocation provides a one-year return of 7.63 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11 percent, including expected inflation of 2.5 percent. The VRS Board elected a long-term rate of 6.75 percent which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.*

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the University for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100 percent of the actuarially determined contribution rate. From July 1, 2019 on, all agencies are assumed to contribute 100 percent of the actuarially determined contribution rates. 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 active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the University's proportionate share of the VRS State Employee Retirement Plan NPL and the VaLORS Retirement Plan NPL using the discount rate of 6.75 percent, as well as what the University's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage point lower (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

SENSITIVITY OF NET PENSION LIABILITY *(In thousands)*	1% DECREASE (5.75%)		CURRENT DISCOUNT RATE (6.75%)		1% INCREASE (7.75%)	
The University's proportionate share of the VRS State Employee Retirement Plan net pension liability	$	826,992	$	562,966	$	341,015
The University's proportionate share of the VaLORS Retirement Plan net pension liability		8,618		6,136		4,087
TOTAL NET PENSION LIABILITY	**$**	**835,610**	**$**	**569,102**	**$**	**345,102**

Pension Plan Fiduciary Net Position

Detailed information about the VRS State Employee Retirement Plan's Fiduciary Net Position or the VaLORS Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at **https://www.varetire.org/Pdf/Publications/2019-annual-report.pdf**, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

The amount of payables outstanding to the VRS State Employee Retirement Plan and the VaLORS Retirement Plan at June 30, 2019, was approximately $1.9 million for legally required contributions into the plans.

OPTIONAL RETIREMENT PLANS

Full-time faculty and certain administrative staff may participate in Optional Retirement Plans, as authorized by the *Code of Virginia*, rather than the VRS retirement plans. The Optional Retirement Plans are defined contribution plans to which the University contributes an amount established by statute.

There are two defined contribution plans for eligible academic employees. Plan 1 is for employees hired prior to July 1, 2010, and retirement benefits received are based on the employer's 10.4 percent contributions, plus interest and dividends. Plan 2 is for employees hired on or after July 1, 2010, and retirement benefits received are based on the employer's 8.9 percent contributions and the employee's five percent contributions, plus interest and dividends. For employees hired before July 1st, 2014, individual contracts issued under these plans provide for full and immediate vesting of both the University's and the employees' contributions. Employees hired after July 1st, 2014 are fully vested in the UVA contributions after two years of continuous employment.

Medical Center employees hired after July 1, 1999, cannot participate in Plan 1 or Plan 2 noted above but have the option of participating in the Medical Center's Optional Retirement Plan. This is a defined contribution plan where the retirement benefits received are based on the employer and employee contributions, all of which are paid by the Medical Center, plus interest and dividends. Medical Center employees are fully vested after one or two years of employment, depending on their date of hire.

Total pension costs under the Optional Retirement Plans were approximately $70.6 million and were calculated using base salaries of $936.3 million, for the year ended June 30, 2020. The contribution percentage amounted to 7.5 percent.

DEFERRED COMPENSATION PLANS

State employees may elect to participate in the Commonwealth's Deferred Compensation 457 Plan and/or the University's 403(b) Plan. Participating employees can contribute to either plan each pay period, with the Commonwealth matching at 50 percent up to $20 per pay period. This dollar amount match can change depending on the funding available in the Commonwealth's budget. The Employer Matching Plan falls under Section 401(a) of the Internal Revenue Code. Employer contributions for University employees to the 401(a) plan were approximately $2.8 million for the year ended June 30, 2020.

The Deferred Compensation Plan for the University Medical Center employees hired on or after September 30, 2002, allows employee contributions up to four percent of their salary and an employer match of 50 percent of the employee's four percent deferral amount, not to exceed two percent of the employee's salary. Employer contributions under this plan were approximately $5 million for the year ended June 30, 2020.

The University of Virginia provides executive deferred compensation retirement benefits for certain officers and executives of the University and University Medical Center. The University makes contributions on behalf of each participant as determined by the Board of Visitors. For the year ended June 30, 2020, the University contributed $2.5 million to these accounts.

NOTE 12

Postemployment Benefits Other Than Pension Benefits

VIRGINIA RETIREMENT SYSTEM OTHER POSTEMPLOYMENT (OPEB) PLANS

As described in Note 1, the University employees participating in the VRS retirement plans are eligible for the VRS Group Life Insurance (GLI) program, State Employee Health Insurance Credit (HIC) program, Line of Duty Act (LODA) program, and Virginia Sickness and Disability Program (VSDP). The specific information for each of the plans, including eligibility, coverage and benefits is set out in the table below:

VIRGINIA RETIREMENT SYSTEM OPEB PLAN PROVISIONS			
GLI	**HIC**	**LODA**	**VSDP**
Plan Description All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the GLI program upon employment. This plan is administered by the System, along with pensions and other OPEB plans, for public employer groups in the Commonwealth. In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI OPEB.	**Plan Description** All full-time, salaried permanent employees of state agencies are automatically covered by the HIC program. This plan is administered by the System, along with pension and other OPEB plans, for public employer groups in the Commonwealth. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.	**Plan Description** All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the the System, the State Police Officers' Retirement System (SPORS), or the VaLORS are automatically covered by the LODA. As required by statute, the System is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.	**Plan Description** All full-time and part-time permanent salaried state employees who are covered under the System, the State Police Officers' Retirement System (SPORS), or the VaLORS hired on or after January 1, 1999 are automatically covered by the VSDP upon employment. The disability insurance program also covers state employees hired before January 1, 1999 who elected to transfer to VSDP rather than retain their eligibility to be considered for disability retirement. This plan is administered by the System, along with pensions and other OPEB plans, for public employer groups in the Commonwealth. Employees on work-related short-term disability receiving only a workers' compensation payment may be eligible to purchase service credit for this period if retirement contributions are not being withheld from the workers' compensation payment. The rate will be based on 5% of the employee's compensation.

VIRGINIA RETIREMENT SYSTEM OPEB PLAN PROVISIONS			
GLI	**HIC**	**LODA**	**VSDP**
Eligible Employees The GLI program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.	**Eligible Employees** The HIC program was established January 1, 1990 for retired state employees covered under VRS, SPORS, VaLORS and JRS who retire with at least 15 years of service credit. Employees who retire after being on long-term disability under VSDP must also have at least 15 years of service credit to qualify for the health insurance credit as a retiree. Eligible employees are enrolled automatically upon employment. They include: • Full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS and JRS.	**Eligible Employees** The eligible employees of the LODA program are paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under VRS, the SPORS, or the VaLORS.	**Eligible Employees** The VSDP, also known as the Disability Insurance Trust Fund, was established January 1, 1999 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities. Eligible employees are enrolled automatically upon employment. They include: • Full-time and part-time permanent salaried state employees covered under VRS, SPORS and VaLORS (members new to VaLORS following its creation on October 1, 1999, have been enrolled since the inception of VSDP). • State employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for VRS disability retirement. • Public college and university faculty members who elect the VRS defined benefit plan. They may participate in the VSDP or their institution's disability program, if offered. If the institution does not offer the program or the faculty member does not make an election, he or she is enrolled in VSDP. Employees hired or rehired on or after July 1, 2009, must satisfy eligibility periods before becoming eligible for non-work-related short-term disability benefits and certain income-replacement levels. A state employee who is approved for VSDP benefits on or after the date that is five years prior to his or her normal retirement date is eligible for up to five years of VSDP benefits.

VIRGINIA RETIREMENT SYSTEM OPEB PLAN PROVISIONS			
GLI	**HIC**	**LODA**	**VSDP**
Benefit Amounts The benefits payable under the GLI program have several components: • **Natural Death Benefit** – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit. • **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option.	**Benefit Amounts** The HIC program provides the following benefits for eligible employees: • **At Retirement** – For State employees who retire with at least 15 years of service credit, the monthly benefit is $4 per year of service per month with no cap on the benefit amount. The monthly benefit cannot exceed the individual's premium amount. • **Disability Retirement** – For State employees, other than state police officers, who retire on disability or go on long-term disability under the VSDP program, the monthly benefit is $120 or $4 per year of service, whichever is higher. For State police officers employees with a non-work-related disability who retire on disability or go on long-term disability under the VSDP program the monthly benefit is $120 or $4 per year of service, whichever is higher. For State police officers employees with a work-related disability, there is no benefit provided under the HIC program if the premiums are being paid under the LODA program. However, they may receive the credit for premiums paid for other qualified health plans. The monthly benefit cannot exceed the individual's premium amount.	**Benefit Amounts** The LODA program provides death and health insurance benefits for eligible individuals: • **Death** – The LODA death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: • $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after. • $25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date. • An additional $20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001. • **Health Insurance** – The LODA program provides health insurance benefits. Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by the Line of Duty Act.	**Benefit Amounts** The VSDP provides the following benefits for eligible employees: • **Leave** – Sick, family and personal leave. Eligible leave benefits are paid by the employer. • **Short-Term Disability** – The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. The benefit provides income replacement beginning at 100% of the employee's pre-disability income, reducing to 80% and then 60% based on the period of the disability and the length of service of the employee. Short-term disability benefits are paid by the employer. • **Long-Term Disability** – The program provides a long-term disability benefit beginning after 125 workdays of short-term disability and continuing until the employee reaches his or her normal retirement age. The benefit provides income replacement of 60% of the employee's pre-disability income. If an employee becomes disabled within five years of his or her normal retirement age, the employee will receive up to five years of VSDP benefits, provided he or she remains medically eligible. Long-term disability benefits are paid for by the VSDP. • **Income Replacement Adjustment** – The program provides for an income replacement adjustment to 80% for catastrophic conditions. • **VSDP Long-Term Care Plan**– The program also includes a self-funded long-term care plan that assists with the cost of covered long-term care services.

VIRGINIA RETIREMENT SYSTEM OPEB PLAN PROVISIONS			
GLI	**HIC**	**LODA**	**VSDP**
Reduction in Benefit Amounts The benefit amounts provided to members covered under the GLI program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.	**Reduction in Benefit Amounts** Not applicable	**Reduction in Benefit Amounts** Not applicable	**Reduction in Benefit Amounts** Not applicable
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI program. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,463 as of June 30, 2020.	**Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)** Not applicable	**Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)** Not applicable	**Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)** During periods an employee receives long-term disability benefits, the long-term disability benefit may be increased annually by an amount recommended by the actuary and approved by the Board. • Plan 1 employees vested as of January 1, 2013 – 100% of the VRS Plan1 COLA (The first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%). • Plan 1 employee non-vested as of January 1, 2013, Plan 2 and Hybrid Plan employees – 100% of the VRS Plan 2 and Hybrid COLA (The first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%). For participating full-time employees taking service retirement, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement. • 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4% For participating full-time employees receiving supplemental (work-related) disability benefits, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement • 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4%.

CONTRIBUTIONS

The contribution requirements for the GLI program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79 percent (1.31 percent x 60 percent) and the employer component was 0.52 percent (1.31 percent x 40 percent). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the GLI program from the University were $2 million and $1.9 million for the years ended June 30, 2020 and June 30, 2019, respectively.

The contribution requirement for the HIC program for active employees is governed by §51.1-1400(D) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each state agency's contractually required employer contribution rate for the year ended June 30, 2020 was 1.17 percent of covered employee compensation for employees in the HIC program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the HIC program were $15.4 million and $14.9 million for the years ended June 30, 2020 and June 30, 2019, respectively.

The contribution requirements for the LODA program are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA program for the year ended June 30, 2020 was $705.77 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA program from the University were $42,346 and $38,817 for the years ended June 30, 2020 and June 30, 2019, respectively.

The contribution requirements for the VSDP are governed by §51.1-1140 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the VSDP for the year ended June 30, 2020 was 0.62 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. Contributions to the VSDP from the University were $2.1 million and $2 million for the years ended June 30, 2020 and June 30, 2019, respectively.

OPEB LIABILITIES (ASSETS), OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO VRS OPEB PLANS

At June 30, 2020, the University reported a liability of $201.3 million for its proportionate share of the Net OPEB Liability (NOL) for GLI, HIC, and LODA Programs. At June 30, 2020, the University reported an asset of $15.3 million for its proportionate share of the Net VSDP OPEB Asset (NOA). The NOL/(NOA) was measured as of June 30, 2019 and the total OPEB liability used to calculate the NOL/(NOA) was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019.

The University's proportion of the NOL/(NOA) for GLI, HIC, and VSDP was based on the University's actuarially determined employer contributions to those programs for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. The University's proportion of the LODA NOL was based on the University's actuarially determined pay-as-you-go employer contributions to the LODA plan for the year ended June 30, 2019 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. The schedule below presents the University's proportion at June 30, 2019 and June 30, 2018.

University's proportion of contributions, as of June 30, 2019

DIVISION	GLI	HIC	LODA	VSDP
Academic - State Employees	1.6645%	12.1544%	N/A	(7.5631%)
Academic - Law Officers	0.0140%	0.0404%	0.2419%	(0.0514%)
Medical Center	0.1711%	5.8934%	N/A	N/A
College at Wise - State Employees	0.0438%	0.2559%	N/A	(0.1874%)
College at Wise - Law Officers	0.0017%	0.0050%	0.0473%	(0.0070%)

University's proportion of contributions, as of June 30, 2018

DIVISION	GLI	HIC	LODA	VSDP
Academic - State Employees	1.6187%	11.5956%	N/A	(7.3087%)
Academic - Law Officers	0.0142%	0.0401%	0.2717%	(0.0515%)
Medical Center	0.1839%	6.5325%	N/A	N/A
College at Wise - State Employees	0.0463%	0.2485%	N/A	(0.1968%)
College at Wise - Law Officers	0.0020%	0.0056%	0.0479%	(0.0080%)

For the year ended June 30, 2020, the University recognized OPEB expense of $19.2 million. Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the agency reported deferred outflows of resources and deferred inflows of resources related to the VRS administered OPEBs from the following sources:

YEAR ENDING JUNE 30 *(in thousands)*	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual experience	$ 4,256	$ 3,075
Net difference between projected and actual earnings on OPEB plan investments	-	1,294
Change in assumptions	5,760	3,052
Changes in proportion	14,368	6,113
Employer contributions subsequent to the measurement date	19,525	-
TOTAL	**$ 43,909**	**$ 13,534**

$19.5 million reported as deferred outflows of resources related to the VRS administered OPEB resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the NOL in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEBs will be recognized in OPEB expense in future reporting periods as follows:

YEAR ENDING JUNE 30 *(in thousands)*	
2021	$ 2,254
2022	2,254
2023	2,940
2024	1,972
2025	1,014
Thereafter	416
TOTAL	**$ 10,850**

ACTUARIAL ASSUMPTIONS

The total OPEB liability for all VRS Programs was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation 2.5 percent

Salary increases, including inflation per plan:

Employee Type	GLI	HIC	LODA	VSDP
General State	3.5 - 5.35%	3.5 - 5.35%	N/A	3.5 - 5.35%
Teachers	3.5 - 5.95%	N/A	N/A	N/A
SPORS	3.5 – 4.75 %	3.5 – 4.75 %	N/A	3.5 – 4.75 %
VaLORS	3.5 – 4.75 %	3.5 – 4.75 %	N/A	3.5 – 4.75 %
JRS	4.5%	4.5%	N/A	N/A
Locality - General	3.5 – 5.35%	N/A	N/A	N/A
Locality - Hazardous Duty	3.5 – 4.75%	N/A	N/A	N/A

LODA Medical cost trend rates assumption:

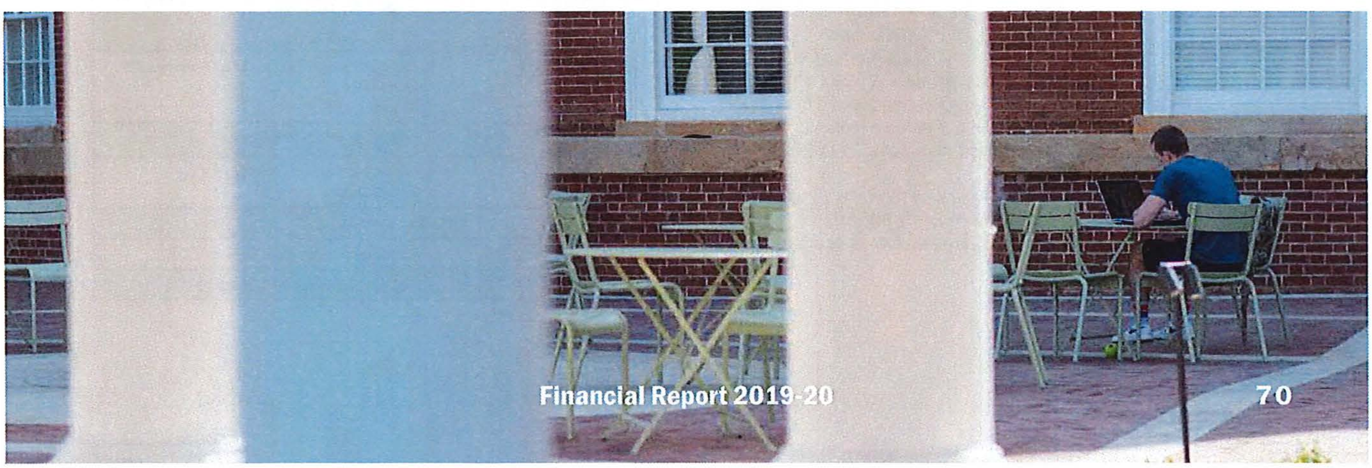
Under age 65	7.25 percent – 4.75 percent
Ages 65 and older	5.50 percent – 4.75 percent

LODA Year of Ultimate Trend Rate:

Post-65	Fiscal year ended 2023
Pre-65	Fiscal year ended 2028

Investment rate of return — 6.75 percent (3.5 percent for LODA), net of pension plan investment expenses, including inflation*

** Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06 percent of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75 percent (3.5 percent for LODA). However, since the difference was minimal, and a more conservative 6.75 percent (3.5 percent for LODA) investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75 percent (3.5 percent for LODA) to simplify preparation of the OPEB liabilities for GLI, HIC, and VSDP. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.5 percent was used since it approximates the risk-free rate of return.*



Mortality rates – General State Employees (GLI, HIC, LODA, VSDP)

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85 percent of rates; females set back 1 year.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5 percent increase compounded from ages 70 to 85.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115 percent of rates; females 130 percent of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and the VRS Board action are as follows:

Mortality rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rates	Adjusted rates to better match experience
Salary scale	No change
Line of duty disability	Increased rate from 14% to 25%
Discount rate	Decrease rate from 7% to 6.75%

Mortality rates – Teachers* (GLI)

Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1 percent increase compounded from ages 70 to 90; females set back 3 years with 1.5 percent increase compounded from ages 65 to 70 and 2 percent increase compounded from ages 75 to 90.

Post-Disablement: RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115 percent of rates for males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and the VRS Board action are as follows:

Mortality rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rates	Adjusted rates to better match experience
Salary scale	No change
Discount rate	Decrease rate from 7% to 6.75%

Mortality rates – SPORS Employees* (GLI, HIC, LODA, VSDP)

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90 percent of rates; females set forward 1 year.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1 percent increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100 percent male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and the VRS Board action are as follows:

Mortality rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement rates	Increased age 50 rates and lowered rates at older ages
Withdrawal rates	Adjusted rates to better fit experience
Disability rates	Adjusted rates to better match experience
Salary scale	No change
Line of duty disability	Increased rate from 60% to 85%
Discount rate	Decrease rate from 7% to 6.75%

Mortality rates – VaLORS Employees (GLI, HIC, LODA, VSDP)

Pre-Retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90 percent of rates; females set forward 1 year.
Post-Retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1 percent increase compounded from ages 70 to 90; females set forward 3 years
Post-Disablement:	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100 percent male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and the VRS Board action are as follows:

Mortality rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement rates	Increased age 50 rates and lowered rates at older ages
Withdrawal rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rates	Adjusted rates to better match experience
Salary scale	No change
Line of duty disability	Decreased rate from 50% to 35%
Discount rate	Decrease rate from 7% to 6.75%

Mortality rates – JRS Employees* (GLI, HIC)

Pre-Retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85 percent of rates; females set back 1 year.
Post-Retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5 percent compounding increase from ages 70 to 85.
Post-Disablement:	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115 percent of rates; females 130 percent of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and the VRS Board action are as follows:

Mortality rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change
Discount rate	Decrease rate from 7% to 6.75%

Mortality rates – Locality Employees - General Employees* (GLI)

Pre-Retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95 percent of rates; females 105 percent of rates
Post-Retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1 percent increase compounded from ages 70 to 90
Post-Disablement:	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; 110 percent of rates; females 125 percent of rates

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and the VRS Board action are as follows:

Mortality rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal rates	Adjusted termination rates to better fit experience at each age and service year
Disability rates	Lowered disability rates
Salary scale	No change
Line of duty disability	Increased rate from 14% to 20% (14% to 15% for Non-Largest Ten Locality Employers)
Discount rate	Decrease rate from 7% to 6.75%

Mortality rates – Locality Employers - Hazardous Duty Employees* (GLI, LODA)

Pre-Retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90 percent of rates; females set forward 1 year.
Post-Retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1 percent increase compounded from ages 70 to 90; females set forward 3 years
Post-Disablement:	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100 percent male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and the VRS Board action are as follows:

Mortality rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement rates	Lowered retirement rates at older ages and increased age 50 rates for Non-Largest Ten Locality Employers
Withdrawal rates	Adjusted termination rates to better fit experience at each age and service year
Disability rates	Increased disability rates and adjusted rates to better match experience for Non-Largest 10 Locality Employers
Salary scale	No change
Line of duty disability	Increased rate from 60% to 70% for Largest Ten Locality Employers and decreased rate from 60% to 45% for Non-Largest Ten Locality Employers.
Discount rate	Decrease rate from 7% to 6.75%

** UVA has no employees currently in these plans. Since the OPEB plans are treated as cost sharing plans and these assumptions affect the liability calculation for the University, the information is presented for informational purposes.*

Net OPEB Liability (Asset)

The net OPEB liability (NOL) or net OPEB asset (NOA) for the VRS administered OPEB plans represent the programs' total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL and NOA amounts for these programs are as follows:

NET OPEB LIABILITY (ASSET)
(in thousands)

	GLI	HIC	LODA	VSDP
Total OPEB liability	$ 3,390,238	$ 1,032,094	$ 361,626	$ 292,046
Less: Plan fiduciary net position	(1,762,972)	(109,023)	(2,839)	(488,241)
EMPLOYER'S NET OPEB LIABILITY (ASSET)	**$ 1,627,266**	**$ 923,071**	**$ 358,787**	**$ (196,195)**
Plan fiduciary net position as a percentage of the total OPEB liability	52.00%	10.56%	0.79%	167.18%

The total OPEB liability (asset) is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The NOL/(NOA) is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Discount Rate

The discount rate used to measure the total GLI, HIC, and VSDP OPEB liability was 6.75 percent and 3.5 percent for the LODA OPEB liability. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the University for the OPEBs will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100 percent of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, the OPEBs' fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return - GLI, HIC, VSDP

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) 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 and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

ASSET CLASS (STRATEGY)	TARGET ALLOCATION	ARITHMETIC LONG-TERM EXPECTED RATE OF RETURN PLAN	WEIGHTED AVERAGE LONG-TERM EXPECTED RATE OF RETURN
Public equity	34%	5.61%	1.91%
Fixed income	15%	0.88%	0.13%
Credit strategies	14%	5.13%	0.72%
Real assets	14%	5.27%	0.74%
Private equity	14%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6%	3.52%	0.21%
PIP - Private Investment Partnership	3%	6.29%	0.19%
TOTAL	**100%**		**5.13%**
Inflation			2.50%
Expected arithmetic nominal return*			7.63%

** The above allocation provides a one-year return of 7.63 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11 percent, including expected inflation of 2.5 percent. The VRS Board elected a long-term rate of 6.75 percent, which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.*

Long-Term Expected Rate of Return - LODA

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.5 percent for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75 percent assumption. Instead, the assumed annual rate of return of 3.5 percent was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2019.

Sensitivity of the University's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the University's proportionate share of the NOL/(NOA) using the discount rate of 6.75 percent (3.5 percent for LODA), as well as what the University's proportionate share of the NOL/(NOA) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

SENSITIVITY OF NET OPEB LIABILITY (ASSET) *(In thousands)*	1% Decrease	Current Discount Rate	1% Increase
Employer's proportionate share of the VRS administered net OPEB liability	$ 229,443	$ 201,253	$ 177,507
Employer's proportionate share of the VRS administered net OPEB asset	(13,911)	(15,321)	(16,569)

Sensitivity of the University's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA program contains provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the University's proportionate share of the LODA NOL using a health care trend rate of 7.75 percent decreasing to 4.75 percent, as well as what the University's proportionate share of the LODA NOL would be if it were calculated using a health care trend rate that is one percentage point lower or one percentage point higher than the current rate:

SENSITIVITY OF LODA NET OPEB LIABILITY *(In thousands)*	1% Decrease (6.75% decreasing to 3.75%)	Health Care Trend Rates (7.75% decreasing to 4.75%)	1% Increase (8.75% decreasing to 5.75%)
Covered employer's proportionate share of the total LODA net OPEB liability	$ 877	$ 1,038	$ 1,240

VRS Administered OPEB Programs' Fiduciary Net Position

Detailed information about the VRS administered OPEBs' Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at **http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf**, or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

UNIVERSITY OF VIRGINIA OTHER POSTEMPLOYMENT (OPEB PLANS)

As described in Note 1, the University employees participating in the University's Optional Retirement Plan or the UVA Health Plan are eligible for various OPEBs administered by the University. The specific information for each of the plans, including eligibility, coverage and benefits is set out below.

Optional Retirement Retiree Life Insurance Plans. University faculty and Medical Center employees who participate in the Optional Retirement Plans receive $10,000 in retiree life insurance. The University pays the total cost of the insurance. Benefit provisions for these plans are established and maintained by the University under the authority of the Board. The University does not issue stand-alone financial statements for the plans.

Retiree Health Plan. University employees who retire before becoming eligible for Medicare participate in the Retiree Health Plan, a single-employer defined benefit plan administered by the University, until they are eligible for Medicare. At that time, University retirees can participate in the Commonwealth's Medicare Supplement Plan. The Retiree Health Plan mirrors the University's Health Plan for medical and pharmacy benefits provided to active employees. Benefits provided include preventative care, family planning and maternity, hospital care, surgery, behavioral health care, and other medical services. The amount of coverage ranges depending on the Health Plan option chosen by the employee and type of care. Benefit provisions for the Retiree Health Plan are established and maintained by the University under the authority of the Board. The University does not issue stand-alone financial statements for this plan.

The University also provides dental benefits through the UVA Dental Plan for retirees enrolled in the UVA Health Plan that elected dental coverage. Enrollment in the UVA Dental Plan must be completed at initial enrollment in the health benefits program. Dental enrollment can also be added or dropped during the open enrollment period each year. If dropped by the employee, the employee and/or their covered family members will not be able to re-enroll in the dental plan. As of June 30, 2020, the premiums paid by retirees exceed dental claims, as such, there is no liability associated with this plan.

The contribution requirements of plan members and the University are based on projected pay-as-you-go financing requirements. For fiscal year 2020, the University and Medical Center contributed $288,252 to the plan for retiree costs. Retirees receiving benefits contributed $3.6 million, or approximately 92.5 percent of the total costs, through their required contributions, ranging from $757 to $3,895 per month.

The benefit terms of the Retiree Life Insurance and the Retiree Health Plan covered the following employees:

COVERED EMPLOYEE CATEGORY	LIFE INSURANCE	RETIREE HEALTH PLAN
Inactive employees	1,066	346
Active employees	11,145	17,425
TOTAL COVERED EMPLOYEES	12,211	17,771

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to UVA OPEB Plans

At June 30, 2020, the University reported a total OPEB liability (TOL) for University administered programs of $64.6 million. The actuarial valuation was performed as of July 1, 2018 and rolled forward to the measurement date of June 30, 2019. Update procedures were used to roll-forward the census data and actuarially determined liability to the measurement date using standard methodology.

For the year ended June 30, 2020, the University recognized a negative OPEB expense of $611,413. The University also reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

YEAR ENDING JUNE 30 *(In thousands)*	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual experience	$ -	$ (24,670)
Changes in assumptions or other inputs	1,970	(22,923)
Transactions subsequent to the measurement date	294	-
TOTAL	$ 2,264	$ (47,593)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

YEAR ENDING JUNE 30 *(In thousands)*	
2021	$ (7,476)
2022	(7,476)
2023	(7,476)
2024	(6,802)
2025	(3,765)
Thereafter	(12,628)
TOTAL	$ (45,623)

Actuarial Assumptions

The liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5 percent
Salary increases	4 percent
Discount rate	3.51 percent, based on the Bond Buyer GO 20-Bond Municipal Bond Index.
Healthcare cost trend rates	7.25 percent for June 30, 2018, decreasing 0.25 percent per year to an ultimate rate of 5 percent for fiscal year 2027 and thereafter.
Retirees' share of benefit-related costs	Equal to applicable percentage of projected average claims based on all relevant assumptions described in this section, including health care trend rates, health care cost aging, and various demographic assumptions.
Mortality rates	For healthy annuitants: Pub TH-2010 employees and healthy annuitants mortality table projected generationally using Scale MP-2019 for faculty and Pub GH-2010 employees and healthy annuitants mortality table projected generationally using Scale MP-2019 for non-faculty. For disabled annuitants: Pub TH-2010 disabled mortality table projected generationally using Scale MP-2019 for faculty and Pub GH-2010 disabled mortality table projected generationally using Scale MP-2019 for non-faculty.

Total OPEB Liability

TOTAL OPEB LIABILITY *(in thousands)*	
BEGINNING BALANCE AS OF JUNE 30, 2019	**$ 58,329**
Changes for the year:	
Service cost	4,435
Interest	2,429
Expected vs actual experience	(2,871)
Changes in assumptions *	2,275
Benefit payments	(13)
ENDING BALANCE AS OF JUNE 30, 2020	**$ 64,584**

** Changes of assumptions reflect the following:*

- *A change in the discount rate from 3.87 percent in 2019 to 3.51 percent in 2020.*
- *A change in the employees and healthy annuitants mortality assumption from the Pub TH 2010 employees and healthy annuitants mortality table projected generationally using Scale MP-2018 for faculty and the Pub GH-2010 employees and healthy annuitants mortality table projected generationally using Scale MP-2018 for non-faculty to the Pub TH 2010 employees and healthy annuitants mortality table projected generationally using Scale MP-2019 for faculty and the Pub GH-2010 employees and healthy annuitants mortality table projected generationally using Scale MP-2019 for non-faculty.*
- *A change in the disability mortality assumption from the Pub TH 2010 disabled retirees mortality table projected generationally using Scale MP-2018 to the Pub TH 2010 disabled retirees mortality table projected generationally using Scale MP-2019.*

Sensitivity of the University's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the University, as well as what the University's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.51 percent) or one percentage point higher (4.51 percent) than the current discount rate:

SENSITIVITY OF TOTAL OPEB LIABILITY TO CHANGES IN DISCOUNT RATE *(in thousands)*	1% DECREASE (2.51%)	DISCOUNT RATE (3.51%)	1% INCREASE (4.51%)
TOTAL OPEB LIABILITY	$ 71,624	$ 64,584	$ 58,633

Sensitivity of the University's Total OPEB Liability to Changes in the Health Care Trend Rate

The following presents the total OPEB liability of the University administered programs, as well as what the University's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.25 percent decreasing to 4 percent) or one percentage point higher (8.25 percent decreasing to 6 percent) than the current healthcare cost trend rates:

SENSITIVITY OF TOTAL OPEB LIABILITY TO HEALTHCARE TREND RATE *(in thousands)*	1% DECREASE (6.25% DECREASING TO 4%)	HEALTHCARE TREND RATES (7.25% DECREASING TO 5.00%)	1% INCREASE (8.25% DECREASING TO 6%)
TOTAL OPEB LIABILITY	$ 59,398	$ 64,584	$ 70,677

NOTE 13

Self-Insurance

All University employees have the option to participate in the University's self-funded, comprehensive medical care benefits program. The cost of medical care is paid out of employee and employer contributions. The market value of investments on June 30, 2020, was $50.1 million. Claims and expenses are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Those losses include an estimate of claims that have been incurred but not reported and the future costs of handling claims. The estimated liability for outstanding claims on June 30, 2020, was $8.6 million. The University has contracted with several third-party claims administrators: Aetna for its medical claims, United Concordia for its dental claims and OptumRx for its pharmacy claims.

University employees are covered by a self-insured workers' compensation benefits program administered by the Commonwealth's Department of Human Resource Management. Information relating to this plan is available at the statewide level only in the Commonwealth's CAFR.

The University's Office of Property and Liability Risk Management manages all property and casualty insurance programs for the University, including the Medical Center and the College at Wise. At present, most insurance coverages are obtained through participation in the state risk management self-insurance plans administered by the Virginia Department of the Treasury, Division of Risk Management. The Division of Risk Management program includes property, mechanical breakdown, crime, employee bond (employee dishonesty), general (tort) liability, professional liability (includes medical malpractice), aviation, network security and privacy insurance (response and regulatory), automobile liability and auto physical damage for vehicles valued in excess of $20,000. The University is self-insured for the first $100,000 ($5,000 for the College at Wise) of each property and mechanical breakdown loss and for physical damage to all vehicles valued up to $20,000. The University also maintains excess crime and employee dishonesty insurance and a special contingency risk insurance policy. Separate insurance coverage is maintained as appropriate for individual departments and subsidiary organizations owned by the University and the Medical Center, such as Community Medicine, LLC and UVA Global, LLC.

NOTE 14

Commitments and Contingencies

COMMITMENTS

Authorized expenditures for construction and other projects unexpended as of June 30, 2020, were approximately $378.3 million.

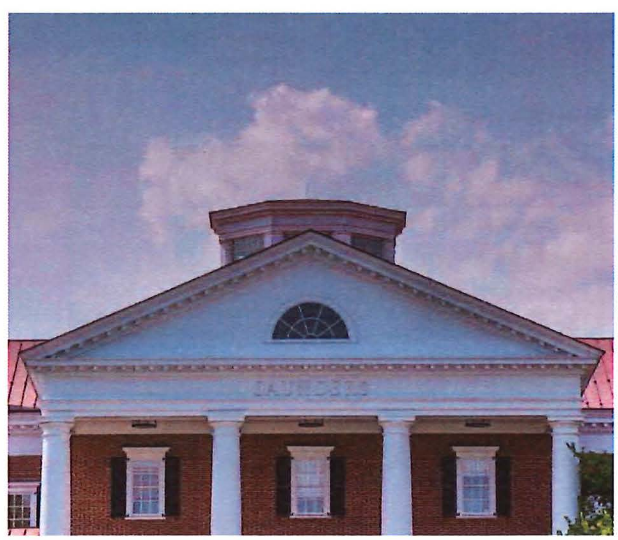
The University has entered into numerous operating lease agreements to rent, lease, and maintain land, buildings, and equipment, which expire on various dates. In most cases, the University has renewal options on the leased assets for another similar term and expects that, in the normal course of business, these leases will be replaced by similar leases. Operating lease expense totaled approximately $32.7 million for the year ended June 30, 2020.

The University's ongoing minimum commitments for operating leases for land, office and clinical buildings, and equipment are as follows:

YEARS ENDING JUNE 30 *(in thousands)*	**LEASE OBLIGATION**
2021	$ 16,872
2022	11,671
2023	9,029
2024	5,734
2025	9,129
2026-30	11,733
2031-35	2,418
TOTAL	**$ 66,586**

LITIGATION

The University is a party to various legal actions and other claims in the normal course of business. While the 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 effect on the University's financial position.



NOTE 15

Nonexchange Federal Grants

HIGHER EDUCATION EMERGENCY RELIEF FUNDING

During the fiscal year, the University was awarded $11.6 million from the CARES Act for the Higher Education Emergency Relief Fund (HEERF). $5.8 million will be used to provide students with emergency hardship support related to the disruption of on-Grounds operations due to COVID-19. The remaining $5.8 million, which will be drawn in fiscal year 2021, will be used to cover costs associated with refunding student housing and dining charges in the Spring 2020 semester.

As of June 30, 2020, the University had spent $1.7 million on emergency aid to students. The University's total refunds for housing and dining charges were in excess of the awarded HEERF amount.

CORONAVIRUS RELIEF FUNDING

During the fiscal year, the University and Medical Center were awarded a combined $26.7 million in Coronavirus Relief Funding (CRF) as federal pass-through funds from the Commonwealth of Virginia. At the University, the funds will primarily be used to reimburse computer and peripheral equipment used in distance learning, teleworking, telemedicine, COVID testing, personal protective equipment, and preparing Grounds for social distancing requirements. As of June 30, 2020, the University and Medical Center had spent $17 million towards these purposes.

Total nonexchange federal grants recognized as non-operating revenue during FY20 at the University and Medical Center are presented in the table below.

Nonexchange Federal Grants *(in thousands)*	UVA	UVA MEDICAL CENTER	TOTAL INSTITUTION
Higher Education Emergency Relief Funding	$ 7,570	$ -	$ 7,570
Coronavirus Relief Funding	740	16,287	17,027
Provider Relief Funding	-	40,412	40,412
TOTAL NONEXCHANGE FEDERAL GRANTS	**$ 8,310**	**$ 56,699**	**$ 65,009**

NOTE 16

Subsequent Events

On July 14, 2020, the University issued $600 million federally taxable General Revenue Pledge and Refunding Bonds, Series 2020. The bonds were issued with a coupon rate of of 2.256 percent and are due on September 1, 2050. The bonds are callable on March 1, 2050 for 100% of the principal amount to be redeemed and accrued interest. The bonds are also callable prior to March 1, 2050 for 100% of the principal amount to be redeemed, the sum of the present values of the remaining scheduled payments of principal and interest to the par call date, and accrued interest on the redemption date.

The proceeds will primarily be used to finance or refinance costs of capital projects at the University's academic facilities, working capital and general operating purposes, and refund a portion of the outstanding principal balance of the University's Series 2015B bonds originally issued to finance or refinance costs of capital projects at the University's academic facilities.

In conjunction with the Series 2020 bond issuance, the University terminated its fixed receiver swaps that were originally used as a hedging derivative for the Series 2015B bonds. The University received $1.5 million from the termination. Please refer to Note 6 for more information on the derivative instruments as of June 30, 2020.

In November 2020, UVA and the Medical Center were awarded a combined $20.6 million in additional Coronavirus Relief Funding to be used for qualifying expenditures directly relating to the response to the pandemic.

On September 19, 2020, HHS issued a Post-Payment Notice of Reporting Requirements for the PRF that were disbursed under the CARES Act. This notice changed guidance that had been previously communicated in June and July 2020. Key differences include introduction of the concept of calendar year measurement as opposed to quarterly measurement, the requirement to first apply stimulus monies received to healthcare related expenses attributable to COVID-19 (net of reimbursements from other sources), and change (negative change comparing 2020 over 2019) from lost revenues, as defined to net patient care operating income as defined, net of healthcare related expenses previously applied. These new requirements may result in a change in the amount of CARES Act stimulus funds the UVA Medical Center and University Physicians Group will be able to retain based on the terms and conditions. If the UVA Medical Center and the University Physicians Group do not expend PRF in full by December 31, 2020, they will have an additional six months through June 30, 2021, in which to use the remaining amounts toward expenses attributable to COVID-19 not reimbursed by other sources, or apply toward lost net patient care operating income in an amount not to exceed the calendar 2019 net gain. The definitions included in the Post-Payment Notice of Reporting Requirements may be subject to change or further interpretation. As a result, management cannot estimate the impact resulting from this change in guidance. management will continue to evaluate and monitor compliance with the terms and conditions through June 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

VIRGINIA RETIREMENT SYSTEM PENSION PLANS

SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY*
(in thousands)

	VRS STATE EMPLOYEE RETIREMENT PLAN					
	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	8.91%	8.66%	8.59%	8.28%	8.19%	8.12%
Employer's proportionate share of the net pension liability	$ 562,966	$ 468,658	$ 500,697	$ 545,568	$ 501,446	$ 454,655
Covered payroll	$ 393,943	$ 371,724	$ 352,738	$ 332,184	$ 318,920	$ 314,268
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	142.91%	126.08%	141.95%	164.24%	157.23%	144.67%
Plan fiduciary net position as a percentage of the total pension liability	75.13%	77.39%	75.33%	71.29%	72.81%	74.28%

** The amounts presented have a measurement date of the previous fiscal year end. Schedule is intended to show information for 10 years. Since 2020 is the sixth year for this presentation, only six years of data are presented. However, additional years will be included as they become available.*

SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY (CONTINUED)*
(in thousands)

	VaLORS RETIREMENT PLAN					
	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.88%	0.89%	0.87%	0.80%	0.86%	0.79%
Employer's proportionate share of the net pension liability	$ 6,137	$ 5,548	$ 5,689	$ 6,218	$ 6,144	$ 5,294
Covered payroll	$ 4,011	$ 3,367	$ 3,255	$ 3,085	$ 3,036	$ 3,088
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	153%	164.78%	174.78%	201.56%	202.37%	171.44%
Plan fiduciary net position as a percentage of the total pension liability	68.31%	69.56%	67.22%	61.01%	62.64%	63.05%

** The amounts presented have a measurement date of the previous fiscal year end. Schedule is intended to show information for 10 years. Since 2020 is the sixth year for this presentation, only six years of data are presented. However, additional years will be included as they become available.*

SCHEDULE OF EMPLOYER CONTRIBUTIONS* *(in thousands)* PLAN		CONTRACTUALLY REQUIRED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO CONTRACTUALLY REQUIRED CONTRIBUTION	CONTRIBUTION DEFICIENCY	EMPLOYER'S COVERED PAYROLL	CONTRIBUTIONS AS A % OF EMPLOYER'S COVERED PAYROLL
VRS State Employee Retirement Plan	2020	$ 51,315	$ 51,315	$ -	$ 387,464	13.24%
	2019	50,862	50,862	-	393,943	12.91%
	2018	47,979	47,979	-	371,724	12.91%
	2017	46,238	46,238	-	352,738	13.11%
	2016	44,925	44,925	-	332,184	13.52%
	2015	37,781	37,781	-	318,920	11.85%
VaLORS Retirement Plan	2020	$ 763	$ 763	$ -	$ 3,640	20.96%
	2019	719	719	-	4,011	17.92%
	2018	649	649	-	3,367	19.28%
	2017	643	643	-	3,255	19.75%
	2016	570	570	-	3,085	18.48%
	2015	498	498	-	3,036	16.40%

* *Schedule is intended to show information for 10 years. Since 2020 is the sixth year for this presentation, only six years of data are presented. However, additional years will be included as they become available.*

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - VIRGINIA RETIREMENT SYSTEM PENSION PLANS

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

- Update mortality table to RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better match experience
- Line of Duty Disability rate increased from 14 percent to 25 percent
- Discount rate decreased from 7 percent to 6.75 percent

The following changes in actuarial assumptions were made for the VRS State Employee Retirement Plan effective June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

- Update mortality table to RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
- Increased age 50 retirement rates and lowered rates at older ages
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better match experience
- Decrease service related disability rate from 50 percent to 35 percent
- Discount rate decreased from 7 percent to 6.75 percent

POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS - VIRGINIA RETIREMENT SYSTEM OPEBS

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY (ASSET)* *(in thousands)*	2020	2019	2018
EMPLOYER'S PROPORTION OF THE NET OPEB LIABILITY (ASSET) BY PLAN AND EMPLOYEE TYPE			
GLI OPEB Liability (Asset)			
University Employees - VRS	1.664%	1.619%	1.586%
University Employees - VaLORS	0.014%	0.014%	0.014%
Medical Center Employees - VRS	0.171%	0.184%	0.186%
College at Wise Employees - VRS	0.044%	0.046%	0.047%
College at Wise Employees - VaLORS	0.002%	0.002%	0.002%
HIC OPEB Liability (Asset)			
University Employees - VRS	12.154%	11.596%	11.325%
University Employees - VaLORS	0.040%	0.040%	0.040%
Medical Center Employees - VRS	5.893%	6.533%	6.386%
College at Wise Employees - VRS	0.256%	0.249%	0.255%
College at Wise Employees - VaLORS	0.005%	0.006%	0.006%
LODA OPEB Liability (Asset)			
University Employees - VRS	N/A	N/A	N/A
University Employees - VaLORS	0.242%	0.272%	0.268%
Medical Center Employees - VRS	N/A	N/A	N/A
College at Wise Employees - VRS	N/A	N/A	N/A
College at Wise Employees - VaLORS	0.047%	0.048%	0.047%
VSDP OPEB Liability (Asset)			
University Employees - VRS	(7.563%)	(7.309%)	(7.259%)
University Employees - VaLORS	(0.051%)	(0.051%)	(0.052%)
Medical Center Employees - VRS	N/A	N/A	N/A
College at Wise Employees - VRS	(0.187%)	(0.197%)	(0.203%)
College at Wise Employees - VaLORS	(0.007%)	(0.008%)	(0.008%)
EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) BY PLAN AND EMPLOYEE TYPE			
GLI OPEB Liability (Asset)			
University Employees - VRS	$ 27,086	$ 24,583	$ 23,866
University Employees - VaLORS	218	216	216
Medical Center Employees - VRS	2,785	2,793	2,794
College at Wise Employees - VRS	713	704	713
College at Wise Employees - VaLORS	28	30	31
HIC OPEB Liability (Asset)			
University Employees - VRS	$ 112,193	$ 105,773	$ 103,119
University Employees - VaLORS	373	366	368
Medical Center Employees - VRS	54,400	59,595	58,152
College at Wise Employees - VRS	2,362	2,268	2,324
College at Wise Employees - VaLORS	46	51	52
LODA OPEB Liability (Asset)			
University Employees - VRS	N/A	N/A	N/A
University Employees - VaLORS	$ 868	$ 852	$ 705
Medical Center Employees - VRS	N/A	N/A	N/A
College at Wise Employees - VRS	N/A	N/A	N/A
College at Wise Employees - VaLORS	170	150	124
VSDP OPEB Liability (Asset)			
University Employees - VRS	$ (14,838)	$ (16,471)	$ (14,896)
University Employees - VaLORS	(101)	(116)	(107)
Medical Center Employees - VRS	N/A	N/A	N/A
College at Wise Employees - VRS	(368)	(443)	(417)
College at Wise Employees - VaLORS	(14)	(18)	(17)

** The amounts presented have a measurement date of the previous fiscal year end. Schedule is intended to show information for 10 years. Since 2020 is the third year for this presentation, only three years of data is available. However, additional years will be included as they become available.*

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY (ASSET) (CONTINUED)* *(in thousands)*	2020	2019	2018
EMPLOYER'S COVERED PAYROLL			
GLI OPEB Liability (Asset)			
University Employees - VRS	$ 326,293	$ 307,783	$ 292,551
University Employees - VaLORS	2,753	2,704	2,772
Medical Center Employees - VRS	33,547	34,969	40,629
College at Wise Employees - VRS	8,595	8,812	8,532
College at Wise Employees - VaLORS	342	376	375
HIC OPEB Liability (Asset)			
University Employees - VRS	$ 828,243	$ 780,764	$ 739,172
University Employees - VaLORS	2,753	2,700	2,761
Medical Center Employees - VRS	401,596	439,856	423,097
College at Wise Employees - VRS	17,438	16,734	15,960
College at Wise Employees - VaLORS	342	376	378
LODA OPEB Liability (Asset)**			
University Employees - VRS	N/A	N/A	N/A
University Employees - VaLORS	$ 3,624	$ 3,019	$ 3,254
Medical Center Employees - VRS	N/A	N/A	N/A
College at Wise Employees - VRS	N/A	N/A	N/A
College at Wise Employees - VaLORS	387	348	375
VSDP OPEB Liability (Asset)			
University Employees - VRS	$ 306,127	$ 288,230	$ 291,594
University Employees - VaLORS	2,080	2,030	2,237
Medical Center Employees - VRS	N/A	N/A	N/A
College at Wise Employees - VRS	7,587	7,762	7,993
College at Wise Employees - VaLORS	281	315	336
EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) AS A PERCENTAGE OF ITS COVERED PAYROLL			
GLI OPEB Liability (Asset)			
University Employees - VRS	8.301%	7.987%	8.158%
University Employees - VaLORS	8.299%	7.988%	7.792%
Medical Center Employees - VRS	8.301%	7.987%	6.877%
College at Wise Employees - VRS	8.300%	7.989%	8.357%
College at Wise Employees - VaLORS	8.279%	7.979%	8.267%
HIC OPEB Liability (Asset)			
University Employees - VRS	13.546%	13.547%	13.951%
University Employees - VaLORS	13.546%	13.556%	13.329%
Medical Center Employees - VRS	13.546%	13.549%	13.744%
College at Wise Employees - VRS	13.546%	13.553%	14.561%
College at Wise Employees - VaLORS	13.549%	13.564%	13.757%
LODA OPEB Liability (Asset)**			
University Employees - VRS	N/A	N/A	N/A
University Employees - VaLORS	23.949%	28.221%	21.666%
Medical Center Employees - VRS	N/A	N/A	N/A
College at Wise Employees - VRS	N/A	N/A	N/A
College at Wise Employees - VaLORS	43.880%	43.103%	33.067%
VSDP OPEB Liability (Asset)			
University Employees - VRS	(4.847%)	(5.715%)	(5.108%)
University Employees - VaLORS	(4.846%)	(5.714%)	(4.783%)
Medical Center Employees - VRS	N/A	N/A	N/A
College at Wise Employees - VRS	(4.847%)	(5.707%)	(5.217%)
College at Wise Employees - VaLORS	(4.853%)	(5.714%)	(5.060%)
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY			
GLI OPEB Liabiliity	52.00%	51.22%	48.86%
HIC OPEB Liability	10.56%	9.51%	8.03%
LODA OPEB Liability	0.79%	0.60%	1.30%
VSDP OPEB Liability	167.18%	194.74%	186.63%

** The amounts presented have a measurement date of the previous fiscal year end. Schedule is intended to show information for 10 years. Since 2020 is the third year for this presentation, only three years of data is available. However, additional years will be included as they become available.*

*** The contributions for the Line of Duty Act Program are based on the number of participants in the program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.*

Required Supplementary Information (Unaudited)

SCHEDULE OF EMPLOYER CONTRIBUTIONS* *(In thousands)*		CONTRACTUALLY REQUIRED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO CONTRACTUALLY REQUIRED CONTRIBUTION	CONTRIBUTION DEFICIENCY	EMPLOYER'S COVERED PAYROLL	CONTRIBUTIONS AS A % OF EMPLOYER'S COVERED PAYROLL
GLI	2020	$ 2,013	$ 2,013	$ -	$ 389,158	0.52%
	2019	1,932	1,932	-	371,530	0.52%
	2018	2,069	2,069	-	354,644	0.58%
HIC	2020	$ 15,383	$ 15,383	$ -	$ 1,307,498	1.18%
	2019	14,907	14,907	-	1,250,372	1.19%
	2018	14,721	14,721	-	1,240,430	1.19%
LODA**	2020	$ 42	$ 42	$ -	$ 3,640	1.16%
	2019	39	39	-	4,011	0.97%
	2018	35	35	-	3,367	1.04%
VSDP	2020	$ 2,086	$ 2,086	$ -	$ 336,012	0.62%
	2019	1,962	1,962	-	316,075	0.62%
	2018	1,970	1,970	-	298,337	0.66%

** Schedule is intended to show information for 10 years. Since 2020 is the third year for this presentation, only three years of data is available. However, additional years will be included as they become available.*

*** The contributions for the Line of Duty Act Program are based on the number of participants in the program using a per capita based contribution versus a payroll based contribution. Therefore, covered-employee payroll is the more relevant measure, which is the total payroll of employees in the OPEB plan.*

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - VIRGINIA RETIREMENT SYSTEM OPEBS

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Additional details regarding the changes of assumptions can be found in Note 12 to the financial statements.

POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS - UVA ADMINISTERED OPEBS

TOTAL OPEB LIABILITY AND RELATED RATIOS* *(in thousands)*	2020	2019	2018
TOTAL OPEB LIABILITY			
Retiree Health Plan	$ 48,640	$ 44,652	$ 78,230
Optional Retirement Retiree Life Insurance	15,944	13,677	22,851
COVERED-EMPLOYEE PAYROLL			
Retiree Health Plan	$ 543,660	$ 522,750	$ 482,636
Optional Retirement Retiree Life Insurance	347,724	334,350	481,884
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL			
Retiree Health Plan	8.95%	8.54%	16.21%
Optional Retirement Retiree Life Insurance	4.59%	4.09%	4.74%

** Schedule is intended to show information for 10 years. Since 2020 is the third year for this presentation, only three years of data is available. However, additional years will be included as they become available.*

TOTAL OPEB LIABILITY* *(in thousands)*	2020	2019	2018
BEGINNING BALANCE	**$ 58,329**	**$ 101,081**	**$ 96,696**
Changes for the year:			
Service cost	4,435	7,849	8,200
Interest	2,429	3,883	2,932
Changes in terms	-	-	4,736
Expected vs actual experience	(2,871)	(28,669)	-
Changes in assumptions	2,275	(24,864)	(7,401)
Benefit payments	(13)	(951)	(4,082)
ENDING BALANCE	**$ 64,584**	**$ 58,329**	**$ 101,081**

** Schedule is intended to show information for 10 years. Since 2020 is the third year for this presentation, only three years of data is available. However, additional years will be included as they become available.*

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - UVA ADMINISTERED OPEBS

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - Details regarding changes in assumptions can be found in Note 12 to the financial statements.

Financial Report 2019-20

Prepared by UVAFinance

Melody S. Bianchetto	*Vice President for Finance*
Augie L. Maurelli	*Associate Vice President for Finance*
Thomas C. Schneeberger	*Director of Financial Reporting*
Jacob A. Mair	*Financial Reporting Analyst*

Design by

Matthew Bonham	*Communications Lead*

An online version of this report is available at fro.vpfinance.virginia.edu

The University of Virginia does not discriminate on the basis of age, color, disability, gender identity, marital status, national or ethnic origin, political affiliation, race, religion, sex (including pregnancy), sexual orientation, veteran status, and family medical or genetic information, in its programs and activities as required by Title IX of the Education Amendments of 1972, the Americans with Disabilities Act of 1990, as amended, Section 504 of the Rehabilitation Act of 1973, Titles VI and VII of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Governor's Executive Order Number One (2018), and other applicable statutes and University policies. The University of Virginia prohibits sexual and gender-based harassment, including sexual assault, and other forms of interpersonal violence.

The following person has been designated to handle inquiries regarding the Americans with Disabilities Act, the Rehabilitation Act, and related statutes and regulations: ADA Coordinator, Office for Equal Opportunity and Civil Rights, 2015 Ivy Road, Room 321, Dynamics Building, P.O. Box 400144, Charlottesville, VA 22904, (434) 924-3295, ADACoordinator@virginia.edu.

The following person has been designated to handle inquiries regarding non-discrimination policies: Associate Vice President, Office for Equal Opportunity and Civil Rights, P.O. Box 400219, Washington Hall, Charlottesville, VA 22904, (434) 924-3200, UVaEOCR@virginia.edu.

The following person has been designated to serve as the overall coordinator for purposes of Title IX compliance: Assistant Vice President for Title IX Compliance/Title IX Coordinator, O'Neil Hall, Room 037, (434) 297-7643, TitleIXCoordinator@virginia.edu.


UNIVERSITY
of VIRGINIA

APPENDIX C

DEFINITIONS AND SUMMARY OF THE MASTER RESOLUTION

In addition to making provision for the issuance and certain general terms of the Bonds (including the Series 2021A Bonds), as described in **"INTRODUCTION – The Master Resolution", THE SERIES 2021A BONDS"** and **"SECURITY FOR THE SERIES 2021A BONDS"** in this Official Statement, the Master Resolution also contains other provisions and covenants of the University relating to the Bonds (including the Series 2021A Bonds). These provisions and covenants are briefly described in this **Appendix C**, but do not purport to be either comprehensive or definitive. All references to the Master Resolution in this **Appendix C** are qualified in their entirety by reference to such document.

Definitions

In addition to words and terms elsewhere defined in this Official Statement, the following words and terms when used in connection with the Bonds shall have the following meanings, unless some other meaning is plainly intended:

"Account" means any account established in a Fund with respect to any Series of Bonds or otherwise pursuant to the terms of the Master Resolution or any Supplemental Resolution.

"Authorized Officer" means (i) in the case of the University, the President of the University, the Chief Operating Officer, or the Chief Financial Officer and, when used with reference to any act or document also means any other person authorized by appropriate action of the Board to perform such act or execute such document on behalf of the University; and (ii) in the case of the Paying Agent or the Custodian, the President, any Vice-President, any Assistant Vice-President, any Corporate Trust Officer or any Assistant Corporate Trust Officer of the Paying Agent or the Custodian, and when used with reference to any act or document also means any other person authorized to perform such act or execute such document by or pursuant to a resolution of the governing body of the Paying Agent or the Custodian.

"Board" means the Board of Visitors of the University or, if such Board is abolished, the board or body succeeding to the principal functions thereof.

"Bondholder" or "Holder" means the registered owner of any Bond and shall mean any Related Liquidity Facility Issuer or its assignee, if appropriate.

"Business Day" except as may be otherwise defined in a Series Resolution, means a day other than (i) a Saturday, Sunday or other day on which banking institutions in the Commonwealth of Virginia or the city in which the designated office of the Paying Agent is located are authorized or required by law to close or (ii) a day on which the New York Stock Exchange is closed.

"Chief Financial Officer" means the University's chief financial officer or such other officer of the University having similar duties as may be selected by the Board.

"Chief Operating Officer" means the University's Executive Vice President and Chief Operating Officer or such other officer of the University having similar duties as may be selected by the Board.

"Commercial Paper Rate" means, with respect to any Bonds, an interest rate determined for Interest Periods between 1 and 270 days in duration, as specified in the Related Series Resolution.

"Commercial Paper Rate Bond" means any Bond while in a Commercial Paper Rate Mode.

"Commercial Paper Rate Mode" means the mode during which Bonds bear interest at a Commercial Paper Rate.

"Commonwealth" means the Commonwealth of Virginia.

"Credit Obligation" of the University means any indebtedness incurred or assumed by the University for borrowed money and any other financing obligation of the University that, in accordance with generally accepted accounting principles consistently applied, is shown on the liability side of a balance sheet; provided, however, that Credit Obligation shall not include any portion of any capitalized lease payment directly appropriated from general funds of the Commonwealth or reasonably expected to be so appropriated as certified by an Authorized Officer, but only to the extent such appropriation is restricted by the Commonwealth to the payment of such capitalized lease obligation.

"Custodian" means The Bank of New York Mellon Trust Company, N.A., a national banking association organized under the laws of the United States of America, and its successors, or such other bank or financial institution designated by the University to hold funds under the Master Resolution and each Series Resolution.

"Fiscal Year" means the period commencing on the first day of July in any year and ending on the last day of June of the following year.

"Fixed Rate" means, with respect to any Bonds, an interest rate fixed to the maturity date of such Bonds.

"Fixed Rate Bonds" means any Bond while in a Fixed Rate Mode.

"Fixed Rate Mode" means the mode during which the Bonds bear interest at a Fixed Rate to the maturity date of such Bonds.

"Fund" means any fund established pursuant to the terms of the Master Resolution or any Supplemental Resolution.

"Government Obligations" means:

(a) certificates or interest-bearing notes or obligations of the United States, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest, and

(b) investments in any of the following obligations provided such obligations are backed by the full faith and credit of the United States (i) debentures of the Federal Housing Administration, (ii) certificates of beneficial interest of the Farmers Home Administration or (iii) project notes and local authority bonds of the Department of Housing and Urban Development.

"Index Rate" means, with respect to any Bonds, an interest rate determined pursuant to an index or indexes as specified in the Related Series Resolution.

"Index Rate Bond" means any Bond while in an Index Rate Mode.

"Index Rate Mode" means the mode during which Bonds bear interest at an Index Rate.

"Interest Payment Date" for a given Series of Bonds has the meaning given to it in the Related Series Resolution.

"Interest Period" means, with respect to any Bonds, the period of time that any interest rate remains in effect as specified in the Related Series Resolution.

"Liquidity Facility" except as may be otherwise defined in a Related Series Resolution, means any standby bond purchase agreement, letter of credit or other liquidity enhancement (or replacement or substitution thereof) delivered on or after issuance of a Series of Bonds for the purpose of making payment on such Series of Bonds.

"Liquidity Facility Issuer" except as may be otherwise defined in the Related Series Resolution, means any bank or banks, insurance company or companies, or other financial institution or institutions, or any combination of the foregoing, which is the issuer of a Liquidity Facility.

"Mode" means each of the Commercial Paper Rate Mode, the Index Rate Mode, the Term Rate Mode and the Fixed Rate Mode.

"Mode Change Date" means, with respect to Bonds, the date one Mode ends and with another mode beginning on the next day.

"Parity Credit Obligation" means any Credit Obligation of the University which may be incurred in accordance with the terms of the Master Resolution or has been incurred that is secured on a parity with the pledge of Pledged Revenues therein.

"Paying Agent" means initially The Bank of New York Mellon Trust Company, N.A., a national banking association organized under the laws of the United States of America, and its successors and any other corporation that may at any time be substituted in its place in accordance with the Master Resolution.

"Principal Payment Date" for a given Series of Bonds has the meaning given to it in the Related Series Resolution.

"Purchase Date" except as may otherwise be defined in the Related Series Resolution, means (i) for a Bond in the Commercial Paper Rate Mode or the Term Rate Mode, the Business Day after the last day of each Interest Period applicable thereto and (ii) for a Bond in the Index Rate Mode, any Business Day upon which such Bond may be tendered or deemed tendered for purchase.

"Registrar" means initially The Bank of New York Mellon Trust Company, N.A., a national banking association organized under the laws of the United States of America, and any successor Registrar appointed pursuant to the Master Resolution.

"Reimbursement Agreement" means with respect to any Liquidity Facility, the agreement providing for such Liquidity Facility and any and all modifications, alterations, amendments and supplements to such agreement.

"Related" means (i) when used with respect to any Fund, Account or Series of Bonds, the Fund, Account or Series of Bonds so authorized, designated and established by the Master Resolution and the Series Resolution authorizing a particular Series of Bonds, (ii) when used with respect to a Series Resolution or other document associated with a Series of Bonds, such document authorizing or related to a particular Series of Bonds, or Supplemental Resolution related thereto.

"Series" means all of the Bonds of a particular series authenticated and delivered pursuant to the Master Resolution and the Related Series Resolution and identified as such pursuant to such Series Resolution, and any Bonds of such Series thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Master Resolution and such Series Resolution regardless of variations in lien status, maturity, interest rate, sinking fund installments or other provisions.

"Series Resolution" means a Supplemental Resolution providing for the issuance of a Series of Bonds, as such Series Resolution may be modified, altered, amended and supplemented by a Supplemental Resolution in accordance with the provisions of the Master Resolution.

"Short-Term Bond" means any Bond while in a Short-Term Mode.

"Short-Term Mode" means each of the Commercial Paper Rate Mode and the Index Rate Mode.

"State Treasurer" means the State Treasurer of the Commonwealth.

"Supplemental Resolution" means any resolution supplementary to or amendatory of the Master Resolution or any Supplemental Resolution or Series Resolution now or hereafter duly executed and delivered in accordance with the provisions of the Master Resolution, including a Series Resolution.

"Tender Agent" means any Tender Agent engaged for a Series of Bonds.

"Term Rate" means an interest rate fixed to a specified date (other than the final maturity date of the Bond).

"Term Rate Bond" means any Bond while in a Term Rate Mode.

"Term Rate Mode" means the mode during which Bonds bear interest at a Term Rate.

Changes in Mode

Except as may be otherwise provided in the Related Series Resolution:

(a) At the option of the University, all (and not less than all) of the Bonds in any Mode, other than a Fixed Rate Mode, may be changed to any other Mode at the times and in the manner provided in the Related Series Resolution. Subsequent to such change in Mode, the Bonds may again be changed at the option of the University to a different Mode at the times and in the manner provided in the Master Resolution; provided, however, that any Bonds converted to a Fixed Rate Mode shall not be changed to any other Mode.

(b) The option of the University to change the Mode of the Bonds shall be exercised by written notice from the University stating the University's intention to effect a change in the Mode from the Mode then prevailing to another Mode specified in such written notice, together with the proposed Mode Change Date. Such written notice shall be given in accordance with the Related Series Resolution.

(c) The Mode Change Date must be a Business Day.

(d) The Mode Change Date from the Commercial Paper Rate Mode shall be the last Purchase Date for the Commercial Paper Rate Bonds with respect to which a change is to be made.

(e) The Mode Change Date from a Term Rate Mode shall be the Purchase Date of the current Interest Period.

(f) No change in Mode will become effective unless funds sufficient to purchase all of the Bonds subject to such change shall be provided on the Mode Change Date as provided in the Related

Series Resolution, and all conditions precedent to such change in Mode under the Related Series Resolution have been met.

Establishment of Funds

One or more of the following Funds may be established for a Series of Bonds, as provided in the Related Series Resolution: (a) Construction Fund; (b) Cost of Issuance Fund; and (c) Debt Service Fund.

The Paying Agent shall, at appropriate times on or before each Interest Payment Date and Principal Payment Date (as applicable), withdraw from the Related Debt Service Fund the amounts needed on such date to pay the principal of and premium, if any, and interest on the Related Bonds and shall pay or cause the same to be paid to the Related Bondholders as such principal, premium and interest become due and payable.

Any moneys held in the Debt Service Fund and set aside for the purpose of paying any Bonds which shall remain unclaimed by the Bondholder of the such Bonds for a period of five years after the date on which such Bonds shall have become due and payable shall be disposed of by the University and the Paying Agent in accordance with The Uniform Disposition of Unclaimed Property Act, Chapter 11.1, Title 55, Code of Virginia of 1950, as amended.

The moneys in each Fund are to be held in trust and applied as provided in the Master Resolution and the Related Series Resolution and, pending such application, shall be pledged to, and subject to a lien and charge in favor of, the holders of the Related Bonds and for the further security of such Bondholders until paid out or transferred as provided in the Master Resolution and the Related Series Resolution.

Covenants Regarding Payment of Principal and Interest; Pledge of Pledged Revenues

The University covenants in the Master Resolution to pay the principal of and the interest on the Bonds at the place or places, on the dates and in the manner provided in the Master Resolution and in the Bonds, payable solely from Pledged Revenues. The University pledges the Pledged Revenues to the payment of such principal and interest and to the payment of any Parity Credit Obligations issued by the University. The Bonds and the interest thereon shall not be deemed to constitute any debt or liability of the Commonwealth. Neither the University nor the Commonwealth shall be obligated to pay the principal of or interest on the Bonds, or other costs incident thereto except from the Pledged Revenues, and neither the faith and credit nor the taxing power of the Commonwealth are pledged to the payment of the principal of or interest on the Bonds, or other costs incident thereto.

Covenants Regarding Additional Indebtedness and Encumbrances

Except as described in **"SECURITY FOR THE SERIES 2021A BONDS"** in this Official Statement, the Master Resolution does not limit the right of the University to incur other Credit Obligations. As described in such section, the Master Resolution does limit the University's right to incur Parity Credit Obligations and Qualifying Senior Obligations and to further pledge any portion of the Pledged Revenues.

Other Covenants of the University

In the Master Resolution, the University covenants that it will at all times carry or cause to be carried insurance policies with a responsible insurance company or companies, qualified to assume the risks thereof, or that it will maintain an adequate program of self-insurance, in either case sufficient to provide the University with insurance in such amount and covering such risks as the University shall deem to be reasonable and desirable. The University further covenants that it will keep accurate records and accounts of all items of cost and expenditures relating to the Pledged Revenues and the application of the Pledged

Revenues. The University further covenants in the Master Resolution that it will not convey, sell or otherwise dispose of any its property unless (a) such conveyance, sale or encumbrance is in the ordinary course of business, or (b) an Authorized Officer certifies in writing that, taking into account the conveyance, sale or other disposition of such property (i) the University will have sufficient funds to meet all of its financial obligations, including its obligations to pay principal of and interest on all Credit Obligations, for all Fiscal Years to and including the second full Fiscal Year after such conveyance, sale or other disposition and (ii) such Authorized Officer has no reason to believe that the University will not have sufficient funds to pay all amounts due under all indebtedness of the University then outstanding.

Events of Default

The following events are "Events of Default" under the Master Resolution:

(a) due and punctual payment of the principal, purchase price or redemption premium, if any, of any of the Bonds is not made when the same becomes due and payable, either at maturity or by proceedings for purchase or redemption or otherwise;

(b) due and punctual payment of any interest due on any of the Bonds is not made when the same becomes due and payable;

(c) the University is for any reason rendered incapable of fulfilling its obligations under the Master Resolution or under any Series Resolution or other Supplemental Resolution;

(d) an order or decree is entered, with the consent or acquiescence of the University, appointing a receiver or receivers of the University or any part thereof or of the revenues thereof, or if such order or decree, having been entered without the consent or acquiescence of the University, is not vacated or discharged or stayed on appeal within 60 days after the entry thereof;

(e) any proceeding is instituted, with the consent or acquiescence of the University, for the purpose of effecting a composition between the University and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted; or

(f) the University defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in such Bonds or in the Master Resolution or in any Series Resolution or other Supplemental Resolution on the part of the University to be performed, and such default continues for 30 days after written notice specifying such default and requiring same to be remedied is given to the Board by any Bondholder, provided that if such default is such that it can be corrected but cannot be corrected within such 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the University within such period and is diligently pursued until the default is corrected.

Remedies Upon Default

The Master Resolution provides that, upon the happening and continuance of an Event of Default thereunder, the Bondholders of not less than 25% in aggregate principal amount of the Bonds then outstanding, by instrument or instruments filed with the University and proved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the Bondholders of the Bonds for the purposes in the Master Resolution, which trustee may be the State Treasurer and shall be the same trustee so appointed with respect to all other outstanding Parity Credit Obligations.

Such trustee may, and upon written request of the Bondholders of not less than 25% in aggregate principal amount of the Bonds then outstanding shall, in its own name:

(a) by mandamus or other suit, action or proceeding at law or in equity enforce all rights of the Bondholders of the Bonds, including the right to require the University and its Board to collect fees, rents, charges or other revenues adequate to carry out any agreement as to, or pledge of, such revenues, and to require the University and Board to carry out any other agreements with the Bondholders of the Bonds and to perform it and their duties under the Act;

(b) bring suit upon the Bonds;

(c) by action or suit in equity, require the University to account as if it were the trustee of an express trust for the Bondholders of the Bonds; or

(d) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders of the Bonds.

Any such trustee, whether or not all such Bonds have been declared due and payable, shall be entitled as of right to the appointment of a receiver who may enter and take possession of any property of the University any of the revenues from which are pledged for the security of the Bonds and operate and maintain the same and collect and receive all fees, rents, charges and other revenues thereafter arising therefrom in the same manner as the University itself might do and shall deposit all such moneys in a separate account and apply the same in such manner as the court appointing such receiver shall direct. In any suit, action or proceeding by the trustee the fees, counsel fees and expenses of the trustee and of the receiver, if any, shall constitute taxable costs and disbursements and all costs and disbursements allowed by the court shall be a first charge on any fees, rents, charges and other revenues of the University pledged for the security of the Bonds.

Such trustee shall, in addition to the foregoing, have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth in the Master Resolution or incident to the general representation of the Bondholders of the Bonds in the enforcement and protection of their rights.

To the extent permitted by law, upon the happening and continuance of any Event of Default under the Master Resolution, any Bondholder may proceed to protect and enforce the rights of the holders of the Bonds by a suit, action or special proceeding in equity or at law, either for the specific performance of any covenant or agreement contained in the Master Resolution or in aid or execution of any power granted therein or for the enforcement of any proper legal or equitable remedy. Any such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all holders of the Bonds.

The Master Resolution further provides for the pro rata application of available moneys to the payment of the principal of and interest on the Bonds and any Parity Credit Obligations, provided such moneys shall be applied first to the payment of any fees and expenses of the Custodian, Paying Agent and Registrar.

Supplemental Resolutions Without Bondholder Consent

The University may, from time to time and at any time, without the consent of any Bondholders, adopt such resolutions supplemental to the Master Resolution or any Supplemental Resolutions as shall not be inconsistent with the terms and provisions of the Master Resolution or such Supplemental Resolutions, as follows:

(a) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in the Master Resolution or in any Supplemental Resolutions;

(b) to provide for the issuance of Bonds or to obtain or maintain a rating on the Bonds;

(c) to add Modes for one or more Series of Bonds (other than Bonds already outstanding under the Master Resolution);

(d) to grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security (including liquidity facilities) that may lawfully be granted to or conferred upon the Bondholders;

(e) to add new conditions, limitations and restrictions on the issuance of other Credit Obligations by the University;

(f) to add to the covenants and agreements of the Board in the Master Resolution other covenants and agreements thereafter to be observed by the Board or to surrender any right or power therein reserved to or conferred upon the Board;

(g) to comply with any proposed, temporary or permanent regulations regarding arbitrage rebate requirements of the Code;

(h) to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in the Master Resolution or any Supplemental Resolution, if in the opinion of the Paying Agent, who may rely upon an opinion of counsel nationally recognized in matters concerning municipal bonds, such Supplemental Resolutions shall not adversely affect or prejudice the interests of the Bondholders;

(i) to amend certain provisions of the Master Resolution or any Series Resolution in any manner consistent with Sections 103 and 141 through 150 of the Code (or such other sections of the Code as may be applicable to the Bonds) as in effect at the time of the amendment;

(j) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Master Resolution or any Series Resolution of the Pledged Revenues or any other moneys, property or Funds or Accounts;

(k) to modify, amend or supplement the Master Resolution or any Supplemental Resolution as required to permit its qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, or to permit the qualification of any of the Bonds for sale under the securities laws of any of the states of the United States, and, if the University so determines, to add to the Master Resolution or any Supplemental Resolution such other terms, conditions and provisions as may be permitted by the Trust Indenture Act of 1939, as amended, or similar federal statute;

(l) to amend, modify or change the terms of any agreements governing any book-entry-only system for any of the Bonds; and

(m) to restate in one document the Master Resolution and all effective Series Resolutions and other Supplemental Resolutions, which restatement shall then become the Master Resolution for all purposes, effective as of the date of the Master Resolution with respect to matters set forth therein and as of the date of any Supplemental Resolution included in the restatement as to matters set forth in any such Supplemental Resolution – Series Resolutions and the Bonds issued thereunder prior to a restatement shall be deemed to relate to the restated Master Resolution without any further action or amendment.

At least 30 days prior to the adoption of any Supplemental Resolution for any of the above purposes (other than a Supplemental Resolution for the issuance of another Series of Bonds), the Secretary of the Board shall cause a notice of the proposed adoption of such Supplemental Resolution to be posted to the

Municipal Securities Rulemaking Board's EMMA website (or its successor system). Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that copies thereof are on file at the office of the Secretary of the Board for inspection by all Bondholders. Failure on the part of the Secretary of the Board to make public such notice shall not affect the validity of such Supplemental Resolution.

Supplemental Resolutions Requiring Bondholder Consent

Subject to the terms and provisions contained in the Master Resolution, and not otherwise, the Bondholders of not less than a majority in aggregate outstanding principal amount of the Bonds shall have the right, from time to time, anything contained in the Master Resolution to the contrary notwithstanding, to consent to and approve the adoption of such resolution or resolutions supplemental to the Master Resolution or any Supplemental Resolution as shall be deemed necessary or desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Master Resolution or in any Supplemental Resolution; provided, however, that nothing contained in the Master Resolution shall permit, or be construed as permitting, (a) without the approval of all of the Bondholders of the Bonds, (i) an extension of the maturity of the principal of or the interest on any Bond, (ii) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, (iii) except as otherwise provided in the Master Resolution, a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) except as provided in the Master Resolution, the release of the lien created by the Master Resolution with respect to any Pledged Revenues, or (b) without the approval of all of the Bondholders of the Bonds, a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Resolution.

If at any time the Board shall determine that it is necessary or desirable to adopt any Supplemental Resolution for any of the above purposes, the Secretary of the Board shall cause notice of the proposed adoption of such Supplemental Resolution to be mailed, not less than 30 nor more than 60 days prior to the date of such adoption, postage prepaid, to all registered owners of the Bonds at their addresses as they appear on the registration books held by the Registrar. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that copies thereof are on file at the office of the Secretary of the Board for inspection by all Bondholders. The Board shall not, however, be subject to any liability to any Bondholder by reason of its failure to cause such notice to be mailed and any such failure shall not affect the validity of such Supplemental Resolution when consented to and approved as provided above.

Whenever, at any time within one year after the date of such notice, the Board shall deliver to the Paying Agent an instrument or instruments in writing purporting to be executed by the Bondholders of not less than a majority or all, as appropriate, in aggregate principal amount of the Bonds then outstanding, which instrument or instruments shall refer to the proposed Supplemental Resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Board may adopt such Supplemental Resolution in substantially such form, without liability or responsibility to any Bondholder of any Bond, whether or not such Bondholder shall have consented thereto.

If the Bondholders of not less than a majority or all, as appropriate, in aggregate principal amount of the Bonds outstanding at the time of the adoption of such Supplemental Resolution shall have consented to and approved the adoption thereof as herein provided, no Bondholder shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Board from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any Supplemental Resolution pursuant to the provisions set forth above, the Master Resolution shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Master Resolution of the University, the Board and all Bondholders of the Bonds then outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of the Master Resolution as so modified and amended.

Defeasance

If the University shall pay or provide for the payment of the entire indebtedness on all or particular outstanding Bonds in any one or more of the following ways:

(a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such outstanding Bonds as and when the same become due and payable;

(b) by depositing with the Paying Agent, in trust, at or before maturity, moneys in an amount sufficient to pay or redeem (when redeemable) such outstanding Bonds (including the payment of premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof), provided that such moneys, if invested, shall be invested at the written direction of the University in noncallable Government Obligations in an amount, without consideration of any income or increment to accrue thereon, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity dates, it being understood that the investment income on such Government Obligations may be used for any lawful purpose;

(c) by delivering to the Paying Agent, for cancellation, such outstanding Bonds; or

(d) by depositing with the Paying Agent, in trust, noncallable Government Obligations in such amount as will, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, and any uninvested cash, be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such outstanding Bonds at or before their respective maturity dates, as an independent certified public accountant shall certify to the Paying Agent's satisfaction;

and if the University shall pay or cause to be paid all other sums payable under the Master Resolution by the University with respect to such Bonds, and, if such Bonds are to be redeemed before their maturity, notice of such redemption shall have been given as provided in the Master Resolution or provisions satisfactory to the Paying Agent shall have been made for the giving of such notice, such Bonds shall cease to be entitled to any lien, benefit or security under the Master Resolution. The University's liability in respect of such Bonds shall continue provided that the Bondholders shall thereafter be entitled to payment (to the exclusion of all other Bondholders) only out of the moneys or Government Obligations deposited with the Paying Agent as aforesaid.

Upon deposit with the Paying Agent, in trust, at or before maturity, of money or Government Obligations in the necessary amount to pay or redeem all outstanding Bonds (whether upon or before their maturity or the redemption date of such Bonds) and compliance with the other payment provisions of the Master Resolution, the Master Resolution and the estate and rights granted thereunder shall cease, determine, and become null and void, and thereupon the Paying Agent shall, upon written request of the University, and upon receipt by the Paying Agent of a certificate of an Authorized Officer, each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of the Master Resolution have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging the Master Resolution and the lien thereof.

Governing Law

This Master Resolution was adopted with the intent that the laws of the Commonwealth shall govern its construction without regard to conflict of law principles.

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APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York will act as securities depository for the Series 2021A Bonds. The Series 2021A 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 bond certificate will be issued for each maturity of the Series 2021A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, 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, as amended. 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 of 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 an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The contents of such website do not constitute part of this Official Statement.

Purchases of Series 2021A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021A Bonds on DTC's records. The ownership interest of each actual purchaser of the Series 2021A Bonds (a "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 purchase. Beneficial Owners are however expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021A 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 beneficial ownership interests in the Series 2021A Bonds, except in the event that use of the book-entry-only system for the Series 2021A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021A 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 Series 2021A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021A 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 2021A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021A Bonds, such as redemptions, defaults, and proposed amendments to the Master Resolution or the Series Resolution. For example, Beneficial Owners of the Series 2021A Bonds may wish to ascertain that the nominee holding the Series 2021A 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 2021A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2021A Bonds unless authorized by a Direct Participant in accordance with DTC's Money Market Instrument 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 2021A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, redemption proceeds and interest payments on the Series 2021A 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 the Paying Agent, on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect 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 Direct and Indirect Participants and not of DTC, its nominee, the Paying Agent or the University, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, redemption proceeds 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 the Paying Agent. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2021A Bonds at any time by giving reasonable notice to the University or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2021A Bond certificates are required to be printed and delivered. The University may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2021A Bond certificates will be printed and delivered to DTC.

The information contained herein concerning DTC and DTC's book-entry system has been obtained from sources that the University and the Underwriter believe to be reliable, but the University, the Paying Agent and the Underwriter take no responsibility for the accuracy thereof.

Each person for whom a Participant acquires an interest in the Series 2021A Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NEITHER THE UNIVERSITY NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2021A BONDS.

So long as Cede & Co. is the registered owner of the Series 2021A Bonds, as nominee for DTC, references herein to Bondholders or registered owners of the Series 2021A Bonds shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2021A Bonds.

For every transfer and exchange of Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

The University, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Series 2021A Bonds if the University determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2021A Bonds, or (ii) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the University in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners. In the event that no substitute securities depository is found by the University or restricted registration is no longer in effect, Bond certificates will be delivered.

NEITHER THE UNIVERSITY NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2021A BONDS UNDER THE MASTER RESOLUTION OR THE SERIES RESOLUTION; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2021A BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PRICE, OR INTEREST DUE WITH RESPECT TO THE SERIES 2021A BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2021A BONDS; OR (VI) ANY OTHER MATTER.

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APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

Set forth below is the proposed form of the opinion of McGuireWoods LLP, Bond Counsel, regarding the Series 2021A Bonds. It is preliminary and subject to change prior to the delivery of the Series 2021A Bonds.

[Letterhead of McGuireWoods LLP]

July 21, 2021

The Rector and Visitors of
the University of Virginia
Charlottesville, Virginia

The Rector and Visitors of the University of Virginia
General Revenue Pledge Bonds
Series 2021A

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by The Rector and Visitors of the University of Virginia (the "University") of its $100,000,000 General Revenue Pledge Bonds Series 2021A (the "Bonds") dated the date of their delivery.

The University issued the Bonds pursuant to (i) Chapter 10, Title 23.1 (the "Restructuring Act") of the Code of Virginia of 1950, as amended (the "Virginia Code"), (ii) a resolution adopted by the Board of Visitors of the University on June 4, 2021 (the "Authorizing Resolution"), (iii) the University's management agreement (the "Agreement") which was enacted as Chapter 3 of Chapter 933 of the 2006 Acts of Assembly, as amended, and (iv) bond resolutions of the University (the "Bond Resolutions" and, together with the Authorizing Resolution, the "Resolutions").

We refer you to the Bonds and the Bond Resolutions for the definitions of capitalized terms not otherwise defined herein, and for a description of the purposes for which the Bonds are issued and the security therefor.

In connection with this opinion, we have examined (i) the Constitution of Virginia (the "Constitution"), (ii) the applicable laws of (A) the Commonwealth of Virginia (the "Commonwealth"), including without limitation the Restructuring Act and (B) the United States of America, including without limitation the Internal Revenue Code of 1986, as amended (the "Tax Code") and (iii) copies of proceedings and other documents relating to the issuance and sale of the Bonds by the University as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon and are assuming the accuracy of certifications and representations of the University, University officers and other public officials and certain other third parties contained in certificates and other documents delivered at closing, including, without limitation, certifications as to the use of proceeds of the Bonds, without undertaking to verify them by independent investigation.

We have assumed that all signatures on documents, certificates and instruments examined by us are genuine, all documents, certificates and instruments submitted to us as originals are authentic, and all documents, certificates and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates and instruments relating to this transaction have been duly authorized, executed, and delivered by all parties to them other than the University, and we have further assumed the due organization, existence, and powers of all parties other than the University.

Based on the foregoing, in our opinion, under current law:

1. The University is a duly organized and validly existing public body constituted as a governmental instrumentality of the Commonwealth, having the powers and authority, among others, set forth in Chapter 22, Title 23.1 of the Virginia Code, the Restructuring Act and the Agreement.

2. The University has the requisite power and authority (i) to adopt the Authorizing Resolution, (ii) to execute and deliver the Bond Resolutions, (iii) to issue the Bonds, and (iv) to apply the proceeds from the issuance and sale of the Bonds as set forth in the Resolutions.

3. The University has duly and validly adopted the Authorizing Resolution. The Authorizing Resolution is binding upon the University and is enforceable against the University in accordance with its terms.

4. The University has duly authorized, executed and delivered the Bond Resolutions and the Bonds in accordance with the Restructuring Act, the Agreement and the Authorizing Resolution. The Bonds constitute valid and binding limited obligations of the University, payable solely from the revenues pledged under the Bond Resolutions (the "Pledged Revenues") and the other property pledged to the payment of the Bonds under the Bond Resolutions. Except as provided in the Bond Resolutions, the Bonds are not payable from the funds of the University, nor do they constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the properties of the University or upon its income, receipts or revenues. The Bonds do not create or constitute a pledge of the faith and credit of the Commonwealth.

5. As permitted by the Restructuring Act and the Agreement, the Bond Resolutions validly and legally pledge the Pledged Revenues to the payment of the Bonds. We point out, however, that as provided in the Bond Resolutions (i) the University has previously issued and may issue Parity Credit Obligations (as defined in the Bond Resolutions) secured by Pledged Revenues on a parity basis with the Bonds and (ii) Pledged Revenues excludes certain revenues previously or subsequently pledged to the payment of Qualifying Senior Obligations (as defined in the Bond Resolutions) or necessary to pay operating or other expenses related to facilities or systems financed in whole or in part with Qualifying Senior Obligations.

6. Interest on the Bonds (i) is excludable from gross income for purposes of federal income taxation under Section 103 of the Tax Code and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum income tax (a "Specific Tax Preference Item"). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

In delivering this opinion, we are assuming continuing compliance with the Covenants (as defined below) by the University, so that interest on the Bonds will remain excludable from gross income for federal income tax purposes under Section 103 of the Tax Code. The Tax Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from gross income for purposes of federal income taxation under Section 103 of the Tax Code and not become a Specific Tax Preference Item. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Bonds and the use of the property financed or refinanced by the Bonds, limitations on the source of the payment of and the security for the Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Bonds to the United States Treasury. The tax certificate and related documents for the Bonds (the "Tax Certificates") delivered at closing by the University and certain other parties contain covenants (the "Covenants") under which each has agreed to comply with such requirements. A failure to comply with the Covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includable in gross income for federal income tax purposes.

We have no responsibility to monitor compliance with the Covenants after the date of issue of the Bonds.

Certain requirements and procedures contained, incorporated or referred to in the Tax Certificates, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such document. We express no opinion concerning any effect on the excludability of interest on the Bonds from gross income for federal income tax purposes under Section 103 of the Tax Code of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than this firm.

7. The income from the Bonds, including any profit made on their sale or exchange, is exempt from taxation by the Commonwealth of Virginia and any of its political subdivisions.

The obligations of the University under the Bonds and the Bond Resolutions are subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium and similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditors' rights generally. Such obligations are also subject to usual equitable principles, which may limit the specific enforcement of certain remedies but which do not affect the validity of the obligations. Certain indemnity provisions may be unenforceable pursuant to court decisions invalidating such indemnity agreements on grounds of public policy.

Our services as Bond Counsel to the University have been limited to rendering the foregoing opinion based on our review of such legal proceedings and other documents as we deem necessary to approve the validity of the Bonds and the income tax status of the interest on them. We express no opinion as to the accuracy, completeness or sufficiency of any offering material or information that may have been relied upon by any owner of the Bonds in making a decision to purchase the Bonds, including, without limitation, the Preliminary Official Statement of the University dated July 7, 2021, and the Official Statement of the University dated July 13, 2021. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

[To be signed: MCGUIREWOODS LLP]

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered by The Rector and Visitors of the University of Virginia (the "University"), in connection with the issuance by the University of $100,000,000 aggregate principal amount of its General Revenue Pledge Bonds, Series 2021A (the "Series 2021A Bonds") pursuant to the terms of a Master Resolution of the University and a Series Resolution of the University executed with respect to the Series 2021A Bonds (collectively, the "Bond Resolutions"). The University has approved the marketing of the Series 2021A Bonds by the Participating Underwriters (as hereinafter defined) pursuant to an Official Statement dated July 13, 2021, relating to the Series 2021A Bonds (including the cover page and the Appendices attached thereto, the "Official Statement"), in a primary offering.

NOW THEREFORE in consideration of the foregoing and the covenants contained herein, the University hereby represents, covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the University for the benefit of the Holders (as hereinafter defined) and Beneficial Owners (as defined in the Official Statement) of the Series 2021A Bonds.

Section 2. Definitions. In addition to the definitions set forth in the Bond Resolutions, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" with respect to any Fiscal Year of the University means the following:

(a) the audited financial statements of the University for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Government Accounting Standards Board. If such audited financial statements are not available by the time the Annual Financial Information is required to be filed pursuant to Section 3(a) below, the Annual Financial Information shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Financial Information when such statements become available; and

(b) the operating data of the University included under the headings "Students," "The University of Virginia Medical Center" and "Financial Information" in Appendix A to the Official Statement, comprising the following tables: "Undergraduate Applications, Acceptances and Matriculations", "Graduate & Professional Applications, Acceptances and Matriculations", "On Grounds Fall Enrollment", "Selected Medical Center Patient Information", "Undergraduate Tuition and Required Fees Per Student", "Graduate Tuition and Required Fees Per Student", "Non-Capital Appropriations from the Commonwealth", "University of Virginia Medical Center Summary Statement of Revenues, Expenses, and Changes in Net Position", "Grants and Contracts" and "UVIMCO Long-Term Pool Historic Annual Returns".

The audited financial statements described above may be included by specific reference to other documents, including Official Statements and Offering Memoranda of debt issues with respect to which the University is an "obligated person" (as defined by the Rule), which have been filed with EMMA or the SEC. If the document included by reference is a final Official Statement or Offering Memorandum, it must be available from the MSRB. The University shall clearly identify each such other document so included by reference.

"Disclosure Representative" means the Executive Vice President and Chief Operating Officer of the University, the chief financial officer of the University or such other person as the University shall designate from time to time.

"Dissemination Agent" means an entity, if any, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the University and which has filed with the University a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access system described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule.

"Event Notice" means the notice of the events described in Section 3(b) hereof.

"Financial Statements" means the annual audited financial statements of the University described in paragraph (a) of the definition of "Annual Financial Information" herein.

"Fiscal Year" means the twelve-month period, at the end of which the financial position of the University and results of its operations for such period are determined. Currently, the University's Fiscal Year ends on June 30 of each year.

"Holder" means, for purposes of this Disclosure Agreement, any Person who is a record owner or Beneficial Owner of a Series 2021A Bond, from time to time.

"Make Public" or "Made Public" has the meaning set forth in Section 4 of this Disclosure Agreement.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriters" shall mean the original underwriters of the Series 2021A Bonds required to comply with the Rule in connection with the offering of the Series 2021A Bonds.

"Rule" means Rule 15c2-12 under the Securities Exchange Act of 1934 and any similar rules of the SEC relating to disclosure requirements in the offering and sale of municipal securities, all as in effect from time to time.

"SEC" means the U.S. Securities and Exchange Commission.

Section 3. Obligations of the University.

(a) The University agrees to prepare and cause to be Made Public Annual Financial Information with respect to any Fiscal Year of the University when and if available but in no case later than 240 days after the end of such Fiscal Year. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information.

(b) The University shall cause to be Made Public, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the following events that may from time to time occur with respect to the Series 2021A Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on any credit enhancement maintained with respect to the Series 2021A Bonds reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions or 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 security, or other material events affecting the tax-exempt status of interest on the Series 2021A Bonds;

(vii) modifications to rights of Holders, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Series 2021A Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the obligated person;*

(xiii) 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;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a financial obligation 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

(xvi) 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.

(c) The University shall cause to be Made Public, in a timely manner, notice of the failure of the University on or before the date required by Section 3(a) and Section 3(b) to provide Annual Financial Information or Make Public Event Notices to the persons and in the manner required by this Disclosure Agreement.

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* The event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(d) Whenever the University obtains knowledge of the occurrence of an event listed in Section 3(b)(ii), (vi) (in part), (vii), (viii) (in part), (x), (xiii) or (xiv) above, the University shall as soon as possible determine if such event would be material under applicable federal securities laws.

(e) If the University has determined that knowledge of the occurrence of an event listed in Section 3(b) (ii), (vi) (in part), (vii), (viii) (in part), (x), (xiii) or (xiv) above would be material under applicable federal securities laws, the University shall report within ten days of such event the occurrence thereof pursuant to Section 3(f) below.

(f) If the University is required (or, as described in Section 3(e) above if applicable, has determined) to report the occurrence of an event listed in Section 3(b) above, the University shall file a notice of such occurrence with EMMA. Notwithstanding the foregoing, notice of an event described in Section 3(b)(viii) or (ix) need not be given under this Section 3(f) any earlier than the date on which the notice (if any) of the underlying event is given to the Holders of affected Series 2021A Bonds pursuant to the Bond Resolutions.

(g) The University shall notify EMMA, of any change in the University's Fiscal Year not later than the first date on which it first provides any information to EMMA after such change in its Fiscal Year.

Section 4. Information Made Public. Information shall be deemed to have been "Made Public" for purposes of this Disclosure Agreement if transmitted to EMMA.

Section 5. CUSIP Numbers. The University shall reference, or cause to be referenced, the CUSIP prefix number for the Series 2021A Bonds in any notice provided to EMMA pursuant to Sections 3 and 4 above.

Section 6. Termination of Reporting Obligation. The obligations under this Disclosure Agreement shall terminate upon the earlier to occur of the legal defeasance, prior redemption or payment in full of all of the Series 2021A Bonds. If such termination occurs prior to the final maturity of the Series 2021A Bonds, the University shall give notice of such termination in the same manner as for the events listed in Section 3(b) above.

Section 7. Dissemination Agent. The University may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the University pursuant to this Disclosure Agreement. The Dissemination Agent may resign at any time by providing at least 30 days' written notice to the University.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the University may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived by the University, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, provided that the University shall have provided notice of such delivery and of the amendment to EMMA.

The initial Annual Financial Information after the amendment shall explain, in narrative form, the reasons for the amendment and the effect of the change, if any, in the type of operating data or financial information being provided.

If the amendment is made to an undertaking specifying the accounting principles to be followed in preparing Financial Statements, the Annual Financial Information for the Fiscal Year in which the change is made should present a comparison between the Financial Statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison should include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to Holders to enable them to evaluate the ability of the University to meet its obligations. To the extent reasonably feasible, the comparison also should be quantitative. A notice of the change in the accounting principles should be sent to EMMA.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the University from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of an event listed in Section 3(b), in addition to that which is required by this Disclosure Agreement. If the University chooses to report any information in any Annual Financial Information or include any information in a notice of occurrence of an event listed in Section 3(b), in addition to that which is specifically required by this Disclosure Agreement, the University shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Financial Information or notice of occurrence of such an event.

Section 10. Default. In the event of a failure of the University to comply with any provision of this Disclosure Agreement, any Holder of the Series 2021A Bonds, may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the University to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Bond Resolutions, and the sole remedy under this Disclosure Agreement in the event of any failure of the University to comply herewith shall be an action to compel specific performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any Holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

Section 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the University, the Participating Underwriters and the Holders of the Series 2021A Bonds, and shall create no rights in any other person or entity.

Section 12. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13. Applicable Law. This Disclosure Agreement shall be construed under the laws of the Commonwealth of Virginia and, to the extent inconsistent, with the laws of the United States of America.

Dated as of July 21, 2021.

THE RECTOR AND VISITORS OF
THE UNIVERSITY OF VIRGINIA

By: ______________________________
Name: ____________________________
Title: _____________________________

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THE RECTOR AND VISITORS OF THE UNIVERSITY OF VIRGINIA • GENERAL REVENUE PLEDGE BONDS, SERIES 2021A

UNIVERSITY of VIRGINIA

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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