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, (i) interest on the Series 2020 Bonds is includable in the gross income of the owners thereof for federal income tax purposes, and (ii) income derived from the Series 2020 Bonds, including from their sale or exchange, is excludable from the gross income of the owners thereof for purposes of income taxation by the Commonwealth of Virginia or any political subdivision or instrumentality thereof. See "**TAX MATTERS**" herein.*

$600,000,000
THE RECTOR AND VISITORS OF THE UNIVERSITY OF VIRGINIA
General Revenue Pledge and Refunding Bonds
Series 2020 (Federally Taxable)

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

The offered bonds identified above (the "Series 2020 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 2020 Bonds under a book-entry only system. Accordingly, Beneficial Owners of the Series 2020 Bonds will not receive physical delivery of bond certificates. See **Appendix D** attached hereto. The Series 2020 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 2020 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 2020 Bonds may be made in the principal amount of $5,000 or any integral multiple thereof. Interest on the Series 2020 Bonds is payable semi-annually on each March 1 and September 1 commencing on September 1, 2020.

The Series 2020 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 2020 Bonds.

THE SERIES 2020 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 2020 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 2020 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 2020 BONDS OR OTHER COSTS INCIDENT THERETO. THE UNIVERSITY HAS NO TAXING POWERS.

The Series 2020 Bonds are offered when, as and if issued and accepted by the Underwriters 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 Underwriters by their counsel, Troutman Pepper Hamilton Sanders LLP, Richmond, Virginia. The Series 2020 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, 2020.

Goldman Sachs & Co. LLC **Barclays** **J.P. Morgan**

BofA Securities **TD Securities** **US Bancorp** **Wells Fargo Securities**

Dated: July 14, 2020

$600,000,000
The Rector and Visitors of the University of Virginia
General Revenue Pledge and Refunding Bonds
Series 2020 (Federally Taxable)

$600,000,000, 2.256% Bonds Due September 1, 2050,
Price 100%, CUSIP[(1)] 915217 XF5

(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 Underwriters 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 2020 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 Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have 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 Underwriters do not guarantee the accuracy or completeness of such information, and such information is not to be construed as a representation of the Underwriters. 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 Underwriters. 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 2020 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 2020 BONDS, OR DETERMINED THAT THIS OFFICIAL STATEMENT IS ACCURATE OR COMPLETE. THE SERIES 2020 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 2020 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.

INFORMATION COVERING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

REFERENCES HEREIN TO THE "ISSUER" MEAN THE UNIVERSITY AND REFERENCES TO "BONDS" OR "SECURITIES" MEAN THE SERIES 2020 BONDS OFFERED HEREBY.

MINIMUM UNIT SALES

THE BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF $5,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 30 UNITS (BEING 30 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF $150,000).

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA AND UNITED KINGDOM

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA OR THE UNITED KINGDOM (EACH, A "RELEVANT STATE"). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2016/97/EU (AS AMENDED), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION 2017/1129 (EU) (AS AMENDED OR SUPERSEDED, THE "PROSPECTUS REGULATION"). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN A RELEVANT STATE HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN A RELEVANT STATE MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION. THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF THE BONDS IN ANY RELEVANT STATE WILL BE MADE PURSUANT TO AN EXEMPTION UNDER THE PROSPECTUS REGULATION FROM THE REQUIREMENT TO PUBLISH A PROSPECTUS FOR OFFERS OF THE BONDS. THIS OFFICIAL STATEMENT IS NOT A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS REGULATION.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

THIS OFFICIAL STATEMENT HAS NOT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA") AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN ACCORDANCE WITH THE PROVISIONS OF SECTION 85 OF THE FSMA. IN THE UNITED KINGDOM, THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS WHO (I) ARE INVESTMENT PROFESSIONALS, AS SUCH TERM IS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "FINANCIAL PROMOTION ORDER"), (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER, OR (III) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FSMA) IN CONNECTION WITH THE ISSUE OR SALE OF ANY SECURITIES MAY OTHERWISE BE LAWFULLY COMMUNICATED OR CAUSED TO BE

COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS, INCLUDING IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA APPLIES TO THE UNIVERSITY. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT READ, ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS.

NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG

THE BONDS MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF ANY DOCUMENT OTHER THAN (I) IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE OR WHICH DO NOT CONSTITUTE AN INVITATION TO THE PUBLIC WITHIN THE MEANING OF THE SECURITIES AND FUTURES ORDINANCE, OR (II) TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE AND ANY RULES MADE THEREUNDER, OR (III) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A "PROSPECTUS" AS DEFINED IN THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE, AND NO ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS MAY BE ISSUED, OR MAY BE IN THE POSSESSION OF ANY PERSON FOR THE PURPOSE OF ISSUE (IN EACH CASE WHETHER IN HONG KONG OR ELSEWHERE), WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC IN HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO "PROFESSIONAL INVESTORS" IN HONG KONG AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE AND ANY RULES MADE THEREUNDER.

NOTICE TO INVESTORS IN CANADA

THE BONDS MAY BE SOLD IN CANADA ONLY TO PURCHASERS PURCHASING, OR DEEMED TO BE PURCHASING, AS PRINCIPAL THAT ARE ACCREDITED INVESTORS, AS DEFINED IN NATIONAL INSTRUMENT 45-106 PROSPECTUS EXEMPTIONS OR SUBSECTION 73.3(1) OF THE SECURITIES ACT (ONTARIO), AND ARE PERMITTED CLIENTS, AS DEFINED IN NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS. ANY RESALE OF THE BONDS MUST BE MADE IN ACCORDANCE WITH AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE PROSPECTUS REQUIREMENTS OF APPLICABLE SECURITIES LAWS.

SECURITIES LEGISLATION IN CERTAIN PROVINCES OR TERRITORIES OF CANADA MAY PROVIDE A PURCHASER WITH REMEDIES FOR RESCISSION OR DAMAGES IF THIS OFFICIAL STATEMENT (INCLUDING ANY AMENDMENT THERETO) CONTAINS A MISREPRESENTATION, PROVIDED THAT THE REMEDIES FOR RESCISSION OR DAMAGES ARE EXERCISED BY THE PURCHASER WITHIN THE TIME LIMIT PRESCRIBED BY THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY. THE PURCHASER SHOULD REFER TO ANY APPLICABLE PROVISIONS OF THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY FOR PARTICULARS OF THESE RIGHTS OR CONSULT WITH A LEGAL ADVISOR. PURSUANT TO SECTION 3A.3 OF

NATIONAL INSTRUMENT 33-105 UNDERWRITING CONFLICTS (NI 33-105), THE UNDERWRITERS ARE NOT REQUIRED TO COMPLY WITH THE DISCLOSURE REQUIREMENTS OF NI 33-105 REGARDING UNDERWRITER CONFLICTS OF INTEREST IN CONNECTION WITH THIS OFFERING.

NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN

THE OFFER OF THE BONDS HAS NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH, OR APPROVED BY, THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN AND/OR OTHER REGULATORY AUTHORITY OF TAIWAN PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS, AND THE BONDS MAY NOT BE OFFERED, ISSUED OR SOLD IN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION OR FILING WITH OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN. THE BONDS MAY BE MADE AVAILABLE OUTSIDE TAIWAN FOR PURCHASE BY INVESTORS RESIDING IN TAIWAN (EITHER DIRECTLY OR THROUGH PROPERLY LICENSED TAIWAN INTERMEDIARIES), BUT MAY NOT BE OFFERED OR SOLD IN TAIWAN EXCEPT TO QUALIFIED INVESTORS VIA A TAIWAN LICENSED INTERMEDIARY. ANY SUBSCRIPTIONS OF THE BONDS SHALL ONLY BECOME EFFECTIVE UPON ACCEPTANCE BY THE ISSUER OR THE RELEVANT DEALER OUTSIDE TAIWAN AND SHALL BE DEEMED A CONTRACT ENTERED INTO IN THE JURISDICTION OF INCORPORATION OF THE ISSUER OR RELEVANT DEALER, AS THE CASE MAY BE, UNLESS OTHERWISE SPECIFIED IN THE SUBSCRIPTION DOCUMENTS RELATING TO THE BONDS SIGNED BY THE INVESTORS.

NOTICE TO INVESTORS IN THE REPUBLIC OF KOREA

THIS OFFICIAL STATEMENT IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSIDERED AS, A PUBLIC OFFERING OF SECURITIES IN KOREA FOR THE PURPOSES OF THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKET ACT OF KOREA. THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF KOREA FOR PUBLIC OFFERING IN KOREA UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT AND ITS SUBORDINATE DECREES AND REGULATIONS (COLLECTIVELY THE “FSCMA”). THE BONDS MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, OR OFFERED OR SOLD TO ANY PERSON FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY RESIDENT OF KOREA EXCEPT AS OTHERWISE PERMITTED UNDER THE APPLICABLE LAWS AND REGULATIONS OF KOREA, INCLUDING THE FSCMA AND THE FOREIGN EXCHANGE TRANSACTION LAW AND ITS SUBORDINATE DECREES AND REGULATIONS (COLLECTIVELY, THE “FETL”). WITHOUT PREJUDICE TO THE FOREGOING, THE NUMBER OF INVESTORS OFFERED IN KOREA OR THE NUMBER OF INVESTORS WHO ARE RESIDENTS IN KOREA SHALL BE LESS THAN FIFTY AND FOR A PERIOD OF ONE YEAR FROM THE ISSUE DATE OF THE BONDS, NONE OF THE BONDS MAY BE DIVIDED RESULTING IN AN INCREASED NUMBER OF THE BONDS. FURTHERMORE, THE BONDS MAY NOT BE RESOLD TO KOREAN RESIDENTS UNLESS THE PURCHASER OF THE BONDS COMPLIES WITH ALL APPLICABLE REGULATORY REQUIREMENTS (INCLUDING BUT NOT LIMITED TO GOVERNMENT REPORTING REQUIREMENTS UNDER THE FETL) IN CONNECTION WITH THE PURCHASE OF THE BONDS.

NOTICE TO INVESTORS IN SINGAPORE

THIS OFFICIAL STATEMENT HAS NOT BEEN REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE. ACCORDINGLY, THIS OFFICIAL STATEMENT AND ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF THE BONDS MAY NOT BE CIRCULATED OR DISTRIBUTED, NOR MAY THE BONDS BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN (I) TO AN INSTITUTIONAL INVESTOR (AS DEFINED IN SECTION 4A OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE (THE "SFA")) UNDER SECTION 274 OF THE SFA, (II) TO A RELEVANT PERSON (AS DEFINED IN SECTION 275(2) OF THE SFA) PURSUANT TO SECTION 275(1) OF THE SFA, OR ANY PERSON PURSUANT TO SECTION 275(1A) OF THE SFA, AND IN ACCORDANCE WITH THE CONDITIONS SPECIFIED IN SECTION 275 OF THE SFA OR (III) OTHERWISE PURSUANT TO, AND IN ACCORDANCE WITH THE CONDITIONS OF, ANY OTHER APPLICABLE PROVISION OF THE SFA, IN EACH CASE SUBJECT TO CONDITIONS SET FORTH IN THE SFA.

WHERE THE BONDS ARE SUBSCRIBED OR PURCHASED UNDER SECTION 275 OF THE SFA BY A RELEVANT PERSON WHICH IS A CORPORATION (WHICH IS NOT AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA)) THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND THE ENTIRE SHARE CAPITAL OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS, EACH OF WHOM IS AN ACCREDITED INVESTOR, THE SECURITIES (AS DEFINED IN SECTION 239(1) OF THE SFA) OF THAT CORPORATION SHALL NOT BE TRANSFERABLE FOR 6 MONTHS AFTER THAT CORPORATION HAS ACQUIRED THE BONDS UNDER SECTION 275 OF THE SFA EXCEPT: (1) TO AN INSTITUTIONAL INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA) UNDER SECTION 274 OF THE SFA OR TO A RELEVANT PERSON (AS DEFINED IN SECTION 275(2) OF THE SFA), (2) WHERE SUCH TRANSFER ARISES FROM AN OFFER IN THAT CORPORATION'S SECURITIES PURSUANT TO SECTION 275(1A) OF THE SFA, (3) WHERE NO CONSIDERATION IS OR WILL BE GIVEN FOR THE TRANSFER, (4) WHERE THE TRANSFER IS BY OPERATION OF LAW, (5) AS SPECIFIED IN SECTION 276(7) OF THE SFA, OR (6) AS SPECIFIED IN REGULATION 32 OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005 OF SINGAPORE ("REGULATION 32").

WHERE THE BONDS ARE SUBSCRIBED OR PURCHASED UNDER SECTION 275 OF THE SFA BY A RELEVANT PERSON WHICH IS A TRUST (WHERE THE TRUSTEE IS NOT AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA)) WHOSE SOLE PURPOSE IS TO HOLD INVESTMENTS AND EACH BENEFICIARY OF THE TRUST IS AN INDIVIDUAL WHO IS AN ACCREDITED INVESTOR, THE BENEFICIARIES' RIGHTS AND INTEREST (HOWSOEVER DESCRIBED) IN THAT TRUST SHALL NOT BE TRANSFERABLE FOR 6 MONTHS AFTER THAT TRUST HAS ACQUIRED THE BONDS UNDER SECTION 275 OF THE SFA EXCEPT: (1) TO AN INSTITUTIONAL INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA) UNDER SECTION 274 OF THE SFA OR TO A RELEVANT PERSON (AS DEFINED IN SECTION 275(2) OF THE SFA), (2) WHERE SUCH TRANSFER ARISES FROM AN OFFER IN THAT IS MADE ON TERMS THAT SUCH RIGHTS OR INTEREST ACQUIRED AT A CONSIDERATION OF NOT LESS THAN S$200,000 (OR ITS EQUIVALENT IN A FOREIGN CURRENCY) FOR EACH TRANSACTION (WHETHER SUCH AMOUNT IS TO BE PAID FOR IN CASH OR BY EXCHANGE OF THE SECURITIES OR OTHER ASSETS), (3) WHERE NO CONSIDERATION IS OR WILL BE GIVEN FOR THE TRANSFER, (4) WHERE THE TRANSFER IS BY OPERATION OF LAW, (5) AS SPECIFIED IN SECTION 276(7) OF THE SFA, OR (6) AS SPECIFIED IN REGULATION 32.

NOTICE TO INVESTORS IN JAPAN

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER ARTICLE 4, PARAGRAPH (1) OF THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (ACT NO. 25 OF 1948, AS AMENDED, "FIEA"), OR THE FIEA BECAUSE THE OFFER FALLS UNDER ARTICLE 2, PARAGRAPH (3), ITEM (ii), SUB-ITEM (a) OF THE FIEA. THE BONDS MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO OR FOR THE BENEFIT OF ANY RESIDENT OF JAPAN AS DEFINED IN THE FOREIGN EXCHANGE AND FOREIGN TRADE ACT OF JAPAN (ACT NO. 228 OF 1949, AS AMENDED), OR TO OTHERS FOR REOFFERING OR RESALE DIRECTLY OR INDIRECTLY, IN JAPAN OR TO OR FOR THE BENEFIT OF ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE FIEA AND OTHERWISE IN COMPLIANCE WITH ANY RELEVANT LAWS AND REGULATIONS OF JAPAN.

NOTICE TO INVESTORS IN SWITZERLAND

THE BONDS MAY NOT BE PUBLICLY OFFERED IN SWITZERLAND AND WILL NOT BE LISTED ON THE SIX SWISS EXCHANGE ("SIX") OR ON ANY OTHER STOCK EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. THIS OFFICIAL STATEMENT HAS BEEN PREPARED WITHOUT REGARD TO THE DISCLOSURE STANDARDS FOR ISSUANCE PROSPECTUSES UNDER ART. 652A OR ART. 1156 OF THE SWISS CODE OF OBLIGATIONS OR THE DISCLOSURE STANDARDS FOR LISTING PROSPECTUSES UNDER ART. 27 FF. OF THE SIX LISTING RULES OR THE LISTING RULES OF ANY OTHER STOCK EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS OR THE OFFERING MAY BE PUBLICLY DISTRIBUTED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND.

NONE OF THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE OFFERING, THE ISSUER OR THE BONDS HAVE BEEN OR WILL BE FILED WITH OR APPROVED BY ANY SWISS REGULATORY AUTHORITY. IN PARTICULAR, THIS OFFICIAL STATEMENT WILL NOT BE FILED WITH, AND THE OFFER OF THE BONDS WILL NOT BE SUPERVISED BY, THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY ("FINMA"), AND THE OFFER OF BONDS HAS NOT BEEN AND WILL NOT BE AUTHORIZED UNDER THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES ("CISA"). ACCORDINGLY, INVESTORS DO NOT HAVE THE BENEFIT OF THE SPECIFIC INVESTOR PROTECTION PROVIDED UNDER THE CISA.

OFFICIAL STATEMENT

THE RECTOR AND VISITORS OF THE UNIVERSITY OF VIRGINIA

relating to

$600,000,000
General Revenue Pledge and Refunding Bonds
Series 2020 (Federally Taxable)

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 $600,000,000 aggregate principal amount of its General Revenue Pledge and Refunding Bonds, Series 2020 (Federally Taxable) (the "Series 2020 Bonds").

The Series 2020 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 2020 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 2020 BONDS"** herein. Terms capitalized but undefined in the body of this Official Statement are defined in **Appendix C** attached hereto.

The Series 2020 Bonds will bear interest at a fixed rate until maturity. See **"THE SERIES 2020 BONDS"** herein.

The proceeds of the Series 2020 Bonds will be used by the University (a) to finance or refinance the costs of certain capital and other projects at the University's academic facilities, including capitalized interest, working capital and general corporate purposes, (b) to advance refund a portion of the outstanding principal amount of the University's General Revenue Pledge Refunding Bonds, Series 2015B, originally issued to finance or refinance the costs of capital projects at the University's academic and medical center facilities, and (c) to pay other expenditures associated with the foregoing to the extent financeable, including, without limitation, costs of issuance with respect to the Series 2020 Bonds. See "**APPLICATION OF SERIES 2020 BOND PROCEEDS"** herein.

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 2020 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 April 27 2020, the Master Resolution (as hereinafter defined), and a Series Resolution (as hereinafter defined) with respect to the Series 2020 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 2020 Bonds. See **"Recent Developments"** 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 April 27, 2020, the Board authorized the execution by the University of a Series Resolution related to the issuance of the Series 2020 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, 2019. 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, 2019. Attached hereto as **Appendix C** are certain definitions and a summary of the Master Resolution. Certain information regarding DTC and global clearance procedures with respect to the Series 2020 Bonds 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 2020 BONDS

The following is a summary of certain provisions of the Series 2020 Bonds. For definitions of certain terms and additional detailed information relating to the Series 2020 Bonds, see **Appendix C** attached hereto.

General

The Series 2020 Bonds will be issued in the aggregate principal amount of $600,000,000, will be dated the date of their delivery and will mature on September 1, 2050. Interest on the Series 2020 Bonds will be payable semi-annually on March 1 and September 1, commencing on September 1, 2020 (each, an "Interest Payment Date"), at the rate of 2.256% per annum, calculated on the basis of a 360-day year consisting of 12 months of 30 days each. The Series 2020 Bonds will be offered in denominations of $5,000 and integral multiples thereof ("Authorized Denominations").

Principal of and interest on the Series 2020 Bonds will be payable in lawful money of the United States of America. Interest on the Series 2020 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 2020 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 and Refunding Bonds, Series 2020 (Federally Taxable), Bond Proceeds Fund" (the "Bond Proceeds Fund"), to the credit of which there shall be deposited a portion of the proceeds of the Series 2020 Bonds. The University will apply the moneys in the Bond Purchase Fund to the payment of a portion of the cost of the Projects financed or refinanced with the Series 2020 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 and Refunding Bonds, Series 2020 (Federally Taxable), 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 2020 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 2020 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 2020 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 2020 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 2020 Bonds are subject to redemption, at the option of the University, in whole or in part on any date not earlier than March 1, 2050 (6 months prior to the maturity date of the Series 2020 Bonds), upon payment of a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the redemption date.

Optional Redemption at Make-Whole Redemption Price. Prior to March 1, 2050, the Series 2020 Bonds are subject to redemption, at the option of the University, in whole or in part on any date, upon payment of a redemption price equal to the greater of:

(a) 100% of the principal amount of the Series 2020 Bonds to be redeemed; and

(b) the sum of the present values of the remaining scheduled payments of principal and interest to the par call date of the Series 2020 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2020 Bonds are to be redeemed, discounted to the date on which the Series 2020 Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 15 basis points;

(c) plus, in each case, accrued interest on the Series 2020 Bonds to be redeemed to the redemption date.

For purposes hereof, "Treasury Rate" means, with respect to any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity excluding inflation indexed securities (as compiled and published in the most recent Federal Reserve Statistical Release H.15 that has become publicly available at least two Business Days, but no more than 45 calendar days, prior to such redemption date or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Extraordinary Optional Redemption. The Series 2020 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 2020 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 2020 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 2020 Bonds to be redeemed at their registered addresses. Any such notice of redemption shall identify the Series 2020 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 2020 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 2020 Bonds shall not affect the validity of the call for redemption of any Series 2020 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 2020 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 2020 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 2020 Bonds are registered in book-entry only form and DTC is the sole registered owner thereof, if less than all of the Series 2020 Bonds of a maturity are called for prior redemption, the particular Series 2020 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 2020 Bonds are held in book-entry form, the selection for redemption of such Series 2020 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 2020 Bonds on a pro rata pass-through distribution of principal basis as discussed above, then the Series 2020 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 2020 Bonds, if less than all of the Series 2020 Bonds are called for redemption, the Paying Agent will select the Series 2020 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 2020 Bonds will be exchangeable and transferable on the registration books of the Registrar in Authorized Denominations. Upon presentation and surrender of any Series 2020 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 2020 Bonds in any Authorized Denomination or Denominations. For every exchange or transfer of Series 2020 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 2020 BOND PROCEEDS

The proceeds of the Series 2020 Bonds will be used by the University (a) to finance or refinance the costs of certain capital and other projects at the University's academic facilities, including capitalized interest, working capital and general corporate purposes, (b) to advance refund a portion of the outstanding principal amount of the University's General Revenue Pledge Refunding Bonds, Series 2015B (the "Refunded Bonds"), originally issued to finance or refinance the costs of capital projects at the University's academic and medical center facilities, and (c) to pay other expenditures associated with the foregoing to the extent financeable, including, without limitation, costs of issuance with respect to the Series 2020 Bonds.

Upon issuance of the Series 2020 Bonds, a portion of the proceeds thereof will be deposited into an escrow fund (the "Escrow Fund") with The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Agent"), established pursuant to an Escrow Deposit Agreement (the "Escrow Deposit Agreement"), between the University, the paying agent for the Refunded Bonds and the Escrow Agent, in an amount which, together with investment earnings thereon, will be sufficient to pay all principal of, and premium, if any, and interest on the Refunded Bonds to and including the applicable payment and redemption dates therefor. For further information regarding the refunding of the Refunded Bonds, see "**VERIFICATION OF MATHEMATICAL COMPUTATIONS**" herein.

Upon making such deposit with the Escrow Agent and the execution of the Escrow Deposit Agreement, the Refunded Bonds will, under the terms of the bond resolution pursuant to which the Refunded Bonds were issued, no longer be deemed to be outstanding and shall be deemed to have been paid and will cease to be entitled to any lien, benefit or security under such resolution.

The proceeds of the Series 2020 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 2020 Bonds	$600,000,000
TOTAL	$600,000,000

Uses of Funds:

Deposit to Bond Proceeds Fund	$516,196,439
Deposit to Escrow Fund	80,952,958
Cost of Issuance (including underwriters' discount[†])	2,850,603
TOTAL	$600,000,000

[†] See **"UNDERWRITING"** herein.

SECURITY FOR THE SERIES 2020 BONDS

The following summary of the security for the Series 2020 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 2020 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 2020 Bonds) as they become due upon redemption, acceleration, maturity or otherwise. The Bonds (including the Series 2020 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 2020 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 2020 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 2020 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 2020 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 2020 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, other than the University's portion (which as of June 30, 2020, was approximately $353,000) of certain general revenue bonds previously issued by the Commonwealth of Virginia, 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, 2020, was approximately $2,040,088,000. 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 2020 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 2020 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 2020 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 2020 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 2020 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 2020 Bonds and meets certain other requirements, such Series 2020 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 2020 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 2020 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 2020 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 2020 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 2020 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 Underwriters by their 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 2020 Bonds, or to in any way contest or affect the validity of the Series 2020 Bonds, the Master Resolution, the Series Resolution or any proceedings of the University taken with respect to the issuance or sale of the Series 2020 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 Status of Interest

Bond Counsel's opinion with respect to the Series 2020 Bonds will state that, based on current law, interest on the Series 2020 Bonds is includable in the gross income of the owners thereof for purposes of federal income taxation. See Appendix E for the proposed form of the Opinion of Bond Counsel.

Bond Counsel will express no opinion regarding other federal tax consequences arising with respect to the Series 2020 Bonds.

Summary. The following is a summary of certain of the United States federal income tax consequences of the ownership of the Series 2020 Bonds as of the date hereof. Each prospective purchaser of the Series 2020 Bonds should consult with its own tax advisor regarding the application of United States federal income tax laws, as well as any state, local, foreign or other tax laws, to its particular situation.

This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), as well as Treasury regulations and administrative and judicial rulings and practice. Legislative, judicial and administrative changes may occur, possibly with retroactive effect, that could alter or modify the continued validity of the statements and conclusions set forth herein. This summary is intended as a general explanatory discussion of the consequences of holding the Series 2020 Bonds generally and does not purport to furnish information in the level of detail or with the prospective purchaser's specific tax circumstances that would be provided by a prospective purchaser's own tax advisor. For example, it generally is addressed only to original purchasers of the Series 2020 Bonds that are "U.S. holders," as hereinafter defined, deals only with Series 2020 Bonds held as "capital assets" within the meaning of Section 1221 of the Code and does not address tax consequences to owners that may be relevant to investors subject to special rules, such as individuals, trusts, estates, tax-exempt investors, foreign investors (including nonresident alien individuals, foreign corporations and foreign financial institutions), cash method taxpayers, dealers in securities, currencies or commodities, bank thrifts, insurance companies, electing large partnerships, mutual funds, regulated investment companies, real estate investment trusts, S corporations, persons that hold Series 2020 Bonds as part of a straddle, hedge, integrated or conversion transaction, and persons whose "functional currency" is not the U.S. dollar. In addition, this summary does not address alternative minimum tax issues or the indirect consequences to a holder of an equity interest in an owner of the Series 2020 Bonds.

As used herein, a "U.S. holder" is a "U.S. person" that is a beneficial owner of Series 2020 Bonds. A "non-U.S. investor" is a holder (or beneficial owner) of Series 2020 Bonds that is not a U.S. person. For these purposes, a "U.S. person" is a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in Treasury regulations), an estate the income of which is subject to United States federal income taxation regardless of its source, or a trust if (i) a United States court is able to exercise primary supervision over the trust's administration and (ii) one or more U.S. persons have the authority to control all of the trust's substantial decisions.

Interest on the Series 2020 Bonds. The Series 2020 Bonds will be treated, for federal income tax purposes, as a debt instrument. Accordingly, stated interest on the Series 2020 Bonds will be included in the income of the owner as it is paid (or, if the owner is an accrual method taxpayer, as it is accrued) as interest.

Owners of the Series 2020 Bonds who or which allocate a basis in the Series 2020 Bonds that is greater than the principal amount of the Series 2020 Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

If an owner purchases the Series 2020 Bonds for an amount that is less than the principal amount of the Series 2020 Bonds, and such difference is not considered to be de minimis, then such discount will represent original issue discount that ultimately will constitute ordinary income (and not capital gain). U.S. holders of the Series 2020 Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income).

Sale or Other Disposition of the Series 2020 Bonds. Unless a nonrecognition provision of the Code applies, upon the sale, exchange, redemption, retirement or other disposition of a Taxable Bond, an owner generally will recognize gain or loss on its interest in the Series 2020 Bonds equal to the difference between the amount realized on the sale and its adjusted tax basis in such interest in the Series 2020 Bonds. Such gain or loss generally will be capital gain (although any gain attributable to accrued original issue discount on the Series 2020 Bonds not yet taken into income will be ordinary) or loss. The adjusted basis of the owner in an interest in the Series 2020 Bonds will (in general) equal its original purchase price increased by any original issue discount previously included in the gross income of the owner with respect to the Series 2020 Bonds and decreased by any amortized premium.

Defeasance. Defeasance of the Series 2020 Bonds may result in a deemed exchange thereof, in which event an owner will generally recognize taxable gain or loss as described in the preceding paragraph.

Backup Withholding. Under current U.S. federal income tax laws, a 24% backup withholding tax requirement may apply to certain payments of interest on, and the proceeds of a sale, exchange or redemption of, the Series 2020 Bonds. Certain persons making such payments are required to submit information returns (that is, IRS Forms 1099) to the IRS with regard to those payments. Backup withholding and information reporting will generally not apply with respect to payments made to certain exempt recipients such as corporations or certain exempt entities.

Medicare Tax. An additional 3.8% tax will be imposed on the "net investment income" of certain individuals, estates and trusts that have "modified adjusted gross income" above a certain threshold. Net investment income includes but is not limited to, the interest on the Series 2020 Bonds and gains from the disposition of the Series 2020 Bonds. Prospective investors should consult their tax advisors regarding the possible applicability of this tax to an investment in the Series 2020 Bonds.

Opinion of Bond Counsel– Virginia Income Tax Consequences

The opinion of Bond Counsel will also state that, under current law, the income derived from the Series 2020 Bonds, including from their sale or exchange, is excludable from the gross income of the owners thereof for purposes of income taxation by the Commonwealth of Virginia or any political subdivision or instrumentality thereof. Bond Counsel will express no opinion regarding (1) other tax consequences arising with respect to the Series 2020 Bonds under the laws of the Commonwealth or (2) any consequences arising with respect to the Series 2020 Bonds under the tax laws of any state or local jurisdiction other than the Commonwealth. Prospective purchasers of the Series 2020 Bonds should consult their own tax advisors regarding the tax status of interest and other income on the Series 2020 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 2020 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 2020 Bonds are being purchased by the Underwriters at a price of $598,061,522.03 (reflecting the principal amount of $600,000,000.00, minus an underwriters' discount of $1,938,477.97 or approximately 0.323080% of the original stated principal amount of the Series 2020 Bonds). The Bond Purchase Agreement between the University and Goldman Sachs & Co. LLC, as representative of the Underwriters (the "Bond Purchase Agreement"), provides that the Underwriters will purchase all of the Series 2020 Bonds to be purchased if any Series 2020 Bonds are purchased.

The Bond Purchase Agreement provides that the Underwriters may offer and sell the Series 2020 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 Underwriters. In addition, the Bond Purchase Agreement provides that the University will reimburse the Underwriters for certain expenses incurred in connection with the offering of the Series 2020 Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2020 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2020 Bonds that such firm sells.

BofA Securities, Inc., an underwriter of the Series 2020 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2020 Bonds.

TD Securities (USA) LLC ("TD Securities") one of the Underwriters of the Series 2020 Bonds, has entered into a negotiated dealer agreement (the "TD Dealer Agreement") with TD Ameritrade for the retail distribution of certain securities offerings, including the Series 2020 Bonds at the original issue price. Pursuant to the TD Dealer Agreement, TD Ameritrade may purchase Series 2020 Bonds from the Underwriters at the original issue prices less a negotiated portion of the selling concession applicable to any of the Series 2020 Bonds TD Ameritrade sells.

"US Bancorp" is the marketing name of U.S. Bancorp and its subsidiaries, including U.S. Bancorp Investments, Inc. ("USBII"), which is serving as one of the underwriters of the Series 2020 Bonds.

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

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), one of the underwriters of the Series 2020 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2020 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2020 Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2020 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their respective 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 Underwriters and their respective 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 Underwriters and their respective 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 Underwriters and their 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 Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve debt securities and instruments of the University.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in 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.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in schedules provided by the University and the Underwriters relating to (1) forecasted receipts of principal and interest on the cash and investments provided to the Escrow Agent to redeem or pay the Refunded Bonds, and the forecasted payments of principal and interest to redeem the Refunded Bonds, and (2) the yields on the Series 2020 Bonds and such investments, was verified by Causey Demgen & Moore P.C., and will be relied upon by Bond Counsel to support its opinion. See **"TAX MATTERS"** herein. Such computations were based solely upon assumptions and information supplied by the University and the Underwriters. Causey Demgen & Moore P.C. has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

FINANCIAL STATEMENTS

The audited financial statements of the University for the fiscal year ended June 30, 2019, 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, 2019.

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 2020 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 2020 Bonds may have an effect on the market price thereof.

CONTINUING DISCLOSURE

The offering of the Series 2020 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 2020 Bonds for the benefit of the registered and Beneficial Owners of the Series 2020 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 2020 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 2020 Bonds except as provided in the Continuing Disclosure Agreement. The Underwriters have 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 2020 Bonds from time to time.

MISCELLANEOUS

The summaries or descriptions herein, including the Appendices hereto, of the Series 2020 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: */s/ Jennifer Wagner Davis*
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, it offers a student experience without parallel in higher education. Its 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 22,632 full-time equivalent students, including 16,280 undergraduates, in on-grounds programs during the 2019-2020 academic year. The Academic Division is comprised of 12 separate schools, including the College and Graduate School of Arts and Sciences, the McIntire School of Commerce, the Curry School of Education and Human Development, the Frank Batten School of Leadership and Public Policy, the School of Engineering and Applied Science, the Darden Graduate School of Business Administration, 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, 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 612-bed hospital with a Commonwealth-designated Level 1 trauma center located on the Charlottesville campus. In addition, primary and specialty care are provided at convenient clinic locations throughout central Virginia communities. In the *U.S. News and World Report*

2019-2020 “Best Hospitals” guide, UVA was ranked as the number one hospital in Virginia for the fourth year in a row. The publication also included three 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 2020–2021 *U.S. News and World Report* “Best Children’s Hospitals” guide ranked five UVA Children’s 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 2019 was 1,338.

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 564 buildings consisting of approximately 16.8 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 newest facility, 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.

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 seventeen voting members appointed by the Governor of the Commonwealth of Virginia, 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 of Virginia 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:

JAMES B. MURRAY JR., RECTOR, *KEENE*	MANAGING PARTNER*, COURT SQUARE VENTURES*
WHITTINGTON W. CLEMENT, *RICHMOND*	PARTNER*, HUNTON ANDREWS KURTH*
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*
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.*
JOHN A. GRIFFIN, *NEW YORK, NY*	PRESIDENT, *BLUE RIDGE CAPITAL LLC*
LOUIS S. HADDAD, *SUFFOLK*	PRESIDENT AND CEO, *ARMADA HOFFLER PROPERTIES*
ROBERT D. HARDIE, *CHARLOTTESVILLE*	PRIVATE INVESTOR
MAURICE A. JONES, *NEW YORK, NY*	PRESIDENT AND CEO, *LOCAL INITIATIVES SUPPORT CORPORATION*
BABUR B. LATEEF, M.D.*, MANASSAS*	PHYSICIAN AND PRESIDENT*, ADVANCED OPHTHALMOLOGY, INC*
ANGELA HUCLES MANGANO, *PLAYA DEL RAY, CA*	REAL ESTATE PROFESSIONAL
C. EVANS POSTON JR., *NORFOLK*	COMMISSIONER OF THE REVENUE, *CITY OF NORFOLK*
JAMES V. REYES, *WASHINGTON, DC*	DIRECTOR/PRINCIPAL*, REYES HOLDINGS LLC*
ELLEN BASSETT, *CHARLOTTESVILLE*	FACULTY REPRESENTATIVE
MAZZEN SHALABY, *FREDERICKSBURG*	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
JOHN C. JEFFRIES, JR.	Senior Vice President for Advancement
COLETTE SHEEHY	Senior Vice President for Operations
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.

John C. Jeffries became senior vice president for advancement at the University on Aug. 1, 2018. Jeffries joined the University law faculty two years after earning his law degree from UVA in 1973. His primary research and teaching interests are civil rights, federal courts, criminal law and constitutional law. Jeffries has co-authored casebooks in civil rights, federal courts and criminal law and has published a variety of articles in those fields. He also wrote a biography of Justice Lewis F. Powell Jr.

In 1986, Jeffries was appointed the inaugural Emerson Spies Professor of Law, a position created to honor a long-time teacher and former dean. Jeffries has also held a variety of other academic appointments, including the Arnold H. Leon Professorship. He served as academic associate dean from 1994 to 1999. In the fall semester of 1999, he was acting dean during the sabbatical of Dean Robert Scott. He became dean in the fall of 2001 and served until June 2008.

During law school, Jeffries served as editor-in-chief of the Virginia Law Review. He received the Z Award for the highest academic average and the Woods Prize for the outstanding graduate. Immediately after graduation, he clerked for Justice Lewis F. Powell, Jr., before serving in the U.S. Army as a second lieutenant.

Mr. Jeffries received his Bachelor of Arts degree from Yale University.

Colette Sheehy serves as the Senior Vice President for Operations, 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 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. She is a United Way volunteer and 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. 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, student financial services, and enterprise risk management, as well as the University's Finance Strategic Transformation project. Melody 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.

Melody 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 2030 Plan

The strategic direction outlined in the University's current strategic plan – the 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.

The University is developing a detailed implementation plan to outline the sequencing and financing of each identified initiative in the 2030 Plan. Financing options for the Plan include general operating funds, debt, the Strategic Investment Fund, and philanthropy through the capital campaign that publicly launched in October 2019.

Sustainability

In 2016, the University launched its first comprehensive Sustainability Plan – engaging over one hundred stakeholders to build upon existing stewardship goals, adding robust waste, procurement, food and water goals and action, and committing to integrated goals related to community engagement, curriculum, and research. Pan-University collaborative teaching, research, and applied practice continue to grow, with extensive strategic collaboration that leverages the combined strengths of the University Committee on Sustainability, the Environmental Resilience Institute, the Office of Sustainability and the Global Sustainability Initiative, among others.

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 completed 64 LEED certified buildings to date, including the College of Wise.

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 goals for nitrogen, water, waste, and food. These goals align with the University's 2030 Great and Good Plan.

Faculty and Staff

For the fall 2019 semester, the University employed 2,732 full-time and 167 part-time instructional, research, and public service faculty, as well as 351 full-time and 15 part-time administrative and professional faculty. Included were 1,209 tenured faculty and an additional 473 who were non-tenured but on tenure-track. 94% 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 2019 semester, the University employed 15,216 full-time and 2,782 part-time permanent staff, including approximately 7,706 employees at the Medical Center (7,109 full-time and 2,712 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 2019 semester, the College at Wise employed 108 full-time and 92 adjunct instructional, research, and public service faculty as well as 31 full-time administrative faculty. Included were 52 tenured faculty, 27 who were non-tenured but on tenure-track, and 28 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 12.4:1.

Excluding the faculty, as of June 22, 2020, the College at Wise employed 200 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. 66.3% of the first-year class entering in fall 2019 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 40,839 completed first-year applications were received for the 2019-20 academic year to fill a target of approximately 3,920 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

	2015-16	2016-17	2017-18	2018-19	2019-20
Completed Applications					
In-state	9,156	9,667	10,938	11,332	12,022
Out-of-state	21,684	22,712	25,841	25,850	28,817
Total	30,840	32,379	36,779	37,182	40,839
Applications Accepted*	30%	30%	27%	26%	24%
In-state	44%	44%	40%	38%	36%
Out-of-state	24%	24%	22%	21%	19%
Offers Accepted**	40%	38%	38%	39%	40%
In-state	61%	59%	58%	58%	60%
Out-of-state	24%	23%	22%	24%	24%

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

Graduate & Professional Applications, Acceptances and Matriculations

	2015-16	2016-17	2017-18	2018-19	2019-20
Completed Applications	23,269	23,022	25,438	25,314	25,932
Applications Accepted*	25%	24%	26%	25%	27%
Offers Accepted**	45%	46%	48%	47%	49%

* 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

	2015-16	2016-17	2017-18	2018-19	2019-20
Undergraduate	15,421	15,611	15,848	16,093	16,411
Graduate	4,624	4,887	4,815	4,811	4,890
First-Professional	1,630	1,579	1,927	1,916	1,993
Non-Traditional	310	314	215	165	166
Total Headcount	21,985	22,391	22,805	22,985	23,460
Full Time Equivalent	22,043	22,482	23,077	23,333	23,718

For the fall 2019 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 97% ranked in the top 20% of their class. Approximately 94% of the first-year students who enter the University earn degrees, and approximately 88% graduate within four years. The SAT scores for the 25th to 75th percentile range of the fall 2019 incoming class were 1340-1500. For Fall 2019, the University enrolled 1,565 international graduate students, representing 23% of total enrolled graduate students, and 740 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 Constitution of Virginia provides that once non-general fund revenues are deposited into the State Treasury, and subsequently returned to the University to manage, they cannot be paid out for any purpose "except in pursuance of appropriations made by law."

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. 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 2020 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 4.8% in FY2019. 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.

In 1996 the General Assembly granted the Medical Center partial autonomy from the Commonwealth. As a result, the Medical Center may approve operating leases without the Commonwealth's approval, is exempted from certain provisions of the Commonwealth's Public Procurement Act, is permitted to establish its own human resources policies and procedures and is granted limited post-appropriation autonomy for non-general fund capital projects.

Higher Education Restructuring Legislation. In 2005, the General Assembly passed landmark legislation known as the Restructured Higher Education Financial and Administrative Operations Act (Chapters 933 and 945 of the 2005 Acts of Assembly, 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.

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.

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.

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 8,480 full-time equivalent employees as of June 30, 2019. 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 the University of Virginia Health System, 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. As of January 1, 2016, UVA formed a 40% interest in a joint operating company with Novant Health to own and operate hospitals and other healthcare facilities in northern Virginia. The Medical Center, in a joint venture with Encompass, also has facilities at the Fontaine Research Park for inpatient adult rehabilitation services. The Medical Center has been designated a Level 1 Trauma Center and provides helicopter services for trauma and disaster emergency transport requests. It also provides emergency transportation for newborns, coronary care and other highly specialized needs of patients throughout the Commonwealth. At the end of FY2019, the Medical Center had 612 beds available for patient care, along with an additional 40 beds at the Transitional Care Hospital and 50 beds at the UVA/Encompass Rehabilitation Hospital.

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 50% of its inpatients were drawn in FY2019, and northern and southern Secondary Service Areas ("SSA"), from which another 25% 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 flat with 36.6% in FY2019 compared to 37.0% in FY2018, with a similar trend in the SSA with a market share of 9.7% in FY2019 compared to 9.8% in FY2018. In FY2019, tertiary discharges accounted for 17.0% of the Medical Center's total inpatient services as compared to 4.7% for other Virginia hospitals combined.

In 2013, the University created the position of Executive Vice President for Health Affairs that 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 Medical Center Chief Operating 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.

In order to centralize and strengthen the governance of the Medical Center, a specialized operating board, the Medical Center Operating Board, was established in 2002 devoted exclusively to overseeing the operations of the University's hospitals, clinics, and ancillary clinical services. Since then the Board has been renamed as the Health System Board to more accurately reflect the Board's scope and oversight. 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 FY2019, the Consolidated Medical Center had net operating revenues of approximately $1.78 billion and operating income of approximately $113.8 million. See **"Financial Information – *Medical Center*"** below for additional information.

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The table below summarizes selected patient information for each of the five most recent fiscal years. The measure of outpatient volumes was updated in FY2019.

Selected Medical Center Patient Information
For the Year Ended June 30, 2019

	2015	2016	2017	2018	2019
Average Daily Census	487	493	499	494	497
Length of Stay (days)	6.0	6.0	6.0	6.4	6.3
All Payor Case Mix Index	2.04	2.10	2.12	2.09	2.10
Discharges	28,305	28,188	28,975	29,104	29,242
Outpatient Visits/Billed Encounters	903,507	922,637	949,322	817,770	847,346

Note: Outpatient Visits 2015 – 2017, Outpatient Billed Encounters 2018 - 2019

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Financial Information

The University's FY2019 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 FY2015 through FY2019.

Summary Statement of Net Position
As of June 30, 2019
(in thousands of dollars)

	2015	2016	2017	2018	2019
Assets					
Current assets	1,149,299	740,483	509,128	636,843	899,217
Noncurrent endowment investments	4,374,764	4,117,446	4,444,091	4,838,142	5,086,081
Other noncurrent assets and deferred outflows of resources	5,015,724	5,597,605	6,250,325	6,870,128	6,931,342
Total assets and deferred outflows of resources	10,539,787	10,455,534	11,203,544	12,345,113	12,916,640
Liabilities					
Current liabilities	565,072	656,098	602,493	663,449	923,139
Noncurrent liabilities and deferred inflows of resources	2,178,777	2,214,608	2,395,634	3,131,499	3,092,872
Total liabilities and deferred inflows of resources	2,743,849	2,870,706	2,998,127	3,794,948	4,016,011
Net position					
Net investment in capital assets	1,837,901	1,880,320	1,921,181	1,961,811	1,981,954
Restricted					
Non-expendable	608,894	624,646	676,312	747,191	891,397
Expendable	2,997,184	2,819,180	2,987,365	3,091,428	3,238,088
Unrestricted	2,351,959	2,260,682	2,620,559	2,749,735	2,789,190
Total net position	7,795,938	7,584,828	8,205,417	8,550,165	8,900,629
Liabilities, deferred inflows of resources and net position	10,539,787	10,455,534	11,203,544	12,345,113	12,916,640

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 in an aggregate available principal amount of $300,000,000 provided by various commercial banks.

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Statement of Revenues, Expenses, and Changes in Net Position
For the Year ended June 30, 2019
(in thousands of dollars)

Revenues	2015	2016	2017	2018	2019
Student tuition and fees, net	$491,027	$511,063	$545,168	$565,061	$595,751
Patient services	1,428,736	1,501,746	1,545,404	1,642,115	1,719,128
Grants and contracts	278,433	301,783	321,906	364,263	376,935
Sales and services of educational departments	26,309	27,748	43,134	29,636	31,437
Auxiliary enterprises revenue	129,855	132,583	137,057	140,494	140,787
Other	58,976	53,728	60,423	47,260	50,988
Total operating revenues	$2,413,336	$2,528,651	$2,653,092	$2,788,829	$2,915,026
Non-Operating Revenues					
State appropriations	$152,841	$159,757	$168,664	$168,449	$175,152
Gifts	171,705	168,521	163,356	170,454	197,161
Investment income (loss)	428,406	(112,633)	728,658	766,288	400,223
Pell Grants	12,957	12,489	12,485	13,586	14,225
Additions to permanent endowment	17,907	14,521	46,963	53,543	83,717
Other	57,583	56,742	46,294	53,346	174,302
Total operating and non-operating revenues	$3,254,735	$2,828,048	$3,819,512	$4,014,495	$3,959,806
Expenses					
Operating Expenses					
Compensation and benefits	$1,534,256	$1,621,521	$1,719,618	$1,844,556	$1,957,887
Supplies, utilities and other services	949,906	1,004,320	1,063,255	1,159,964	1,205,659
Student aid	74,527	75,808	92,691	100,373	104,793
Depreciation	216,172	219,683	225,247	232,476	243,820
Other	3,544	4,141	4,676	5,308	7,929
Total operating expenses	2,778,405	2,925,473	3,105,487	3,342,677	3,520,088
Non-Operating Expenses	88,149	74,089	93,436	127,383	89,254
Total operating and nonoperating expenses	$2,866,554	$2,999,562	$3,198,923	$3,470,060	$3,609,352
Net increase (decrease) in net position	$388,181	($171,514)	$620,589	$544,435	$350,464

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Reporting Entity. There are currently twenty-five 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 FY2019, provided in Appendix B:

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

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, 2019
(in thousands of dollars)

	2015***	2016**	2017	2018	2019
Assets					
Current assets	$787,344	$695,381	$520,979	$548,128	$974,271
Noncurrent long-term investments	7,510,249	7,843,703	8,788,412	9,625,569	9,532,621
Other noncurrent assets	470,249	446,420	523,924	554,868	690,633
Total assets	$8,767,842	$8,985,504	$9,833,315	$10,728,565	$11,197,525
Liabilities					
Current liabilities	$286,099	246,079	356,023	323,209	427,265
Noncurrent liabilities	6,623,811	6,958,024	7,500,421	8,261,693	8,434,763
Total Liabilities	$6,909,910	$7,204,103	$7,856,444	$8,584,902	$8,862,028
Net Assets					
Unrestricted	386,622	341,997	397,442	465,187	477,587
Temporarily restricted	809,676	751,715	847,054	915,924	934,699
Permanently restricted	661,634	687,689	732,375	762,552	923,211
Total net assets	$1,857,932	$1,781,401	$1,976,871	$2,143,663	$2,335,497
Total liabilities and net assets	$8,767,842	$8,985,504	$9,833,315	$10,728,565	$11,197,525

* 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.
*** First year that The College Foundation of UVA is included.

In FY2019, component unit net assets increased $192 million, or 9% from FY2018. 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 $151.1 million to support the University's operations and capital projects during FY2019.

Budgeting. During this fiscal year, the Board of Visitors received reports on the General Assembly session, as well as budget assumptions for the 2020-2021 operating budget. At its December meeting, the Board approved tuition and mandatory fees as well as housing and dining rates for 2020-2021.Typically, at its June meeting, the Board of Visitors considers the proposed operating budgets and the non-base budget investment for the Academic Division, the University of Virginia's College at Wise (Wise), and the Medical Center.

On March 13, 2020, in response to the COVID-19 pandemic, the federal government declared a state of emergency. See **"Recent Developments"** below. The pandemic has disrupted University operations including the budget process. A baseline 2020-2021 operating budget was completed and is presented to the Board of Visitors for approval. After decisions about the University's fall 2020 plan are finalized, the 2020-2021 budget will be thoroughly revised based on new planning assumptions. The revised 2020-2021 operating budget will be presented to the Board of Visitors for consideration in the fall. This process enables comparison of the baseline and revised 2020-2021 operating budgets to better understand the financial impact of the pandemic. As a baseline, for 2020-2021, the University of Virginia proposes a $3.85B operating budget for all three divisions.

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 FY2019, tuition and fees prior to reduction for student financial aid provided approximately 24.2% 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)

	2015-16	2016-17	2017-18	2018-19	2019-20
In-state tuition and fees	13,468	13,714	16,076	17,353	17,935
Out-of-state tuition and fees	43,974	45,058	46,604	49,530	51,483

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)

	2015-16	2016-17	2017-18	2018-19	2019-20
In-State Tuition and Fees					
Darden Graduate School of Business Administration	$58,150	$60,500	$62,694	$63,350	$67,500
School of Law	54,000	56,300	56,300	56,300	63,200
School of Medicine	46,404	46,482	46,482	46,482	46,830
All others	17,094	17,680	17,680	17,680	19,536
Out-of-State Tuition and Fees					
Darden Graduate School of Business Administration	61,150	63,500	65,694	68,350	70,500
School of Law	57,000	59,300	61,210	63,700	66,200
School of Medicine	57,210	57,288	57,304	57,516	57,636
All others	27,574	28,504	29,760	30,350	31,410

Notes: In-State Tuition and Fees for Darden, Law, and Medicine represent first-year tuition and fees which, in some years, includes a surcharge not charged to returning students. Students in Engineering, Batten, and Nursing pay, in addition to the "All Others" rate, a tuition differential ranging from $66 to $8,914.

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 $155 million in undergraduate financial aid was provided in 2019-20.

During the 2019-2020 Academic Year UVA will enhance its financial aid program with two new commitments. 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.

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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 FY2015; 5.5% in FY2016; 5.2% in FY2017; 4.8%in FY2018; and 4.9% in FY2019.

Non-Capital Appropriations from the Commonwealth
For the Year Ended June 30, 2019
(in thousands of dollars)

	2015	2016	2017	2018	2019
Commonwealth Appropriations	$152,841	$159,757	$168,664	$168,449	$175,152

Medical Center. The following table was derived from the annual audited financial statements of the Medical Center for FY2015 through FY2019.

University of Virginia Medical Center
Summary Statement of Revenues, Expenses, and Changes in Net Position
For the Year ended June 30, 2019
(in thousands of dollars)

	2015*	2016	2017	2018	2019
Net Patient Service Revenue	$1,428,736	$1,501,746	$1,545,404	$1,642,115	$1,719,128
Other Operating Revenues	80,241	85,843	61,934	61,179	63,787
Total Operating Revenues	$1,508,977	$1,587,589	$1,607,338	$1,703,294	$1,782,915
Operating Expenses	1,413,394	1,487,132	1,507,734	1,611,577	1,669,125
Income from Operations	95,583	100,457	99,604	91,716	113,790
Net Non-Operating Revenues (Expenses)	(1,437)	(78,027)	20,947	(14,030)	989
Increase in net position	$94,146	$22,430	$120,551	$77,686	$114,780

*FY2015 amounts have been restated to conform to current classifications

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Indebtedness and other Obligations. At June 30, 2020, the University had approximately $2.1 billion in short- and long-term debt outstanding.

Unaudited University Indebtedness
As of June 30, 2020
(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	6,635
Univ. of Virginia Series 2013A	8,395
Univ. of Virginia Series 2015A-1	86,995
Univ. of Virginia Series 2015A-2	97,735
Univ. of Virginia Series 2015B	106,910
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
Commonwealth of Va. Bonds	
Series 2009C	353
Notes Payable to VCBA 2010B	3,435
	$2,393,088
Taxable Commercial Paper	$0
Tax Exempt Commercial Paper	0
Total Debt	$2,393,088

The University has authorized a commercial paper program in an amount not to exceed $500 million. At June 30, 2020, 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 a portion of the Series 2015B Bonds with the issuance of the Series 2020 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 39.3% of the total awards in FY2019. 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. Based on the current federal budget outlook, we do not anticipate significant increases or decreases in future federal grant funding available. 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, 2019
(in thousands of dollars)

	2015	2016	2017	2018	2019
Federal grants and contracts	249,186	260,496	282,015	312,848	301,329
Other	61,747	77,366	90,398	80,930	77,259
Total grants and contracts	310,933	337,862	372,413	393,778	378,588

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, FY2020 was another strong year for philanthropy at the University, receiving $358 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 $2 billion. The University publicly launched its capital campaign, the Honor the Future Campaign, in October 2019 and to date, nearly $3.1 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 $5.1 billion at June 30, 2019 (or $6.7 billion when including endowments held at the University's affiliated foundations). The unrestricted expendable portion of the University's endowment was $1.62 billion, or 31%, as of the same date. In accordance with the Board of Visitors' approved spending policy, the endowment contributed $215.5 million in FY2019 to support operations of the University.

Other Investments. The total of other short-term and long-term investments is $2.8 billion, a $93.8 million decrease over the prior year, which is primarily due to divestments for strategic initiatives.

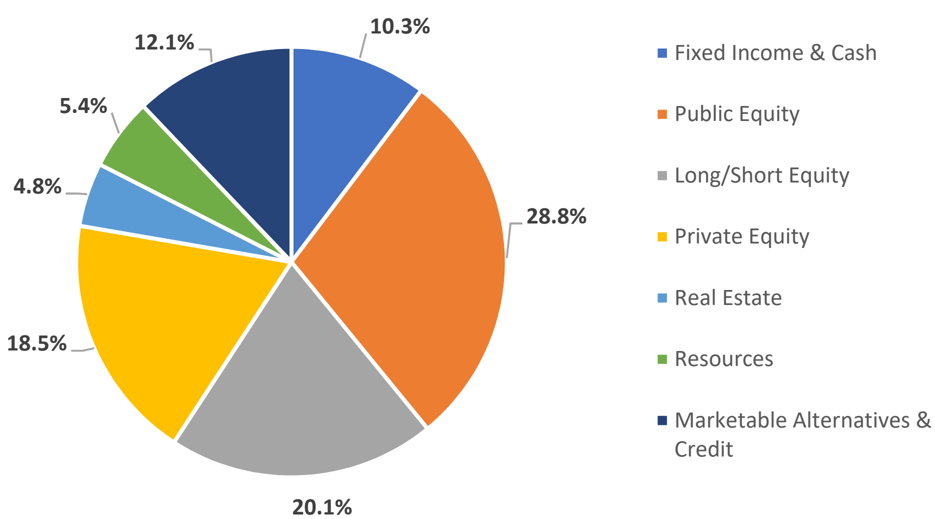
Of the total endowment resources, 97% is invested in the University of Virginia Investment Management Company (UVIMCO) Long-Term Pool, a commingled investment pool with a total market value of $9.6 billion as of June 30, 2019. As of May 31, 2020, the UVIMCO Long-Term Pool performance fiscal year to date was 0.4%. The historic annual returns as of June 30, 2019, for the UVIMCO Long-Term Pool are as follows:

UVIMCO Long-Term Pool Historic Annual Returns

For the Period Ending June 30, 2019

1 Year	3 Year	5 Year	10 Year	20 Year
5.8%	9.8%	7.0%	11.0%	10.3%

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, 2019, 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 12 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 35 employees. UVIMCO oversees investments totaling $9.6 billion as of June 30, 2019, 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.

Recent Developments

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. 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 2020 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, has affected 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. Neither the Board of Visitors north the University can predict the ultimate effects of COVID-19 on the financial and operating conditions of the University of an investment in the Series 2020 Bonds.

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 May 26, 2020). Subsequently, he imposed restrictions designated to address the COVID-19 pandemic in the Commonwealth. Those restrictions included the prohibition of public and private in-person gatherings of ten (10) or more people, the closure of certain recreational and entertainment businesses and the ban on more than ten (10) patrons in nonessential retail stores capable of maintaining required social distancing (collectively, the "Restrictions"). Businesses offering professional rather than retail services could have remained open, but they were encouraged to utilize teleworking as much as possible. Further in-person instruction at schools in the Commonwealth was cancelled for the remainder of this academic year.

On March 25, 2020, Governor Northam issued a ban on elective surgeries and procedures in order to ensure adequate bed capacity for a potential surge in COVID-19 related hospitalizations, which continued until May 1, 2020.

On March 30, 2020, Governor Northam issued a statewide Stay at Home executive order to protect the health and safety of Virginians and mitigate the spread of COVID-19, effective until June 10, 2020, unless amended or rescinded (the "Stay at Home Order"). The Stay at Home Order directs all Virginians to stay at home except in extremely limited circumstances.

Also, on March 30, 2020, Governor Northam requested federal disaster assistance, which was received in the form of a Major Disaster Declaration on April 2, 2020. A Major Disaster Declaration designation provides federal public assistance for all areas in the Commonwealth affected by COVID-19 at a federal cost share of 75%. The cost share allows state agencies, local governments, and certain non-profit organizations to purchase supplies and receive reimbursements for COVID-19 related costs under its Public Assistance program. The Major Disaster Declaration also authorizes federal agencies to provide direct emergency assistance to the Commonwealth.

On May 8, 2020, Governor Northam signed Executive Order Sixty-One and presented a detailed framework for the first phase of the "Forward Virginia" plan to safely and gradually ease the Restrictions while mitigating the spread of COVID-19. On June 2, 2020, Governor Northam signed Executive Order Sixty-Five, presenting the detailed framework for the second phase of such plan. As of June 12, 2020, all localities in the Commonwealth had entered Phase Two. Under such Phase, social gatherings of more than 50 people are banned and recommendations for social distancing, teleworking, and wearing face coverings is maintained. All businesses are directed to make modifications to maintain at least six feet of physical distancing. Additionally, institutions of higher education are encouraged to continue remote learning where practical, but such institutions may offer in-person classes and instructions, provided they comply with certain guidelines and limit gatherings to no more than 50 individuals. Moreover, on June 11, 2020, Governor Northam issued guidance for Virginia public and private higher education institutions as they develop plans to reopen their campuses and in-person instruction.

On June 30, 2020, Governor Northam signed Executive Order Sixty-Seven, announcing the entrance into Phase Three of the easing of certain temporary restrictions. In Phase Three, the Commonwealth will maintain a Safer at Home strategy with continued recommendations for social distancing and teleworking, and the requirement that individuals wear face coverings in indoor public settings. The maximum number of individuals allowed in social gatherings increased from 50 to 250 people, among other actions. The Commonwealth's testing continues to increase, the supply of personal protective equipment is steady, and statewide hospital bed capacity remained steady.

University Response

On March 11, 2020, the University cancelled all in-person classes for the remainder of the spring term. Instruction resumed on March 19, 2020 through online or alternative delivery formats and continued through the last day of classes for the spring term. The University issued approximately $18 million in refunds for student housing and dining for spring term 2020. All University education abroad programs were altered or suspended, and all remaining sports seasons were cancelled. Researchers ramped down all noncritical laboratory research activities. Classes for the first two summer sessions of 2020 were conducted fully online. The third summer session is being conducted mostly online, except for a few pilot programs for clinical programs and certain graduate programs.

Since March of 2020, the University has been actively monitoring, assessing and addressing challenges that have evolved in the wake of the COVID-19 pandemic. The University's main goal is to focus on the health and safety of our faculty, staff, students, health system and our surrounding community.

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. Several University-wide initial actions were taken, including:

- Elimination of non-essential expenditures, including travel, conferences and use of consultants;
- University-wide hiring freeze, except for certain positions deemed critical or fully funded by federal grants;

- Freeze in base salaries for University employees through fiscal year 2021;
- Leadership salary reductions;
- Furloughs and reduced hours; and
- Reassessment of construction projects

The University has announced plans for a return to grounds plans for the 2020 fall term, while adhering to evolving public-health-informed measures put in place by the Governor in response to the COVID-19 pandemic. The University intends to deliver as much in-person instruction as possible during the 2020 fall term with undergraduate courses beginning on August 25, 2020. Students will leave Grounds for the Thanksgiving break, concluding classes remotely for the fall semester. The University has designed the fall so that students can take courses from wherever they are, with some exceptions and have provided faculty with options for delivery for those with high risk or other concerns. The University is offering students the opportunity to take one class in January Term 2021 and one class in Summer Term 2021, with the payment of the Fall 2020 and Spring 2021 tuition, to ensure continuity of academic progress. Athletics, residential and dining operations, student activities, and other affected areas of the University are planning for a range of potential restrictions and guidelines pertaining to in-person activities, and other factors. At this time, the University is anticipating that fall athletics, with appropriate safety measures for athletes and modification for spectators, will proceed.

In conjunction with the announced plans for the 2020 fall term, the University prepared a "Plan for Reopening" and submitted it to the State Council of Higher Education for Virginia ("SHEV") for approval. This Plan lays out the procedures and standards for handling COVID-related health and safety issues anticipated by the University and is expected to establish a clear baseline for evaluating the University's duty of care in regard to potential legal claims, should such claims arise.

University of Virginia Medical Center Response

The University of Virginia's Medical Center, opened a special unit for COVID-19 patients, ceased many activities in order to increase capacity and comply with the governor's orders, and implemented measures to protect patients and health professionals.

The Medical Center experienced unplanned expenses, including the pandemic response at its hospitals and clinics, coupled with the loss of revenue from non-essential medical procedures and outpatient clinics.

The Medical Center was able to bring elective surgeries and operating rooms back online beginning May 1, 2020, and the Governor announced that hospitals and clinics could resume non-essential medical procedures. May 1, 2020 was also the effective date for significant financial mitigation plans that were implemented. These plans, along with volume recovery led to favorable May and June operating performance.

CARES Act Funding

The University of Virginia Medical Center has received approximately $40 million in permanent governmental aid as of June 30, 2020, and the University has received $12 million under the Education Stabilization Fund of the federal Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), half of which will be directed to students and half of which is expected to partially offset spring housing and dining refunds to students. From the Coronavirus Relief Fund from the federal CARES Act, the Commonwealth has allocated $10 million to the Academic Division and $16 million to the Medical Center to offset expenses incurred and to be incurred to return to school and work. The University cannot predict the ultimate amount or timing of any additional governmental aid that may be received, and anticipates that whatever the level of governmental aid, it will not fully offset the costs to and other impacts on the University.

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. The University's current plans for returning to Grounds can be accessed at https://returntogrounds.virginia.edu, and a resource site for students and families can be accessed at https://studentsongrounds.virginia.edu.

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 continued 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 continued 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 2020 Bonds, or that concerns the proceeding of the University taken in connection with the Series 2020 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, 2019
AND MANAGEMENT'S DISCUSSION AND ANALYSIS

See Financial Statements Attached

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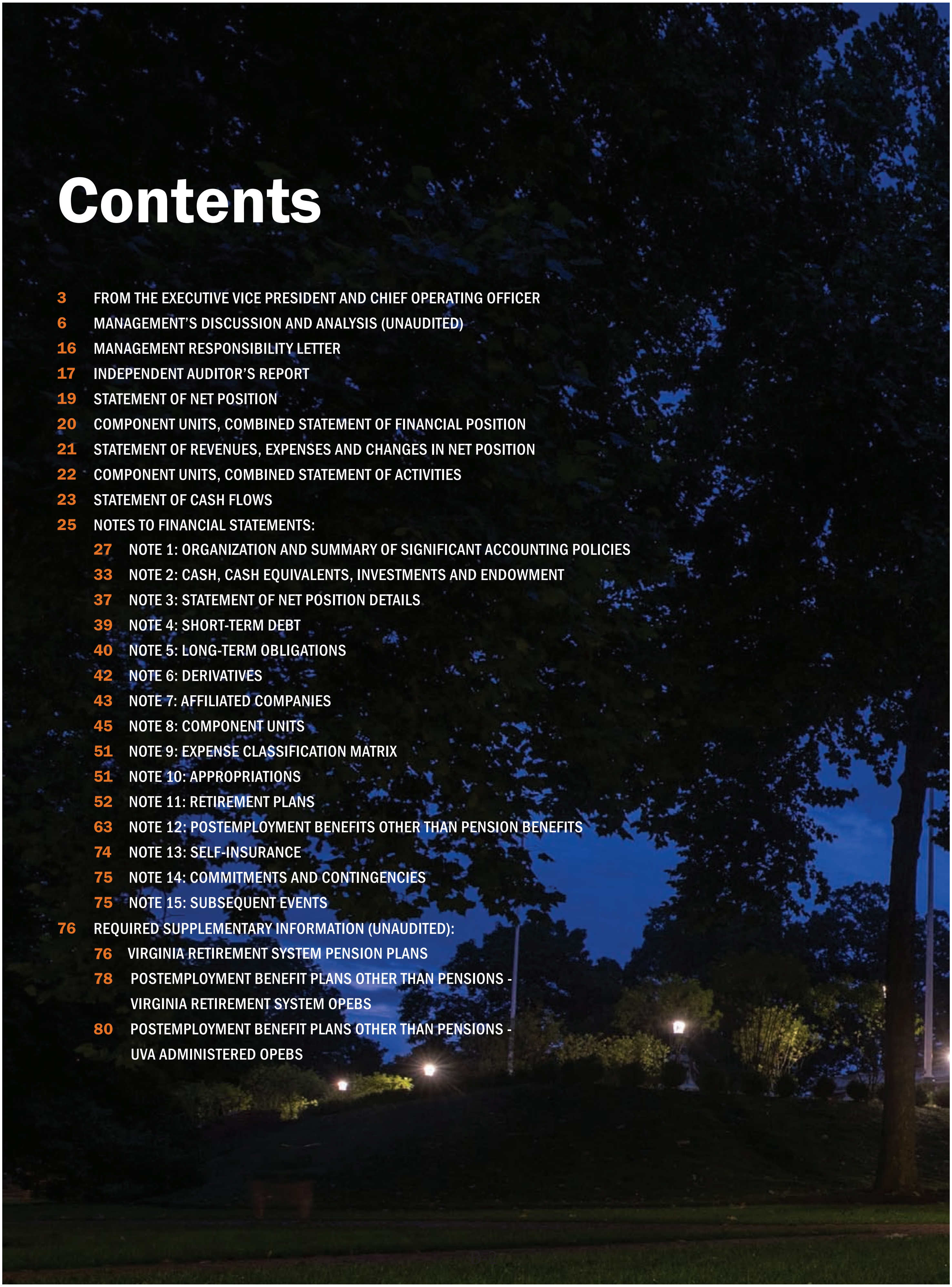
Financial Report

2018-19



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From the Executive Vice President and Chief Operating Officer

Jennifer (J.J.) Wagner Davis

I was honored and privileged to join the University of Virginia as its fourth Executive Vice President and Chief Operating Officer on November 5, 2018. In the months since then, my respect and admiration for UVA has grown deeper as I am learning traditions and working closely with an incredible group of dedicated leaders who bring tremendous commitment to their work. We owe a debt of gratitude to our predecessors who created a strong financial foundation for the University to build upon as we plan for its future.

Fiscal Year 2019 was a time of great transition at the University of Virginia. President Ryan took office on August 1, I joined his leadership team in early November, and Executive Vice President and Provost Liz Magill started in late spring. With each of these changes came new ideas about leading and managing the University. The leadership team shares a commitment to partnership and a deep sense of responsibility to steward our resources effectively and efficiently in support of the University's academic, research, and service missions. Robert Durden completed his first full year as UVIMCO's Chief Executive Officer and Chief Investment Officer during Fiscal Year 2019. Throughout these transitions, a continued focus on financial strength and stability enabled UVA to maintain its Triple A bond rating from all three major rating agencies for another year.

“We have the confidence to set our sights high because of the strength of our resources.”

Jennifer (J.J.) Wagner Davis, on The 2030 Plan

From his first day on Grounds, President Ryan began to engage the University community to shape its future. This culminated in the development of a new strategic plan, Great and Good: The 2030 Plan, that will guide our work throughout the next decade. The plan is built around four overarching goals: (1) to strengthen our foundation by supporting our students, faculty, and staff, (2) to cultivate the most vibrant community in higher education and prepare our students to be servant-leaders in a diverse and globally-connected world, (3) to enable discoveries that enrich and improve lives, and (4) to make UVA synonymous with service. We have the confidence to set our sights high because of the strength of our resources – our talented faculty and staff, our bright students, our dedicated alumni, our strong and carefully managed endowment, and our diverse revenue base.

Equity markets were volatile in the first half of the year, stabilizing during the third and fourth quarters. UVIMCO capably managed the University's Long-Term Pool (LTP) throughout, finishing the fiscal year with a 5.8 percent return. Over the ten-year period ending June 30, 2019, the LTP generated an annualized return of 11.0 percent, exceeding both external benchmarks and internal requirements.

The University has built a tradition of philanthropy over decades and continues to cultivate relationships with alumni and other prospective donors, recognizing the long-term importance of private support. Total fundraising progress for UVA and University associated organizations in Fiscal Year 2019 was $849.8 million. This is 163 percent higher than the ten-year average and nearly $300 million greater than UVA's previous record fundraising year in Fiscal Year 2018.

As a public institution, support from the Commonwealth is an essential element of our funding model. State appropriations funded 5.0 percent of the University's operations in Fiscal Year 2019 for the Academic Division, the Medical Center, and UVA-Wise combined. In Spring 2019, the Virginia General Assembly allocated an additional $5.52 million in state funding to UVA and $235,000 to UVA-Wise for Fiscal Year 2020, enabling both to hold in-state undergraduate tuition and mandatory fees flat for the 2019-20 academic year. The additional funding from the state will support our longstanding commitment to make the University affordable and accessible to students. The Commonwealth also committed $146.7 million for renovations to Gilmer Hall and the Chemistry Building and $132.5 million for the Alderman Library Renewal. These projects will ready existing facilities for students and faculty in the University's third century.

The University continued to champion its priorities through the Strategic Investment Fund (SIF) in Fiscal Year 2019, with the largest distributions supporting students and faculty through renewal of the Bicentennial Scholars Fund and the Bicentennial Professors Fund. These allocations incentivized matching philanthropic support. This aligns with President Ryan's October 2018 expansion of AccessUVA to award free tuition to students from in-state families with less than $80,000 in annual income and free tuition, room, and board to those with less than $30,000 in annual income. Striving to keep the University affordable while providing an excellent education remains one of our top priorities and is among the overarching goals of Great and Good: The 2030 Plan.

We continued to emphasize research at UVA in Fiscal Year 2019, with a focus on five strategic themes: (1) democracy, (2) environmental resilience and sustainability, (3) precision medicine, (4) brain and neurosciences, and (5) digital technology and society. Sponsored research awards totaled $412 million for the fiscal year, with the majority coming from federal agencies, including more than half from the Department of Health and Human Services. The University's Licensing and Ventures Group reported 238 invention disclosures, 78 licensing deals, 52 patents issued, and 9 new ventures in Fiscal Year 2019.

Our economic development team facilitated connections among University, local, regional, and state partners to apply research to real-world problems, to recruit and retain industry in Virginia, and to empower a future-ready workforce with skills to help them succeed in a rapidly changing world. The initiatives they supported in Fiscal Year 2019 include the recruitment of Amazon HQ2 to Virginia and a related tech talent pipeline, growth of emerging industry clusters across the Commonwealth and the development of a Catalyst Accelerator to help early-stage companies develop scalable products. Their efforts reached beyond the Charlottesville region, extending to southwest Virginia through the Appalachian Prosperity Project, rural areas through the Rural Virginia Initiative, and northern Virginia through both technology and healthcare initiatives.

The University's progress in Fiscal Year 2019 was made possible through the dedication of people across Grounds. We recognize the essential role that our workforce plays in achieving our institutional aspirations, and we have committed in the strategic plan to make their success a priority. We deployed a new enterprise HR technology platform and service delivery model, completing the Ufirst transformation. We implemented a new parental leave policy in January 2019 and will transition to a new, higher hourly base wage of $15 for full-time employees at UVA and eight of our major contractors in January 2020. At the same time, we have continued to realize both service and system improvements to support more efficient and effective operations. Continued investments in people and systems are essential to the University's sustained and future success.

Following the human resources redesign and system implementation, we have initiated a Finance Strategic Transformation that will continue throughout Fiscal Year 2021. Our financial team moved quickly in the first quarter of Fiscal Year 2020 to take advantage of unique market conditions and execute three bond sales at exceptional rates, two of them setting new records for higher education. Collectively, these transactions will save the University millions of dollars in interest payments over the coming decades while backing strategic projects across Grounds. I am especially grateful to the Board of Visitors for making themselves available for discussions and approvals throughout the year on a very tight timetable.

“I am honored and thrilled to be here as part of this leadership team as we embark on Great and Good: The 2030 Plan.”

We made great strides in our capital program in Fiscal Year 2019, including Bond House, the first major construction in the Brandon Avenue corridor, which opened in August 2019 in time for the start of the 2019-20 academic year. Work in that precinct continues with additional residential space, a green street, and a new student health and wellness center planned. We began to envision the future of the Emmet-Ivy corridor, a transformational project that will connect central and north Grounds and become a centerpiece of the University in the coming decades. With essential support from the General Assembly, we began the Alderman Library renewal project to update an important University resource to meet the needs of 21st century scholars. In addition, we continued to renovate the McCormick Road residence halls and to plan for the future of the Athletics precinct. We broke ground on a new facility for softball and we demolished University Hall to make way for new student-centered athletics facilities.

The steps we took in Fiscal Year 2019 have positioned us for exciting new opportunities in Fiscal Year 2020. As I write, students, faculty, and staff are busy in their routines. New Deans are leading the Batten School and the School of Nursing. Searches are underway for the Executive Vice President for Health Affairs and a new Dean of the McIntire School of Commerce. The State Council of Higher Education for Virginia has approved the creation of the School of Data Science, made possible through a gift from an extraordinarily generous donor. We publicly launched Honor the Future: The Campaign for the University of Virginia in mid-October and are already more than halfway toward reaching a $5-billion goal.

I have known for many years that the University of Virginia is a special place filled with talented people. Now, I am honored and thrilled to be here as part of this leadership team as we embark on executing Great and Good: The 2030 Plan. I work side-by-side with leaders who are dedicated to partnership through shared governance of key decision-making processes and cross-unit collaborations. At the start of the University’s third century, I am confident that our steadfast commitment will continue to strengthen UVA’s ability to be both great and good in service to the Commonwealth and the nation.

Very truly yours,

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

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, 2019. Comparative information for the year ended June 30, 2018, 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 22,985 on-Grounds students and 2,670 full-time instructional and research faculty members in 12 schools in 2018-19, the University offers a diverse range of degree programs, from baccalaureate to postdoctoral levels, including doctorates in 97 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 2,065 students and 107 full-time instructional and research faculty. It offers baccalaureate degrees in 30 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 five 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 Revenues, Expenses and Changes in Net Position for the University of Virginia
4. The Combined Statement of Activities for the Component Units of the University of Virginia
5. 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, 2019, and June 30, 2018, is summarized as follows:

SUMMARY OF THE STATEMENT OF NET POSITION *(in thousands)*			**INCREASE (DECREASE)**	
	2019	**2018**	**AMOUNT**	**PERCENT**
Current assets	$ 899,217	$ 636,843	$ 262,374	41.2%
Noncurrent assets				
Endowment investments	5,086,081	4,838,142	247,939	5.1%
Other long-term investments	2,553,198	2,797,403	(244,205)	(8.7%)
Capital assets, net	4,039,554	3,782,805	256,749	6.8%
Other	194,454	135,533	58,921	43.5%
Total assets	**12,772,504**	**12,190,726**	**581,778**	**4.8%**
Deferred outflows of resources	144,136	154,387	(10,251)	(6.6%)
Total assets and deferred outflows of resources	**12,916,640**	**12,345,113**	**571,527**	**4.6%**
Current liabilities	923,139	663,449	259,690	39.1%
Noncurrent liabilities	2,926,660	2,997,823	(71,163)	(2.4%)
Total liabilities	**3,849,799**	**3,661,272**	**188,527**	**5.1%**
Deferred inflows of resources	166,212	133,676	32,536	24.3%
Total liabilities and deferred inflows of resources	**4,016,011**	**3,794,948**	**221,063**	**5.8%**
TOTAL NET POSITION	**$ 8,900,629**	**$ 8,550,165**	**$ 350,464**	**4.1%**

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 0.97 times, an indicator of good liquidity and the ability to weather short-term demands on working capital. Current assets cover 3.3 months of total operating expenses, excluding depreciation. For 2018-19, one month of operating expenses equaled approximately $273 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 5.8 percent in fiscal year 2018-19. This performance figure includes realized and unrealized gains and losses, along with cash income. Total investment income for all funds was $400.2 million for the fiscal year ended June 30, 2019.

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, 2019, the total distribution for the University's endowment was $215.5 million, or 4.86 percent of the market value of the endowment as of June 30, 2017, the measurement date.

Other Investments. The total of other short-term and long-term investments as well as investment in affiliated companies is $2.8 billion, a $93.8-million decrease over the prior year, which is primarily due to divestments for strategic initiatives.

Endowment investments. The total of endowment investments is $5.1 billion, a $248-million increase over the prior year. Additional new gifts and strong 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 $6.7 billion as of June 30, 2019.

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.

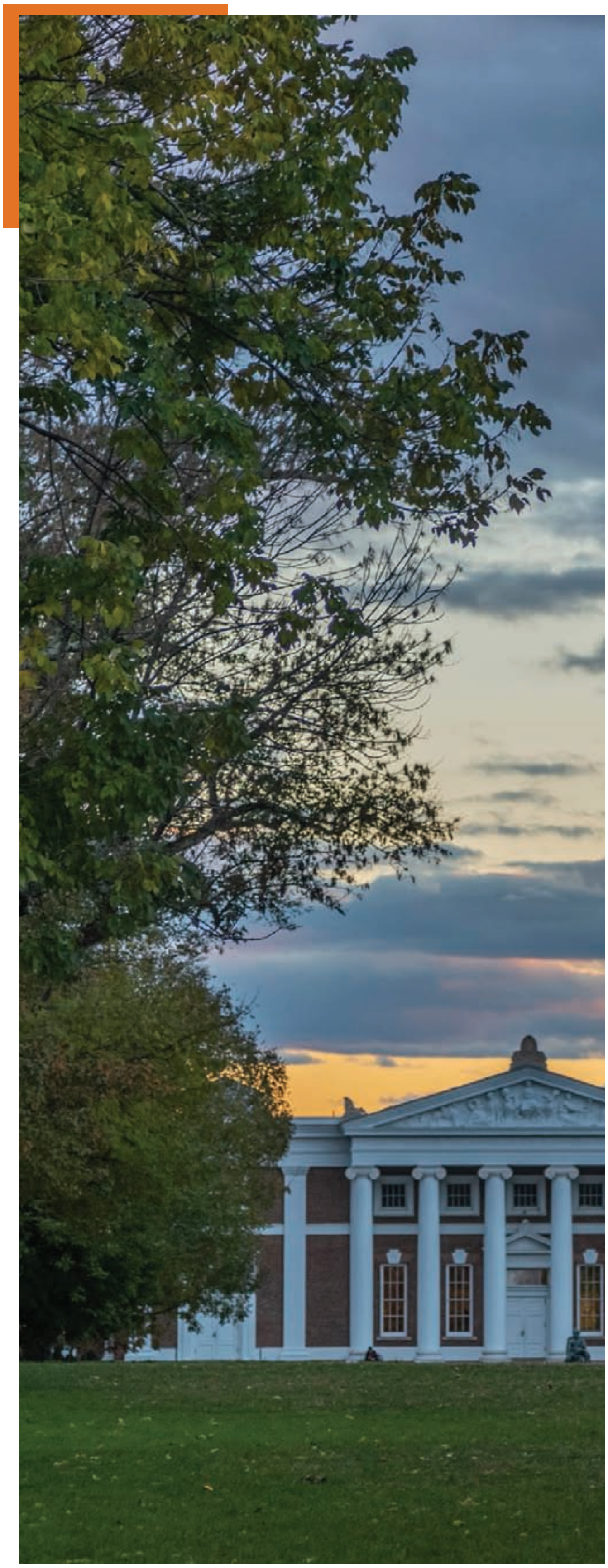
Some of the largest new or ongoing projects during the year are listed as follows:

MAJOR CAPITAL PROJECTS DURING 2018-19 *(in thousands)*	**PROJECTED COST**	**FY2019 ACTUAL EXPENSES**
UVA Medical Center - MRI/ED/OR/Bed Tower	$ 391,600	$ 102,428
Gilmer Hall and Chemistry Building renovations	186,831	62,049
UVA Medical Center Ivy Musculoskeletal Center and Utility Plant	180,000	13,093
McCormick Road Residence Hall	104,700	28,687
Brandon Avenue Student Health Center	100,000	10,476
Brandon Avenue Upper Class Residence Hall	66,000	31,380
Brandon Avenue green street infrastructure	41,000	13,881
UVA Medical Center HVAC renovations	28,000	3,876
UVA Medical Center levels 7 and 8 renovations	20,000	7,183
Softball Stadium	20,000	3,888
Emily Couric Cancer Center 4th floor fitout	14,750	6,100
TOTAL	**$ 1,152,881**	**$ 283,041**

As infrastructure and building projects were completed or otherwise acquired during the year, the University's capital asset balances grew significantly. More than $174.9 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 2018-19 *(in thousands)*	**CAPITALIZED COST**
Chemistry Building renovation phase 1 and 2	$ 29,189
McCormick Road Residence Hall phase 1	30,415
International Residential College renovation	15,492
Pinn Hall Laboratory renovation phase 1	12,640
Meadow Creek acquisition	7,600
TOTAL	**$ 95,336**

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 over $2.2 billion of debt outstanding as of June 30, 2019, which included $243.9 million of short-term commercial paper.

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, 2019, and June 30, 2018, is summarized below:

NET POSITION *(in thousands)*			**INCREASE (DECREASE)**	
	2019	**2018**	**AMOUNT**	**PERCENT**
Net investment in capital assets	$ 1,981,954	$ 1,961,811	$ 20,143	1.0%
Restricted				
Nonexpendable	891,397	747,191	144,206	19.3%
Expendable	3,238,088	3,091,428	146,660	4.7%
Unrestricted	2,789,190	2,749,735	39,455	1.4%
TOTAL NET POSITION	**$ 8,900,629**	**$ 8,550,165**	**$ 350,464**	**4.1%**

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 $256.8 million and were offset by a $236.7-million increase in debt used to finance those capital assets, for a net change of $20.1 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 $83.7 million.

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. An increase in the restricted expendable net position is usually related to investment returns. The increase is a result of the investment returns of 5.8 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 increase is largely a result of investment returns of 5.8 percent and the Medical Center's positive operating margin, offset by an increase in 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, 2019, and June 30, 2018:

SUMMARY OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION *(in thousands)*	2019	2018	INCREASE (DECREASE) AMOUNT	PERCENT
Operating revenues				
Student tuition and fees, net	$ 595,751	$ 565,061	$ 30,690	5.4%
Patient services, net	1,719,128	1,642,115	77,013	4.7%
Sponsored programs	376,935	364,263	12,672	3.5%
Other	223,212	217,390	5,822	2.7%
Total operating revenues	**2,915,026**	**2,788,829**	**126,197**	**4.5%**
Operating expenses	**3,520,088**	**3,342,677**	**177,411**	**5.3%**
Operating loss	**(605,062)**	**(553,848)**	**(51,214)**	**9.2%**
Nonoperating revenues (expenses)				
State appropriations	175,152	168,449	6,703	4.0%
Gifts	197,161	170,454	26,707	15.7%
Investment income	400,223	766,288	(366,065)	(47.8%)
Pell grants	14,225	13,586	639	4.7%
Interest on capital asset-related debt	(88,013)	(87,361)	(652)	0.7%
Build America Bonds (BAB) rebate	5,646	8,159	(2,513)	(30.8%)
Other net nonoperating expenses	(6,887)	(48,181)	41,294	(85.7%)
Net nonoperating revenues	**697,507**	**991,394**	**(293,887)**	**(29.6%)**
Income before other revenues, expenses, gains, or losses	**92,445**	**437,546**	**(345,101)**	**(78.9%)**
Capital appropriations, gifts, and grants	179,177	53,346	125,831	235.9%
Additions to permanent endowments	83,717	53,543	30,174	56.4%
Special Items	(4,875)	-	(4,875)	(100.0%)
Total other revenues (expenses)	**258,019**	**106,889**	**151,130**	**141.4%**
INCREASE IN NET POSITION	**350,464**	**544,435**	**(193,971)**	**(35.6%)**
NET POSITION - BEGINNING OF YEAR	8,550,165	8,205,417	344,748	4.2%
Net effect of prior period adjustments	-	(199,687)	199,687	100.0%
NET POSITION - END OF YEAR	**$ 8,900,629**	**$ 8,550,165**	**$ 350,464**	**4.1%**

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 one single source and allows it to adapt during difficult economic times. The University's revenues, for the years ended June 30, 2019, and June 30, 2018, are summarized below:

SUMMARY OF REVENUES *(in thousands)*	**2019**			**2018**			**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	$ 595,751	$ -	$ 595,751	$ 565,061	$ -	$ 565,061	$ 30,690	5.4%
Patient services, net	-	1,719,128	1,719,128	-	1,642,115	1,642,115	77,013	4.7%
Federal, state, and local grants and contracts	310,853	-	310,853	294,055	-	294,055	16,798	5.7%
Nongovernmental grants and contracts	66,082	-	66,082	70,208	-	70,208	(4,126)	(5.9%)
Sales and services of educational departments	31,437	-	31,437	29,636	-	29,636	1,801	6.1%
Auxiliary enterprises revenue, net	140,787	-	140,787	140,494	-	140,494	293	0.2%
Other operating revenues	-	50,988	50,988	28	47,232	47,260	3,728	7.9%
Total operating revenues	**1,144,910**	**1,770,116**	**2,915,026**	**1,099,482**	**1,689,347**	**2,788,829**	**126,197**	**4.5%**
Nonoperating revenues								
State appropriations	175,152	-	175,152	168,449	-	168,449	6,703	4.0%
Private gifts	193,335	3,826	197,161	168,087	2,367	170,454	26,707	15.7%
Investment income	339,873	60,350	400,223	662,859	103,429	766,288	(366,065)	(47.8%)
Other nonoperating revenues	281,087	-	281,087	120,475	-	120,475	160,612	133.3%
Total nonoperating revenues	**989,447**	**64,176**	**1,053,623**	**1,119,870**	**105,796**	**1,225,666**	**(172,043)**	**(14.0%)**
TOTAL REVENUES	**$ 2,134,357**	**$ 1,834,292**	**$ 3,968,649**	**$ 2,219,352**	**$ 1,795,143**	**$ 4,014,495**	**$ (45,846)**	**(1.1%)**

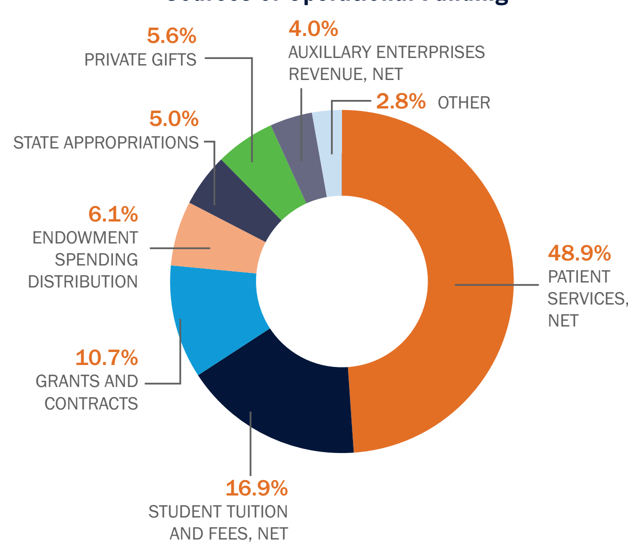
Net student tuition and fees revenue increased due to new programs, enrollment growth, and changes in tuition and fee rates. Tuition and fees revenue is reported net of scholarships and allowances provided from University sources. Net patient revenues are higher due to increased patient collections after write-offs as result of outpatient volume growth and higher acuity. 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 lower market return on the University's long-term investments of 5.8 percent compared to 11.4 percent in fiscal year 2018. The decrease in investment income is partially offset by an increase in capital appropriations, capital grants and gifts, as well as additions to permanent endowments which are included in other nonoperating 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, 2019. 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. As part of the Medical Center's Strategic Plan, there has been a focused effort to grow patient activity throughout central Virginia. The Medical Center continues to negotiate annual payment increases with managed-care companies and receives annual payment updates from the Medicare program.

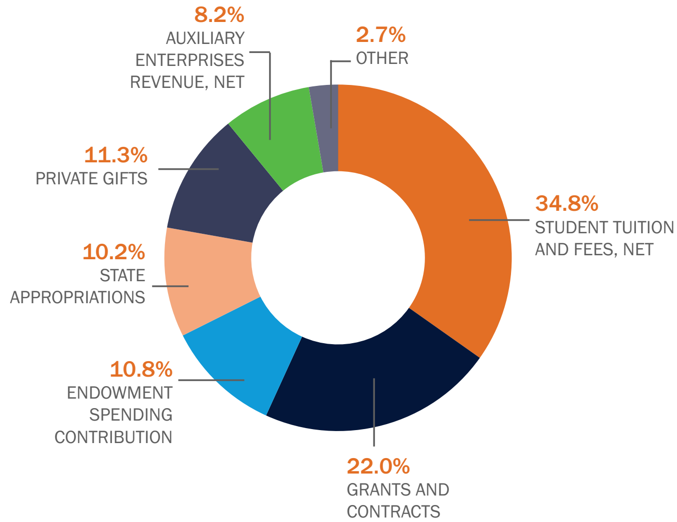
Total University Revenues and Other Sources of Operational Funding



Net student tuition and fees, and grants and contracts are the next largest revenue categories. Private support from endowment spending and gifts combined provides 11.7 percent of the University’s funding. State appropriations account for just 5 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 22.1 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 percent of operational funding.

Academic and Wise Revenues and Other Sources of Operational Funding



Expenses

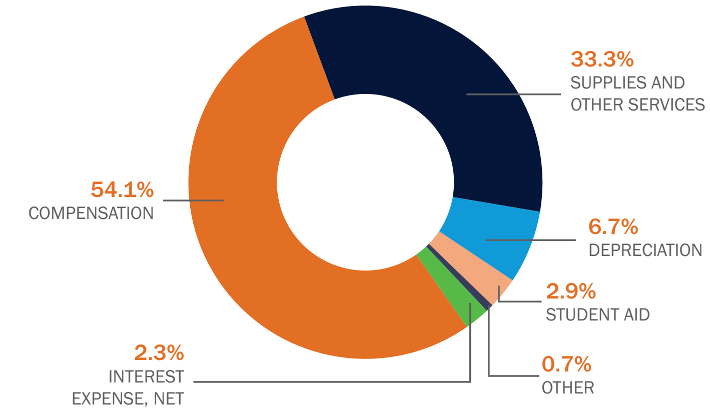
The University’s expenses for the years ended June 30, 2019, and June 30, 2018, are summarized as follows:

SUMMARY OF EXPENSES *(in thousands)*	**2019**			**2018**			**TOTAL INSTITUTION INCREASE (DECREASE)**	
	ACADEMIC DIVISION & WISE	**MEDICAL CENTER**	**TOTAL INSTITUTION**	**ACADEMIC DIVISION & WISE**	**MEDICAL CENTER**	**TOTAL INSTITUTION**	**AMOUNT**	**PERCENT**
Operating expenses								
Compensation	$ 1,217,975	$ 739,912	$ 1,957,887	$ 1,130,384	$ 714,172	$ 1,844,556	$ 113,331	6.1%
Supplies and other services	424,162	781,497	1,205,659	409,394	750,570	1,159,964	45,695	3.9%
Student aid	104,793	-	104,793	100,373	-	100,373	4,420	4.4%
Depreciation	141,376	102,444	243,820	133,789	98,687	232,476	11,344	4.9%
Other operating expenses	7,929	-	7,929	5,308	-	5,308	2,621	49.4%
Total operating expenses	**1,896,235**	**1,623,853**	**3,520,088**	**1,779,248**	**1,563,429**	**3,342,677**	**177,411**	**5.3%**
Nonoperating expenses and other								
Interest expense (net of BAB rebate)	62,971	19,396	82,367	58,900	20,302	79,202	3,165	4.0%
Loss on capital assets	5,832	252	6,084	2,956	25,001	27,957	(21,873)	(78.2%)
Other nonoperating expenses	4,875	4,771	9,646	9,226	10,998	20,224	(10,578)	(52.3%)
Total nonoperating expenses	**73,678**	**24,419**	**98,097**	**71,082**	**56,301**	**127,383**	**(29,286)**	**(23.0%)**
TOTAL EXPENSES	**$ 1,969,913**	**$ 1,648,272**	**$ 3,618,185**	**$ 1,850,330**	**$ 1,619,730**	**$ 3,470,060**	**$ 148,125**	**4.3%**

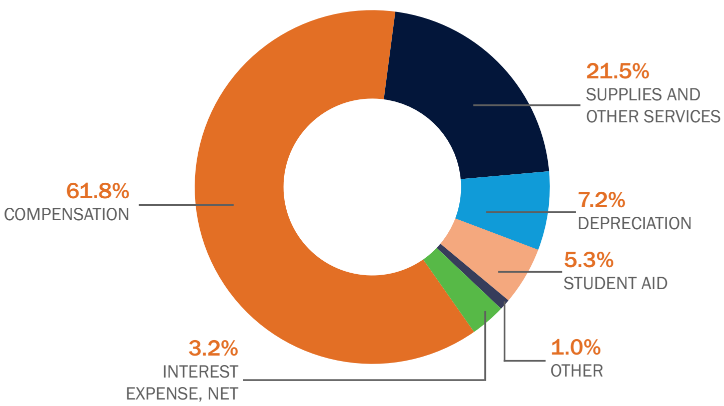
Increases in operating expenses are primarily driven by the increase in compensation and benefits (including the Virginia Retirement System pension and OPEB accruals). The University is committed to recruiting and retaining outstanding faculty and staff, and the compensation package is one way to successfully compete with peer institutions and nonacademic employers. The increase in supplies and other services is primarily related to the Medical Center’s strategic initiatives, ongoing relationships with other health systems, contractual increases with pharmaceutical suppliers, the opening of new clinics and the continuing collaborative effort to increase staffing levels to meet patient demand.

The following are graphic illustrations of expenses (both operating and nonoperating) for the fiscal year ended June 30, 2019.

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 72 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 University of Virginia, as a public institution of higher education, faces a similar economic outlook as the Commonwealth of Virginia and the nation. Higher education remains a focus of attention at the state and national levels, particularly in terms of access, affordability and student outcomes. The 2019 outlook for the US higher education sector remains negative for the second consecutive year due to low net growth in tuition revenue. Moody's predicts the higher education sector will be stabilized for the next 12 months by state funding and investment returns. Standard and Poor's has a stable outlook on the U.S. Not-For-Profit Health Care sector, but noted significant pressures, including payor mix deterioration, increasing supply and labor expense, and legislative uncertainty.

UVA is not immune to the pressures facing higher education. However, the University is well positioned to meet the challenges it faces due to its diverse revenue base, strong endowment, broad and generous philanthropic support, a commitment to organizational excellence, and strong student demand resulting in increasing number of applications and yield.

This year marks the University of Virginia's bicentennial. As we enter our third century, we retain the revolutionary spirit dating from our founder's vision. The 2030 Strategic Plan developed by President James Ryan in collaboration with the University community details UVA's path to serve Virginia, the nation, and the world through concrete goals and initiatives. Our aim is to be the best public university in 2030, and one of the very best in the world, whether public or private.

The University's plan is built around four overarching goals. The first is to strengthen our foundation by supporting our students, faculty, and staff. The second is to cultivate the most vibrant community in higher education in order to prepare our students to be servant leaders in a diverse and globally connected world. The third is to enable discoveries that enrich and improve lives, and the fourth is to make UVA synonymous with service. These goals involve, but are not limited to, initiatives such as:

- Recruiting and supporting exceptionally talented, diverse, and service-oriented students, regardless of their economic circumstances.
- Attracting and retaining excellent and diverse faculty, as well as talented and committed staff.
- Ensuring that our systems enable our students, faculty and staff to do their best work, striving to be one of the best-run education institutions in the country.
- Becoming an international leader in several distinct and critical areas of research.
- Providing outstanding and accessible healthcare.
- Offering one of the best values in higher education.
- Leading economic development through academic discovery and entrepreneurship.

UVA is one of only four public institutions with a triple-A credit rating from all three major rating agencies, an indicator of the University's financial strength and stability. The rating agencies cite excellent student demand, solid resources, exceptional strategic positioning, competitive strength in patient care, and consistent fundraising among the factors contributing to the top ratings.

In September 2019, the University of Virginia executed three bond sales that position it to save millions in interest payments over the coming decades while backing strategic projects across Grounds. The newly borrowed and refinanced funds will support capital projects that have already been approved by the Board of Visitors, including renovations and construction of news student housing, student facilities, and the UVA Medical Center expansion. The University's "century bonds" were priced at a record-setting yield of 3.227 percent, and two more bond series issued after that historic deal set another record and attracted attention from international investors. The first was a $150 million, tax-exempt, 30-year bond series at a rate of 3.167 percent, and the second series, refinanced prior outstanding debt of $287.4 million at a taxable rate of 2.974 percent, the lowest rate ever achieved in higher education for 30-year taxable debt. The University was poised to capitalize on optimal market conditions because it had laid the groundwork over time, building support among the leadership team and gaining necessary approvals from the Board.

The University's pan-institutional Organizational Excellence initiative continues to yield measurable effectiveness and efficiency gains. In 2018-19, UVA schools, units, and service departments led more than 261 improvements, partnerships, and cost-savings efforts, illustrating the University's commitment to continuous improvement. These collective efforts saved the University $17.4 million in time and money. Over the last five years, cumulative OE savings and reallocations exceed $99 million. Achieving operational efficiencies will continue to grow in importance in light of affordability concerns and potential economic downturns.

In October 2019, UVA publicly launched Honor the Future: The Campaign for the University of Virginia, announcing a $5 billion fundraising goal with $2.7 billion already committed. The University has both a strong tradition of philanthropy and exceptional leadership among volunteers and staff who have developed and are executing strategic fundraising plans to grow support for institutional priorities. The Advancement team works with prospective donors to align their personal philanthropic and financial goals with University priorities.

Federal policy impacts several of the core University activities. Federal direction on matters such as immigration and the reauthorization of the Higher Education Act could lead to state-level policy changes. The implementation of the Tax Cuts and Jobs Act will continue to be closely monitored in 2019, as some changes could significantly affect higher education policy making. For 2019, the Department of Education is expected to receive $71.5 billion, a $581-million increase over fiscal 2018. The House of Representatives also approved an appropriations package that includes a $100 increase in the maximum Pell Grant award to $6,195 and a $2-billion increase in funding for the National Institutes of Health, up over 5 percent from 2018.

The Commonwealth remains committed to diversifying and strengthening the state economy through increased focus on job creation, workforce development, and business investments and with less dependence on federal spending. As a result, general fund revenue collections increased 7.2 percent in fiscal year 2019 – ahead of the forecasted growth of 3.3 percent. In fiscal year 2020, general fund revenue collections are projected to increase by 1.2 percent. Long-term, the University's diverse revenue base and commitment to organizational efficiencies, as well as the fact that state appropriations make up only 5 percent of the University's total revenues and other sources of operational funding, ensure that the University remains in good position to withstand unpredictability of future state support.

The University's Health System has continued to produce positive financial results. Volume growth is driven by patients with complex medical needs. Specific emerging growth strategies include transplant, oncology, specialty pharmacy, and orthopedics. Looking forward, the Health System maintains its strategic goal of providing exceptional clinical care and has developed a long-range financial plan to support these goals within the context of a rapidly changing health care industry. Similar to other health systems across the country, UVA is experiencing unprecedented reimbursement challenges, increasing costs associated with pharmaceuticals and medical supplies, challenges of recruitment and retention of frontline health care workers, and a growing compliance burden. As a state hospital, we also have a continued responsibility to care for the medically underserved in Virginia.

UVA's stable outlook reflects our expectations of excellent student demand. 2018 enrollment data showed a record number of applicants for the third straight year. 2018's 40,839 applicants hailed from all 50 states and 147 countries. Even as student demand grows, UVA's admissions process has grown more competitive; 2018's offer rate was 24 percent, compared to 26 percent the year before. Of those offers, 40 percent of students accepted, a 1 percent jump from the previous year.

In the immediate future, many opportunities for growth and expansion are taking shape, including the construction of Open Grounds on the corner of Emmet Street and Ivy Road with the purpose of welcoming members of the UVA community, the surrounding communities, and visitors to our Grounds, as well as encouraging cross-disciplinary discoveries within an active and engaging environment.

Founded in fall 2019 through the largest gift in UVA history, the School of Data Science—the first of its kind in the nation—positions the university and our community to play a national and international leadership role in the global digital future.

UVA continues to grow its impact by increasing its footprint in Northern Virginia. The emerging grounds at the Global Genomics and Bioinformatics Research Institute will allow UVA and Inova Health Systems, along with partner George Mason University, a rare opportunity to collaborate and improve the health of patients.

Sound operating performance, effective and attentive leadership, and commitment to our mission will continue to guide the institution as we look toward the future.

Management Responsibility

November 22, 2019

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, 2019. 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
Vice President for Finance

Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

November 22, 2019

The Honorable Ralph S. Northam
Governor of Virginia

The Honorable Thomas K. Norment, Jr.
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 and aggregate discretely presented component units of the University of Virginia, a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2019, 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 Note 1. 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 financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable 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 and aggregate discretely presented component units of the University of Virginia as of June 30, 2019, 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.

Other Matters

Prior-Year Summarized Comparative Information

We have previously audited the University's 2018 financial statements, and we expressed an unmodified audit opinion on the respective financial statements in our report dated November 27, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 6 through 15; the Schedule of Employer's Share of Net Pension Liability, the Schedule of Employer Contributions, and the Notes to the Required Supplementary Information on pages 76 through 77; the Schedule of Employer's Share of Net OPEB Liability (Asset), the Schedule of Employer Contributions, and the Notes to the Required Supplementary Information for the Health Insurance Credit (HIC), Group Life Insurance (GLI), Disability Insurance (VSDP), and Line of Duty (LODA) programs on pages 78 through 80; the Schedule of Total OPEB Liability and Related Ratios and the Notes to the Required Supplementary Information for the University's Retiree Health and Optional Retirement Retiree Life Insurance plans on page 80. 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 November 22, 2019 on our consideration of the University of Virginia'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 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

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

AS OF JUNE 30, 2019 (WITH COMPARATIVE INFORMATION AS OF JUNE 30, 2018)

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	$ 149,191	$ 87,892
Short-term investments (Note 2)	235,286	84,831
Appropriations available	11,772	6,586
Accounts receivable, net (Note 3a)	394,774	387,367
Prepaid expenses	25,450	23,383
Inventories	33,654	31,336
Notes receivable, net (Note 3b)	6,045	6,113
Pledges receivable, net (Note 3c)	43,045	9,335
Total current assets	**899,217**	**636,843**
Noncurrent assets		
Cash and cash equivalents (Note 2)	12,854	22,880
Long-term investments (Note 2)	2,455,688	2,711,961
Endowment (Note 2)	5,086,081	4,838,142
Notes receivable, net (Note 3b)	29,189	33,116
Pledges and other receivables, net (Note 3c)	62,388	14,665
Capital assets - depreciable, net (Note 3d)	3,320,737	3,262,075
Capital assets - nondepreciable, net (Note 3d)	718,817	520,730
Derivative instrument asset (Note 6)	140	-
Investment in affiliated companies (Note 7)	97,510	85,442
OPEB asset (Note 12)	17,048	15,437
Other (Note 3e)	72,835	49,435
Total noncurrent assets	**11,873,287**	**11,553,883**
DEFERRED OUTFLOWS OF RESOURCES (Note 3f)	**144,136**	**154,387**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 12,916,640**	**$ 12,345,113**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 3g)	$ 472,830	$ 354,283
Unearned revenue (Note 3h)	80,038	74,080
Deposits held in custody for others	14,716	11,714
Commercial paper (Note 4)	243,900	121,845
Long-term debt - current portion (Note 5a)	10,186	9,581
Long-term liabilities - current portion (Note 5b)	101,469	91,946
Total current liabilities	**923,139**	**663,449**
Noncurrent liabilities		
Long-term debt (Note 5a)	1,980,362	1,995,829
Derivative instrument liability (Note 6)	35,068	27,890
Net pension liability (Note 11)	474,206	506,386
OPEB liability (Note 12)	255,675	293,545
Other noncurrent liabilities (Note 5b)	181,349	174,173
Total noncurrent liabilities	**2,926,660**	**2,997,823**
DEFERRED INFLOWS OF RESOURCES (Note 3i)	**166,212**	**133,676**
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**$ 4,016,011**	**$ 3,794,948**
NET POSITION		
Net investment in capital assets	$ 1,981,954	$ 1,961,811
Restricted:		
Nonexpendable	891,397	747,191
Expendable	3,238,088	3,091,428
Unrestricted	2,789,190	2,749,735
TOTAL NET POSITION	**$ 8,900,629**	**$ 8,550,165**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$ 12,916,640**	**$ 12,345,113**

Certain 2018 amounts have been restated to conform to 2019 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, 2019 (WITH COMPARATIVE INFORMATION AS OF JUNE 30, 2018)

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 110,415	$ 76,577
Receivables	190,038	148,352
Short-term investments	668,270	314,741
Other current assets	5,548	8,458
Total current assets	**974,271**	**548,128**
Noncurrent assets		
Pledges receivable, net	170,821	53,343
Long-term investments	9,532,621	9,625,569
Capital assets, net of depreciation	468,028	440,467
Other noncurrent assets	51,784	61,058
Total noncurrent assets	**10,223,254**	**10,180,437**
TOTAL ASSETS	**$ 11,197,525**	**$ 10,728,565**
LIABILITIES AND NET ASSETS		
Current liabilities		
Assets held in trust for others	$ 116,777	$ 115,456
Other liabilities	310,488	207,753
Total current liabilities	**427,265**	**323,209**
Noncurrent liabilities		
Long-term debt, net of debt issuance cost and current portion of $5,181 and $9,438	137,731	163,587
Other noncurrent liabilities	8,297,032	8,098,106
Total noncurrent liabilities	**8,434,763**	**8,261,693**
TOTAL LIABILITIES	**$ 8,862,028**	**$ 8,584,902**
NET ASSETS		
Unrestricted	$ 477,587	$ 465,187
Temporarily restricted	934,699	915,924
Permanently restricted	923,211	762,552
TOTAL NET ASSETS	**$ 2,335,497**	**$ 2,143,663**
TOTAL LIABILITIES AND NET ASSETS	**$ 11,197,525**	**$ 10,728,565**

Certain 2018 amounts have been restated to conform to 2019 classifications.

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, 2019 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2018)

	2019	2018
REVENUES		
Operating revenues		
Student tuition and fees, net of scholarship allowances of $143,610 and $128,228	$ 595,751	$ 565,061
Patient services, net of charity care and contractual adjustments of $4,252,671 and $3,889,036	1,719,128	1,642,115
Federal grants and contracts	304,008	284,163
State and local grants and contracts	6,845	9,892
Nongovernmental grants and contracts	66,082	70,208
Sales and services of educational departments	31,437	29,636
Auxiliary enterprises revenue, net of scholarship allowances of $22,098 and $19,851	140,787	140,494
Other operating revenues	50,988	47,260
TOTAL OPERATING REVENUES	**2,915,026**	**2,788,829**
EXPENSES		
Operating expenses (Note 9)		
Compensation and benefits	1,957,887	1,844,556
Supplies and other services	1,205,659	1,159,964
Student aid	104,793	100,373
Depreciation	243,820	232,476
Other	7,929	5,308
TOTAL OPERATING REVENUES	**3,520,088**	**3,342,677**
OPERATING LOSS	**(605,062)**	**(553,848)**
NONOPERATING REVENUES (EXPENSES)		
State appropriations (Note 10)	175,152	168,449
Gifts	197,161	170,454
Investment income	400,223	766,288
Pell grants	14,225	13,586
Interest on capital asset-related debt	(88,013)	(87,361)
Build America Bonds rebate	5,646	8,159
Loss on capital assets	(6,084)	(27,957)
Other net nonoperating expenses	(803)	(20,224)
NET NONOPERATING REVENUES	**697,507**	**991,394**
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	**92,445**	**437,546**
Capital appropriations	49,379	15,146
Capital grants and gifts	129,798	38,200
Additions to permanent endowments	83,717	53,543
Special items	(4,875)	-
TOTAL OTHER REVENUES (EXPENSES)	**258,019**	**106,889**
INCREASE IN NET POSITION	**350,464**	**544,435**
NET POSITION		
Net position - beginning of year	8,550,165	8,205,417
Net effect of prior period adjustments (Note 1)	-	(199,687)
NET POSITION - BEGINNING OF YEAR AS RESTATED	**8,550,165**	**8,005,730**
NET POSITION - END OF YEAR	**$ 8,900,629**	**$ 8,550,165**

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, 2019 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2018)

	2019	2018
UNRESTRICTED REVENUES AND SUPPORT		
Contributions	$ 29,716	$ 30,172
Fees for services, rentals and sales	441,239	493,105
Investment income	51,410	46,691
Net assets released from restriction	161,226	138,720
Other revenues	145,073	110,438
TOTAL UNRESTRICTED REVENUES AND SUPPORT	**828,664**	**819,126**
EXPENSES		
Program services, lectures and special events	549,663	535,346
Scholarships and financial aid	79,786	82,619
Management and general	38,400	42,946
Other expenses	148,568	109,217
TOTAL EXPENSES	**816,417**	**770,128**
EXCESS OF UNRESTRICTED REVENUES AND SUPPORT OVER EXPENSES	**12,247**	**48,998**
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	95,565	71,041
Investment and other income	81,307	155,216
Reclassification per donor stipulation	(2,435)	251
Net assets released from restriction	(151,611)	(138,892)
NET CHANGES IN TEMPORARILY RESTRICTED NET ASSETS	**22,826**	**87,616**
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS		
Contributions	168,168	29,181
Investment and other (loss) income	(1,822)	531
Reclassification per donor stipulation	30	294
Net assets released from restriction	(9,615)	172
NET CHANGES IN PERMANENTLY RESTRICTED NET ASSETS	**156,761**	**30,178**
CHANGES IN NET ASSETS	**191,834**	**166,792**
Net assets - beginning of year	2,143,663	1,976,871
NET ASSETS - END OF YEAR	**$ 2,335,497**	**$ 2,143,663**

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, 2019 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 594,746	$ 572,977
Grants and contracts	385,487	355,989
Patient services	1,794,254	1,599,095
Sales and services of educational activities	36,724	16,724
Sales and services of auxiliary enterprises	133,647	145,241
Payments to employees and fringe benefits	(1,941,427)	(1,826,612)
Payments to vendors and suppliers	(1,202,231)	(1,164,703)
Payments for scholarships and fellowships	(104,793)	(100,373)
Perkins and other loans issued to students	(7,344)	(8,194)
Collection of Perkins and other loans to students	8,908	9,065
Other receipts	60,824	44,913
NET CASH USED BY OPERATING ACTIVITIES	**(241,205)**	**(355,878)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	169,878	166,332
Additions to permanent endowments	83,717	53,543
Federal Direct Loan Program receipts	133,178	161,661
Federal Direct Loan Program payments	(133,178)	(161,661)
Pell grants	14,225	13,586
Deposits held in custody for others	2,949	7,207
Noncapital gifts and grants and endowments received	181,350	147,689
Proceeds from noncapital debt	73,454	493,632
Repayments from noncapital debt	(137,745)	(175,000)
Other net nonperating expenses	(41,364)	(26,584)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	**346,464**	**680,405**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations	47,683	15,146
Capital gifts and grants received	43,776	37,068
Proceeds from capital debt	189,433	246,103
Proceeds from sale of capital assets	325	1,182
Acquisition and construction of capital assets	(498,694)	(495,947)
Principal paid on capital debt and leases	(10,902)	(32,432)
Interest paid on capital debt and leases	(83,127)	(87,718)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	**(311,506)**	**(316,598)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	1,051,906	544,805
Interest on investments	(15,898)	(4,808)
Purchase of investments and related fees	(776,356)	(544,504)
Other investment activities	(2,132)	(3,638)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	**257,520**	**(8,145)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**51,273**	**(216)**
Cash and cash equivalents - beginning of year	110,772	110,988
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 162,045**	**$ 110,772**

Certain 2018 amounts have been restated to conform to 2019 classifications.

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

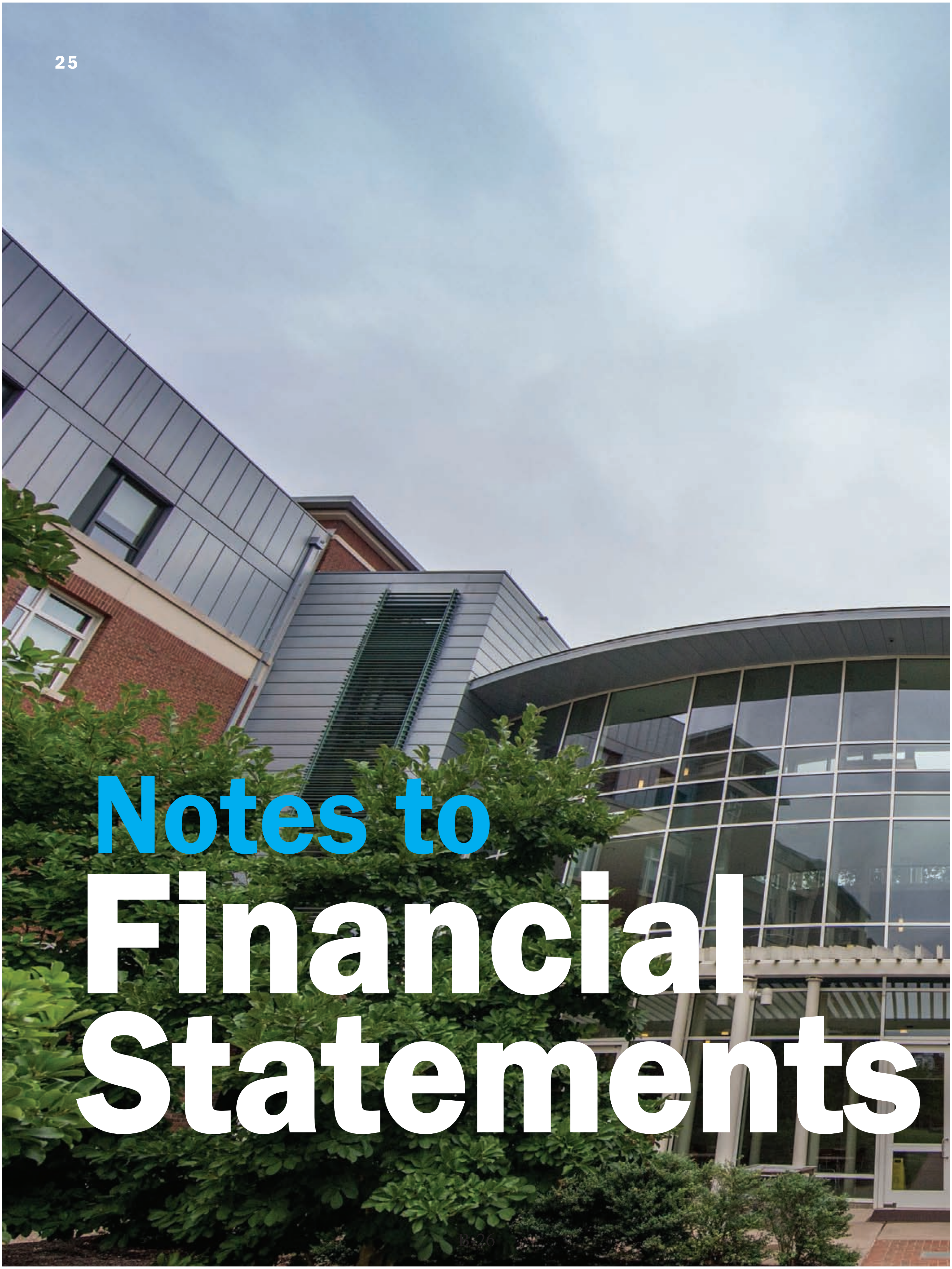
UNIVERSITY OF VIRGINIA
STATEMENT OF CASH FLOWS, CONTINUED *(in thousands)*

FOR THE YEAR ENDED JUNE 30, 2019 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2018)

	2019	2018
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$ (605,062)	$ (553,848)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	243,820	232,476
Changes in assets, liabilities, deferred outflows and deferred inflows:		
Receivables, net	14,638	25,020
Inventories	(2,318)	(3,062)
OPEB asset	(1,611)	(3,433)
Other assets	-	(2)
Prepaid expenses	(2,092)	5,324
Notes receivable, net	3,215	287
Capital assets, net	(5,142)	7,203
Deferred outflows of resources	732	19,214
Accounts payable and accrued liabilities	123,167	(85,573)
Unearned revenue	5,312	(11,482)
Long-term liabilities	21,030	(23,725)
Net pension liability	(32,180)	(45,400)
OPEB liability	(37,870)	43,734
Deferred inflows of resources	33,156	37,389
TOTAL ADJUSTMENTS	**363,857**	**197,970**
NET CASH USED BY OPERATING ACTIVITIES	**$ (241,205)**	**$ (355,878)**
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Assets acquired through assumption of a liability	$ 7,564	$ 42,738
Assets acquired through a gift	(12,755)	841
Change in fair value of investments	410,033	779,107
Increase in receivables related to nonoperating income	99,242	2,399
Gain on disposal of capital assets	(5,832)	22,044
(Loss) gain on investments in affiliated companies	(146)	(5,784)
Change in non-controlling interest in subsidiary	(558)	(74)
Amortization of bond premium and deferral	(121)	8,142
Trustee-held split interest agreements	-	3,638

Certain 2018 amounts have been restated to conform to 2019 classifications.

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



Notes to Financial Statements

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.

Meadow Creek Corporation (MC I), was formed on June 5, 1998, to own and operate the Cavalier Inn in Charlottesville, Virginia. Until ceasing operations in May 2018, MC I was a taxable subsidiary to the University of Virginia Foundation and was engaged in an "unrelated trade or business" to the exempt activities of UVAF. On September 18, 2018, UVA acquired all stock of Meadowcreek Corp from the Foundation for $12.5 million with property valued at $7.6 million resulting in a special item expense of $4.9 million. Meadowcreek Corp was deemed a blended component unit at this time, but was dissolved before year-end. The activity of Meadowcreek Corp, including the dissolution, will be included in Statement of Revenues, Expenses, and Changes in Net Position only for the fiscal year ended June 30, 2019.

DISCRETELY PRESENTED COMPONENT UNITS

The University has 25 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 the University. As such, they are presented discretely in the financial statements as of and for the year ended June 30, 2019.

- 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 7726, 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, 2018. 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 P.O. Box 400215, Charlottesville, VA 22904.

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 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 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.

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 Foundations. The LTP commingles endowment, charitable trusts and other investments of the University and the Foundations. 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. 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 and the value per unit at fair value as calculated on the last calendar day of the month in which a deposit or redemption request is received by UVIMCO for the LTP. LTP transactions are subject to the notification requirements and caps set forth in the deposit and management agreement between the University and UVIMCO. Under the agreement, an annual withdrawal cap exists equal to the sum of ten percent of the previous fiscal year-end market value plus ten percent of the current fiscal year's deposits. Additionally, the University is subject to a monthly withdrawal cap of the greater of three percent of its investment in the pool at the previous month-end or $15 million. Withdrawal requests in excess of an amount greater than one percent of its investment in the pool as of the previous month-end require 30 days' written notice. Withdrawal requests for lesser amounts must be received in writing on or before the trade date.

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, 2019 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 acquisition value on the date of acquisition or, if donated, at the appraised 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, 2019, was $833,718.

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 or capitalized for financial statement purposes.

DEFERRED OUTFLOWS OF RESOURCES

Deferred outlfows 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 others as a result of agency relationships with 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 and fees for housing and dining services.

In fiscal year 2018, the University corrected its revenue recognition methodology on certain grants and contracts and recorded a $21.5 million reduction to the beginning balance of unearned revenues. This change in methodology more accurately recognizes these revenues as the University meets the performance obligations of the agreements.

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, 2019, 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.

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, 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, 2018, from which the summarized information was derived. Certain amounts from the prior fiscal year have been reclassified to conform to current-year presentation.

CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

For the fiscal year ended June 30, 2019, the University implemented the following pronouncements issued by the GASB.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes standards of accounting and financial reporting for certain Asset Retirement Obligations (AROs). Under this standard, the University is required to recognize a liability for the future legal obligations needed to retire certain tangible capital assets. GASB Statement No. 83 did not have a material impact on the University for the year ended June 30, 2019.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB Statement No. 88 resulted in minimal changes in disclosure and presentation of Note 5.

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. Amounts on deposit covered by the Virginia Security of Public Deposits Act totaled $118.5 million on June 30, 2019.

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 on a daily basis by the custodian banks. Deposits and withdrawals may be processed daily.

Restricted cash and cash equivalents totaled $39.7 million and $53.6 million on June 30, 2019, and June 30, 2018, 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 a very limited exposure to custodial credit risk as of June 30, 2019.

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, 2019, 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, 2019, 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, 2019, 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, 2019.

Details of the University's investment risks as of June 30, 2019 are outlined below:

CREDIT QUALITY AND INTEREST RATE RISK *(in thousands)*	BALANCE AT JUNE 30, 2019	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	$ 384	Not Applicable	N/A	N/A	N/A	N/A
Cash deposits	134,476	Not Applicable	N/A	N/A	N/A	N/A
Repurchase agreements*	14,433	P-1/A-1	$ 14,433	$ -	$ -	$ -
U.S. Treasury bills*	16,979	Aaa/AA+	16,979	-	-	-
Cash sweep	24	Aaa/AAA	24	-	-	-
Unsettled transactions not subject to credit or interest-rate risk	(4,251)	Not Applicable	N/A	N/A	N/A	N/A
TOTAL CASH AND CASH EQUIVALENTS	**$ 162,045**		**$ 31,436**	**$ -**	**$ -**	**$ -**
SHORT-TERM INVESTMENTS						
Cash deposits	$ 1	Not Applicable	N/A	N/A	N/A	N/A
UVIMCO STP	189,910	Not Rated	N/A	N/A	N/A	N/A
Agency notes	44,811	P-1/A-1+	$ 44,811	$ -	$ -	$ -
Other investments not subject to credit or interest-rate risk	564	Not Applicable	N/A	N/A	N/A	N/A
TOTAL SHORT-TERM INVESTMENTS	**$ 235,286**		**$ 44,811**	**$ -**	**$ -**	**$ -**
LONG-TERM INVESTMENTS						
UVIMCO LTP	$ 2,451,850	Not Rated	N/A	N/A	N/A	N/A
Other investments not subject to credit or interest-rate risk	3,838	Not Applicable	N/A	N/A	N/A	N/A
TOTAL LONG-TERM INVESTMENTS	**$ 2,455,688**		**$ -**	**$ -**	**$ -**	**$ -**
ENDOWMENT						
Cash and cash equivalents	$ 3,960	Not Applicable	$ 3,960	$ -	$ -	$ -
UVIMCO LTP	5,068,739	Not Rated	N/A	N/A	N/A	N/A
Other investments not subject to credit or interest-rate risk	13,382	Not Applicable	N/A	N/A	N/A	N/A
TOTAL ENDOWMENT	**$ 5,086,081**		**$ 3,960**	**$ -**	**$ -**	**$ -**
INVESTMENT IN AFFILIATED COMPANIES						
UVIMCO LTP	$ 560	Not Rated	N/A	N/A	N/A	N/A
Other investments not subject to credit or interest-rate risk	96,950	Not Applicable	N/A	N/A	N/A	N/A
TOTAL INVESTMENT IN AFFILIATED COMPANIES	**$ 97,510**		**$ -**	**$ -**	**$ -**	**$ -**

** Repurchase agreements and U.S. Treasury bills have original maturities of less than 90 days. In accordance with UVA policy, these are reported as cash and cash equivalents.*

INVESTMENTS

UVIMCO administers and manages the majority of the University's investments in its unitized investment pools. From time to time, the University also invests its operating funds with a number of other asset managers. At June 30, 2019, the University's investment in the UVIMCO LTP and STP was $7.7 billion representing 95.6 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 in an attempt 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 a number of 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, 2019:

INVESTMENTS AND DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE *(in thousands)*	BALANCE AT JUNE 30, 2019	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	$ 384	$ -	$ -	$ -	$ -	$ 384
Cash deposits	134,476	-	-	-	-	134,476
Repurchase agreements**	14,433	-	14,433	-	-	-
U.S. Treasury bills**	16,979	16,979	-	-	-	-
Cash sweep	24	-	-	-	-	24
Unsettled transactions not subject to credit or interest risk	(4,251)	-	-	-	-	(4,251)
TOTAL CASH AND CASH EQUIVALENTS	**$ 162,045**	**$ 16,979**	**$ 14,433**	**$ -**	**$ -**	**$ 130,633**
SHORT-TERM INVESTMENTS						
Cash deposits	$ 1	$ -	$ -	$ -	$ -	$ 1
UVIMCO STP	189,910	-	-	-	189,910	-
Agency notes	44,811	44,811	-	-	-	-
Equity securities	564	564	-	-	-	-
TOTAL SHORT-TERM INVESTMENTS	**$ 235,286**	**$ 45,375**	**$ -**	**$ -**	**$ 189,910**	**$ 1**
LONG-TERM INVESTMENTS						
Life insurance contracts***	$ 3,831	$ -	$ -	$ -	$ -	$ 3,831
Equity securities	7	-	-	7	-	-
UVIMCO LTP	2,451,850	-	-	-	2,451,850	-
TOTAL LONG-TERM INVESTMENTS	**$ 2,455,688**	**$ -**	**$ -**	**$ 7**	**$ 2,451,850**	**$ 3,831**
ENDOWMENT						
Cash and cash equivalents	$ 3,960	$ -	$ 3,269	$ -	$ -	$ 691
Equity securities	793	758	-	35	-	-
UVIMCO LTP	5,068,739	-	-	-	5,068,739	-
Exchange traded funds	12,589	12,589	-	-	-	-
TOTAL ENDOWMENT	**$ 5,086,081**	**$ 13,347**	**$ 3,269**	**$ 35**	**$ 5,068,739**	**$ 691**

INVESTMENTS AND DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED) *(in thousands)*	BALANCE AT JUNE 30, 2019	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
INVESTMENT IN AFFILIATED COMPANIES						
UVIMCO LTP	$ 560	$ -	$ -	$ -	$ 560	$ -
Investment in affiliates	96,950	-	-	-	-	96,950
TOTAL INVESTMENT IN AFFILIATED COMPANIES	**$ 97,510**	**$ -**	**$ -**	**$ -**	**$ 560**	**$ 96,950**
INVESTMENT DERIVATIVE INSTRUMENTS****						
Fixed-receiver interest rate swaps	$ 140	$ -	$ 140	$ -	$ -	$ -
Fixed-payer interest rate swaps	(35,068)	-	(35,068)	-	-	-
TOTAL INVESTMENT DERIVATIVE INSTRUMENTS	**$ (34,928)**	**$ -**	**$ (34,928)**	**$ -**	**$ -**	**$ -**

** 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.*
*** Repurchase agreements and U.S. Treasury bills have original maturities of less than 90 days. In accordance with UVA policy, these 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, 2019	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY (IF CURRENTLY ELIGIBLE)	REDEMPTION NOTICE PERIOD
UVIMCO STP	$ 189,910	$ -	Weekly	2 days
UVIMCO LTP	7,521,149	-	Monthly	(a)
TOTAL INVESTMENTS MEASURED AT NAV	**$ 7,711,059**	**$ -**		

(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 Insitutional 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, 2019, was $5.1 billion. Biannual 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 2.4 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 2019, the endowment spending distribution of $215.5 million, excluding agency funds, equaled 4.86 percent of the fiscal year 2017 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, 2019, the University had the following endowment-related activities:

SUMMARY OF ENDOWMENT ACTIVITY *(in thousands)*	TYPE OF ENDOWMENT FUND				
	DONOR-RESTRICTED	QUASI	TRUSTS	AGENCY	TOTAL
Investment earnings	$ 125,467	$ 135,359	$ 4,412	$ 1,042	$ 266,280
Contributions to permanent endowments	83,717	-	-	-	83,717
Other gifts	-	-	6,689	-	6,689
Spending distribution	(101,786)	(113,745)	-	(731)	(216,262)
Endowment administrative fee*	(16,800)	(18,629)	-	-	(35,429)
Transfers in (out)**	60,932	87,629	(5,559)	(58)	142,944
TOTAL CHANGE IN ENDOWMENT FUNDS	**$ 151,530**	**$ 90,614**	**$ 5,542**	**$ 253**	**$ 247,939**

** 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, 2019, is summarized as follows:

ACCOUNTS RECEIVABLE *(in thousands)*	
Patient care	$ 855,780
Grants and contracts	54,281
Student payments	15,791
Institutional loans	1,318
Bond requisition receivables	88
Build America Bonds rebate	3,506
Equipment Trust Fund reimbursement	15,898
Auxiliary	1,866
Related foundation	48,017
Other	11,433
Less: Allowance for doubtful accounts	(613,204)
TOTAL ACCOUNTS RECEIVABLE	**$ 394,774**

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, 2019, is summarized as follows:

NOTES RECEIVABLE *(in thousands)*	
Perkins	$ 11,950
Nursing	1,578
Institutional	19,757
Fraternity loan	599
Dues from related foundation	3,276
Less: Allowance for doubtful accounts	(1,926)
Total notes receivable, net	**35,234**
Less: Current portion, net of allowance	(6,045)
TOTAL NONCURRENT NOTES RECEIVABLE	**$ 29,189**

c. Pledges and other receivables: As discussed in Note 1, permanent endowment pledges do not meet eligibility requirements, as defined by GASB requirements, until the related gift is received. Accordingly, permanent endowment pledges totaling $109 million and $88.5 million at June 30, 2019, and June 30, 2018, 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, 2019, is summarized as follows:

PLEDGES AND OTHER RECEIVABLES *(in thousands)*	
PLEDGES AND OTHER RECEIVABLES OUTSTANDING	
Gift pledges - operations	$ 9,440
Gift pledges - capital	107,220
Service concession arrangements	13,666
Total pledges and other receivables outstanding	**130,326**
Less:	
Allowance for uncollectible accounts	(10,311)
Discount to present value	(14,582)
Total pledges and other receivable, net	**105,433**
Less: Current portion, net of allowance	(43,045)
TOTAL NONCURRENT PLEDGES AND OTHER RECEIVABLES	**$ 62,388**

d. Capital assets: The capital assets activity for the year ended June 30, 2019, is summarized as follows:

CAPITAL ASSETS *(in thousands)*	BEGINNING BALANCE JULY 1, 2018	INCREASES	DECREASES	ENDING BALANCE JUNE 30, 2019
NONDEPRECIABLE CAPITAL ASSETS				
Land	$ 79,616	$ 17,964	$ -	$ 97,580
Construction in progress	426,112	399,261	(208,086)	617,287
Software in development	15,002	-	(11,052)	3,950
TOTAL NONDEPRECIABLE CAPITAL ASSETS	**520,730**	**417,225**	**(219,138)**	**718,817**
DEPRECIABLE CAPITAL ASSETS				
Buildings	4,124,774	162,771	(23,015)	4,264,530
Equipment	937,396	85,819	(32,044)	991,171
Infrastructure	541,014	6,709	(448)	547,275
Improvements other than buildings	186,833	6,935	(1,490)	192,278
Capitalized software	249,092	45,469	(18,639)	275,922
Library books	123,927	862	-	124,789
Total depreciable capital assets	**6,163,036**	**308,565**	**(75,636)**	**6,395,965**
Less: Accumulated depreciation for:				
Buildings	(1,600,769)	(122,767)	19,572	(1,703,964)
Equipment	(633,176)	(72,843)	29,413	(676,606)
Infrastructure	(238,625)	(15,354)	103	(253,876)
Improvements other than buildings	(137,602)	(7,739)	1,414	(143,927)
Capitalized software	(176,709)	(18,995)	15,670	(180,034)
Library books	(114,080)	(2,741)	-	(116,821)
Total accumulated depreciation	**(2,900,961)**	**(240,439)**	**66,172**	**(3,075,228)**
TOTAL DEPRECIABLE CAPITAL ASSETS, NET	**3,262,075**	**68,126**	**(9,464)**	**3,320,737**
TOTAL CAPITAL ASSETS, NET	**$ 3,782,805**	**$ 485,351**	**$ (228,602)**	**$ 4,039,554**

e. Other assets: The composition of other assets on June 30, 2019, is summarized as follows:

OTHER ASSETS *(in thousands)*	
Funds held at foundation	$ 61,145
UVA LVG seed funds	8,361
Trustee held split-interest agreement assets	3,327
UVA Global LLC	2
TOTAL OTHER ASSETS	**$ 72,835**

f. Deferred outflows of resources: The composition of deferred outflows of resources on June 30, 2019, is summarized as follows:

DEFERRED OUTFLOWS OF RESOURCES *(in thousands)*	
Goodwill	$ 15,569
Deferred loss on early retirement of debt	25,754
OPEB	32,552
Pension	70,261
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**$ 144,136**

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.

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, 2019, is summarized as follows:

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES *(in thousands)*	
Accounts payable	$ 117,308
Accrued salaries and wages payable	107,164
Due to related foundations	73,090
Due to third party payors	154,641
Other	20,627
TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	**$ 472,830**

h. Unearned revenue: The composition of unearned revenue on June 30, 2019, is summarized as follows:

UNEARNED REVENUE *(in thousands)*	
Grants and contracts	$ 47,316
Student payments	18,723
Medical Center unearned revenues	811
Other	13,188
TOTAL UNEARNED REVENUE	**$ 80,038**

i. Deferred inflows of resources: The composition of deferred inflows on June 30, 2019, is summarized as follows:

DEFERRED INFLOWS OF RESOURCES *(in thousands)*	
Deferred gain on early retirement of debt	$ 354
Service concession arrangements	47,696
Split-Interest agreements	14,881
Pension	42,932
OPEB	60,349
TOTAL DEFERRED INFLOWS OF RESOURCES	**$ 166,212**

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. In accordance with GASB requirements, as of June 30, 2019, the University has accrued a $12.8 million receivable, a $25.1 million liability and a $47.7 million deferred inflow of resources related to the service concession arrangement.

Note 4

Short-Term Debt

Short-term debt at June 30, 2019, is summarized as follows:

SHORT-TERM DEBT *(in thousands)*	BEGINNING BALANCE JULY 1, 2018	ADDITIONS	REDUCTIONS	ENDING BALANCE JUNE 30, 2019
Taxable commercial paper	$ 113,845	$ 72,800	$ 137,745	$ 48,900
Tax-exempt commercial paper	8,000	187,000	-	195,000
TOTAL COMMERCIAL PAPER	**$ 121,845**	**$ 259,800**	**$ 137,745**	**$ 243,900**

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. The Board approved the current commercial paper program limit of $500 million in June 2019. In fiscal year 2019, interest rates on commercial paper ranged from 1.19 to 2.54 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, 2019, 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, 2019, is summarized as follows:

LONG-TERM DEBT *(in thousands)*	**INTEREST RATES AT ISSUANCE**	**FINAL MATURITY FISCAL YEAR**	**BEGINNING BALANCE JULY 1, 2018**	**ADDITIONS**	**REDUCTIONS**	**ENDING BALANCE JUNE 30, 2019**	**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)	3.36%**	2041	190,000	-	-	190,000	-
University of Virginia Series 2011 (9d)	4.0% to 5.0%	2033	61,195	-	2,936	58,259	3,090
University of Virginia Series 2013A (9d)	2.0% to 5.0%	2043	158,535	-	2,421	156,114	2,535
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	-
Commonwealth of Virginia bonds (9c)	3.8% to 9.3%	2021	1,313	-	650	663	311
Notes payable to VCBA 2007B (9d)	4.0% to 4.25%	2020	6,920	-	3,390	3,530	3,530
Notes payable to VCBA 2010B (9d)	2.0% to 5.0%	2021	3,435	-	-	3,435	-
Other	various	various	2,238	3,033	185	5,086	720
Total bonds and notes payable			**$ 1,882,091**	**$ 3,033**	**$ 9,582**	**$ 1,875,542**	**$ 10,186**
Less: Current portion of debt			(9,581)	(605)	-	(10,186)	
Bond premium			123,319	-	8,313	115,006	
NET LONG-TERM DEBT			**$ 1,995,829**	**$ 2,428**	**$ 17,895**	**$ 1,980,362**	

* *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 3.36 percent.*

At its June 2019 meeting, the University's Board of Visitors approved an extension to its shelf registration program for issuing up to $500 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
2020*	$ 10,186	$ 89,874	$ (8,208)	$ 81,666
2021	10,481	89,401	(8,208)	81,193
2022	113,907	86,437	(8,208)	78,229
2023	7,292	83,577	(8,208)	75,369
2024	7,297	83,259	(8,208)	75,051
2025-2029	25,496	412,263	(41,037)	371,226
2030-2034	25,110	405,587	(41,037)	364,550
2035-2039	248,400	383,549	(41,037)	342,512
2040-2044	652,835	226,590	(7,223)	219,367
2045-2049	474,540	113,573	-	113,573
2050-2054	-	62,685	-	62,685
2055-2059	-	62,685	-	62,685
2060-2064	-	62,685	-	62,685
2065-2069	-	62,685	-	62,685
2070-2074	-	62,685	-	62,685
2075-2079	-	62,685	-	62,685
2080-2084	-	62,685	-	62,685
2085-2089	-	62,685	-	62,685
2090-2094	-	62,685	-	62,685
2095-2099	-	62,685	-	62,685
2100-2104	-	62,685	-	62,685
2105-2109	-	62,685	-	62,685
2110-2114	-	62,685	-	62,685
2115-2119	300,000	43,879	-	43,879
TOTAL	**$ 1,875,544**	**$ 2,832,894**	**$ (171,374)**	**$ 2,661,520**

** Fiscal year 2019 represents a 6.6 percent reduction in the credit interest payment for September 1, 2018, and a 6.2 percent reduction in the credit interest payment for March 1, 2019. The 6.2 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, 2019, 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, 2019, is summarized as follows:

LONG-TERM LIABILITIES *(in thousands)*	BEGINNING BALANCE JULY 1, 2018	ADDITIONS	REDUCTIONS	ENDING BALANCE JUNE 30, 2019
Investments held for related entities	$ 19,526	$ 2,494	$ 2,206	$ 19,814
Accrual for compensated absences	90,521	108,641	98,714	100,448
Perkins loan program	9,047	-	-	9,047
Investment in Culpeper Regional Hospital	40,727	-	4,774	35,953
Irrevocable split-interest agreements	70,748	7,489	5,318	72,919
Service concession arrangements	11,244	13,876	-	25,120
Other	24,306	6,404	11,193	19,517
Total long-term liabilities	**$ 266,119**	**$ 138,904**	**$ 122,205**	**$ 282,818**
Less: Current portion of long-term liabilities	(91,946)	(10,128)	(605)	(101,469)
NET LONG-TERM LIABILITIES	**$ 174,173**	**$ 128,776**	**$ 121,600**	**$ 181,349**

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, 2019, 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	$ 140	$ 2,849
TOTAL INVESTMENT DERIVATIVE ASSETS					$ 128,000	$ 140	$ 2,849
INVESTMENT DERIVATIVE LIABILITY							
Fixed-payer interest rate swaps	6/1/2008	6/1/2038	4.07-4.15%	SIFMA*	$ 100,000	$ (35,068)	$ (9,886)
TOTAL INVESTMENT DERIVATIVE LIABILITIES					$ 100,000	$ (35,068)	$ (9,886)

* *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, 2019, 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, 2019, 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 / HEALTHSOUTH, LLC

The Medical Center entered into a joint venture with HEALTHSOUTH 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: HEALTHSOUTH Corporation, 7700 East Parham Road, Richmond, VA 23294.

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 will be recorded on the Medical Center's books at June 30, 2019. The remaining asset, cash, will be 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 in to 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 will use the equity method of accounting to record the financial activity of Broadaxe Care Coordination, Inc.

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, 2019, the University has made $7.1 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, 2019, is summarized below:

INVESTMENT IN AFFILIATED COMPANIES *(in thousands)*	**CAPITAL CONTRIBUTIONS**	**SHARE OF ACCUMULATED INCOME (LOSS)**	**NET INVESTMENT**
Riverside	$ -	$ 560	$ 560
Fortify Children's Health, LLC	1,050	(1,140)	(90)
Broadaxe Care Coordination, Inc.	805	-	805
Valley Regional Health, LLC	5	-	5
Valiance, LLC	249	-	249
University Health System Consortium	4,087	-	4,087
HEALTHSOUTH, LLC	-	20,715	20,715
Novant	94,041	(28,164)	65,877
Global Genomics and Bioinformatics Research Institute	7,100	(1,798)	5,302
TOTAL INVESTMENT IN AFFILIATED COMPANIES	**$ 107,337**	**$ (9,827)**	**$ 97,510**

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, 2019*	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	$ 36	$ 11,746	$ 8,336	$ 32,584	$ 10,780	$ 11,860	$ 185	$ 32,193	$ 2,695	$ -	$ 110,415
Receivables	3,747	10,535	20,406	1,992	13,866	12,930	7,406	116,239	2,917	-	190,038
Short-term investments	37,249	832	4,251	26,804	-	-	9,565	1,901	587,668	-	668,270
Other current assets	126	292	1,587	49	295	14	904	1,739	542	-	5,548
Total current assets	**41,158**	**23,405**	**34,580**	**61,429**	**24,941**	**24,804**	**18,060**	**152,072**	**593,822**	**-**	**974,271**
Noncurrent assets											
Long-term investments	489,602	113,484	360,113	318,238	377,385	70,516	117,172	264,173	9,229,966	(1,808,028)	9,532,621
Capital assets, net and other assets	27,504	21,112	107,063	9,755	128,330	22,905	339,140	37,718	5,111	(8,005)	690,633
Total noncurrent assets	**517,106**	**134,596**	**467,176**	**327,993**	**505,715**	**93,421**	**456,312**	**301,891**	**9,235,077**	**(1,816,033)**	**10,223,254**
TOTAL ASSETS	**$ 558,264**	**$ 158,001**	**$ 501,756**	**$ 389,422**	**$ 530,656**	**$ 118,225**	**$ 474,372**	**$ 453,963**	**$ 9,828,899**	**$ (1,816,033)**	**$11,197,525**
LIABILITIES AND NET ASSETS											
Current liabilites											
Total current liabilities	**$ 506**	**$ 785**	**$ 16,708**	**$ 117,973**	**$ 12,127**	**$ 2,888**	**$ 88,825**	**$ 180,999**	**$ 6,454**	**$ -**	**$ 427,265**
Noncurrent liabilities											
Long-term debt, net of debt issuance cost and current portion of $5,181	-	273	2,880	-	22,500	-	109,378	2,700	-	-	137,731
Other noncurrent liabilities	442	-	-	3,711	24,863	-	128,356	151,028	9,804,665	(1,816,033)	8,297,032
Total noncurrent liabilities	**442**	**273**	**2,880**	**3,711**	**47,363**	**-**	**237,734**	**153,728**	**9,804,665**	**(1,816,033)**	**8,434,763**
TOTAL LIABILITIES	**$ 948**	**$ 1,058**	**$ 19,588**	**$ 121,684**	**$ 59,490**	**$ 2,888**	**$ 326,559**	**$ 334,727**	**$ 9,811,119**	**$ (1,816,033)**	**$ 8,862,028**
NET ASSETS											
Unrestricted	$ 80,031	$ 2,762	$ 86,451	$ 79,136	$ 11,844	$ 23,596	$ 56,751	$ 119,236	$ 17,780	$ -	$ 477,587
Temporarily restricted	298,105	64,552	191,811	107,750	146,352	49,843	76,286	-	-	-	934,699
Permanently restricted	179,180	89,629	203,906	80,852	312,970	41,898	14,776	-	-	-	923,211
TOTAL NET ASSETS	**$ 557,316**	**$ 156,943**	**$ 482,168**	**$ 267,738**	**$ 471,166**	**$ 115,337**	**$ 147,813**	**$ 119,236**	**$ 17,780**	**$ -**	**$ 2,335,497**
TOTAL LIABILITIES AND NET ASSETS	**$ 558,264**	**$ 158,001**	**$ 501,756**	**$ 389,422**	**$ 530,656**	**$ 118,225**	**$ 474,372**	**$ 453,963**	**$ 9,828,899**	**$ (1,816,033)**	**$ 11,197,525**

* *December 31, 2018, year-end*

STATEMENT OF ACTIVITIES *(in thousands) for the year ended June 30, 2019*	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	$ 3,555	$ 6,618	$ 4,203	$ 1,201	$ 1,483	$ 12,586	$ 70	$ -	$ -	$ 29,716
Fees for services, rentals, and sales	-	-	21,026	6,133	-	1,245	45,695	367,140	-	441,239
Other revenues	26,636	15,797	25,086	47,619	36,401	21,414	13,850	149,366	21,540	357,709
TOTAL UNRESTRICTED REVENUES AND SUPPORT	**30,191**	**22,415**	**50,315**	**54,953**	**37,884**	**35,245**	**59,615**	**516,506**	**21,540**	**828,664**
EXPENSES										
Program services, lectures, and special events	22,404	14,741	45,484	47,507	16,936	35,594	28,160	403,775	14,848	629,449
Other expenses	4,776	6,425	8,117	6,201	3,807	3,890	27,453	121,263	5,036	186,968
TOTAL EXPENSES	**27,180**	**21,166**	**53,601**	**53,708**	**20,743**	**39,484**	**55,613**	**525,038**	**19,884**	**816,417**
EXCESS (DEFICIENCY) OF UNRESTRICTED REVENUES AND SUPPORT OVER EXPENSES	**3,011**	**1,249**	**(3,286)**	**1,245**	**17,141**	**(4,239)**	**4,002**	**(8,532)**	**1,656**	**12,247**
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS										
Contributions	4,894	9,097	31,502	29,948	1,923	17,461	740	-	-	95,565
Other	(1,015)	(8,052)	(8,108)	(26,490)	(8,308)	(20,296)	(470)	-	-	(72,739)
NET CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	**3,879**	**1,045**	**23,394**	**3,458**	**(6,385)**	**(2,835)**	**270**	**-**	**-**	**22,826**
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS										
Contributions	12,090	9,140	39,916	4,600	102,068	354	-	-	-	168,168
Other	(446)	(116)	-	(348)	(9,575)	(922)	-	-	-	(11,407)
NET CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	**11,644**	**9,024**	**39,916**	**4,252**	**92,493**	**(568)**	**-**	**-**	**-**	**156,761**
CHANGE IN NET ASSETS	**18,534**	**11,318**	**60,024**	**8,955**	**103,249**	**(7,642)**	**4,272**	**(8,532)**	**1,656**	**191,834**
Net assets - beginning of year	538,782	145,625	422,144	258,783	367,917	122,979	143,541	127,768	16,124	2,143,663
NET ASSETS - END OF YEAR	**$ 557,316**	**$ 156,943**	**$ 482,168**	**$ 267,738**	**$ 471,166**	**$ 115,337**	**$ 147,813**	**$ 119,236**	**$ 17,780**	**$2,335,497**

* *December 31, 2018, 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, 2019, 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	**$ 19,507**	**$ 36,399**	**$ 66,571**	**$ 4,795**	**$ 112,297**	**$ 29,352**	**$ 268,921**
Less:							
Allowance for uncollectible accounts	(1,010)	(3,942)	(982)	(2,459)	(6,077)	(1,578)	(16,048)
Unamortized discount to present value	(1,671)	(4,581)	(4,179)	(116)	(13,657)	(1,066)	(25,270)
Total pledges receivable, net	**16,826**	**27,876**	**61,410**	**2,220**	**92,563**	**26,708**	**227,603**
Less: Current portion, net of allowance	(3,736)	(10,535)	(16,244)	(768)	(13,866)	(11,633)	(56,782)
TOTAL NONCURRENT PLEDGES RECEIVABLE	**$ 13,090**	**$ 17,341**	**$ 45,166**	**$ 1,452**	**$ 78,697**	**$ 15,075**	**$ 170,821**

* *December 31, 2018, 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, 2019, 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	$ 81	$ -	$ 17,620	$ 21,124	$ 3,511	$ -	$ -	$ 157,262	$2,451,162	$ -	$2,650,760
University of Virginia Investment Management Company	399,576	113,484	320,105	314,992	366,720	70,267	122,440	100,444	-	(1,808,028)	-
Mutual and money market funds	37,170	832	26,639	1,886	-	-	1,334	7,771	229,816	-	305,448
Other	90,024	-	-	7,040	7,154	249	2,963	597	7,136,656	-	7,244,683
Total investments	**526,851**	**114,316**	**364,364**	**345,042**	**377,385**	**70,516**	**126,737**	**266,074**	**9,817,634**	**(1,808,028)**	**10,200,891**
Less: Short-term investments	(37,249)	(832)	(4,251)	(26,804)	-	-	(9,565)	(1,901)	(587,668)	-	(668,270)
LONG-TERM INVESTMENTS	**$ 489,602**	**$ 113,484**	**$ 360,113**	**$ 318,238**	**$ 377,385**	**$ 70,516**	**$ 117,172**	**$ 264,173**	**$ 9,229,966**	**$ (1,808,028)**	**$9,532,621**

* *December 31, 2018, 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 $8.7 billion on June 30, 2019. 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, 2019, 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	$ 4,242	$ -	$ 80,482	$ 3,279	$ -	$ 88,788
Buildings and improvements	914	110,741	8,179	23,292	-	298,167	42,928	4,621	488,842
Furnishings and equipment	312	3,430	2,188	1,710	51	29,325	24,721	1,275	63,012
Collections	-	-	-	96	-	33	-	-	129
Construction in progress	-	2,438	-	43	-	55,416	3,025	-	60,922
Total	**1,378**	**116,609**	**11,000**	**29,383**	**51**	**463,423**	**73,953**	**5,896**	**701,693**
Less: Accumulated depreciation	(441)	(55,142)	(6,618)	(7,257)	(39)	(126,042)	(37,341)	(785)	(233,665)
NET CAPITAL ASSETS	**$ 937**	**$ 61,467**	**$ 4,382**	**$ 22,126**	**$ 12**	**$ 337,381**	**$ 36,612**	**$ 5,111**	**$ 468,028**

* *December 31, 2018, 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, 2019:

LINES OF CREDIT *(in thousands)*	AVAILABLE	CURRENT OUTSTANDING BALANCE	NONCURRENT OUTSTANDING BALANCE
UVAF			
Wells Fargo, N.A.	$ 34,000	$ -	$ 28,000
Bank of America, N.A.	85,000	67,070	-
U.S. Bank, N.A.	25,000	-	10,000
BB&T	35,000	-	25,000
Darden School Foundation			
Suntrust, N.A.	$ 3,000	$ 2,300	$ -
UPG			
Atlantic Union Bank	$ 3,000	$ -	$ -
TOTAL	**$ 185,000**	**$ 69,370**	**$ 63,000**

The composition of the long-term debt of the component units on June 30, 2019, is summarized as follows:

LONG-TERM DEBT *(in thousands)*	THE COLLEGE FOUNDATION OF THE UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	JEFFERSON SCHOLARS FOUNDATION	UNIVERSITY OF VIRGINIA FOUNDATION	UNIVERSITY OF VIRGINIA PHYSICIANS GROUP	COMPONENT UNITS TOTAL
University of Virginia Phase I and II	$ -	$ 5,838	$ -	$ -	$ -	$ 5,838
Notes payable	400	-	-	33,272	2,700	36,372
Recovery Zone Facility Bond	-	-	-	7,460	-	7,460
2011 Refinancing demand bonds	-	-	-	7,742	-	7,742
2017 Variable rate bank bonds	-	-	22,500	-	-	22,500
Total	**400**	**5,838**	**22,500**	**48,474**	**2,700**	**79,912**
Less: Current portion	(127)	(2,958)	-	(2,011)	-	(5,096)
Less: Unamortized issuance costs	-	-	-	(85)	-	(85)
NET LONG-TERM DEBT	**$ 273**	**$ 2,880**	**$ 22,500**	**$ 46,378**	**$ 2,700**	**$ 74,731**

Principal maturities of long-term debt obligations on June 30, 2019, are as follows:

MATURITIES *(in thousands)*	THE COLLEGE FOUNDATION OF THE UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	JEFFERSON SCHOLARS FOUNDATION	UNIVERSITY OF VIRGINIA FOUNDATION	UNIVERSITY OF VIRGINIA PHYSICIANS GROUP	COMPONENT UNITS TOTAL
2020	$ 127	$ 2,958	$ -	$ 2,011	$ -	$ 5,096
2021	134	2,880	-	2,725	112	5,851
2022	139	-	-	2,852	230	3,221
2023	-	-	-	8,752	239	8,991
2024	-	-	-	1,582	248	1,830
Thereafter	-	-	22,500	30,552	1,871	54,923
TOTAL	**$ 400**	**$ 5,838**	**$ 22,500**	**$ 48,474**	**$ 2,700**	**$ 79,912**

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)*	**UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION**	**UNIVERSITY OF VIRGINIA FOUNDATION**	**UNIVERSITY OF VIRGINIA PHYSICIANS GROUP**	**COMPONENT UNITS TOTAL**
2020	$ 2,598	$ 710	$ 2,845	$ 6,153
2021	2,810	691	2,430	5,931
2022	2,903	628	2,135	5,666
2023	2,975	215	2,003	5,193
2024	3,050	220	1,850	5,120
Thereafter	27,228	980	1,097	29,305
TOTAL	**$ 41,564**	**$ 3,444**	**$ 12,360**	**$ 57,368**

For fiscal year 2019, rental expense for all Foundations was $6.2 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, 2019, there were outstanding student loan balances under the program of approximately $21.5 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, 2019, the reserve account balances totaled $263,236. 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 $70.1 million for the year ended June 30, 2019. Approximately $10.8 million of the fiscal year payments were provided through the Medical Center for the purpose of treating indigent and Medicaid patients. UPG contributed approximately $28.6 million to the University in support of various academic programs, equipment, teaching and research for the year ended June 30, 2019.

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, 2019, the outstanding balance due to UVA was $61.1 million.

Note 9

Expense Classification Matrix

The composition of the University's operating expenses by functional classification for the year ended June 30, 2019, is as follows:

OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION *(in thousands)*	**COMPENSATION AND BENEFITS**	**SUPPLIES, UTILITIES, AND OTHER SERVICES**	**STUDENT AID**	**DEPRECIATION**	**OTHER**	**TOTAL**
Instruction	$ 408,315	$ 53,346	$ 6,330	$ -	$ 1,703	$ 469,694
Research	264,834	140,727	18,818	-	1,025	425,404
Public service	26,403	25,594	795	-	602	53,394
Academic support	143,062	39,997	596	-	496	184,151
Student services	38,007	14,615	287	-	253	53,162
Institutional support	142,407	98,786	439	-	648	242,280
Operation of plant	98,256	14,686	-	-	208	113,150
Student aid	2,400	4,848	77,033	-	175	84,456
Auxiliary	85,772	62,915	495	-	446	149,628
Depreciation	-	-	-	141,376	-	141,376
Patient services	739,912	781,497	-	102,444	-	1,623,853
Other	8,519	1,118	-	-	2,373	12,010
Central services recoveries	-	(32,470)	-	-	-	(32,470)
TOTAL OPERATING EXPENSES	**$ 1,957,887**	**$ 1,205,659**	**$ 104,793**	**$ 243,820**	**$ 7,929**	**$ 3,520,088**

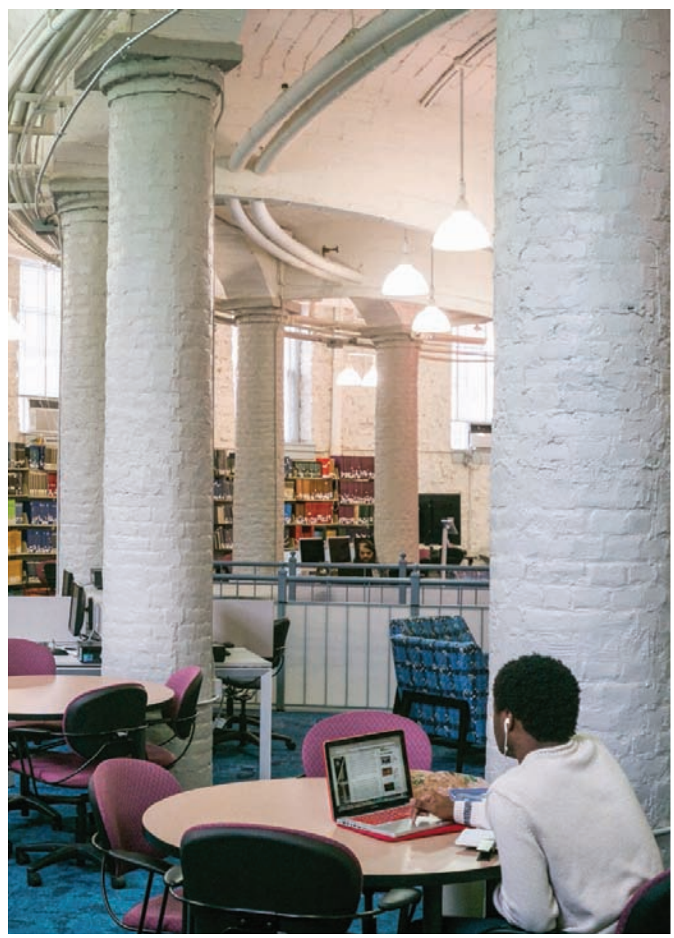
Note 10

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, 2019, is provided in the following chart:

APPROPRIATIONS *(in thousands)*	
Original legislative appropriation per Chapter 854	$ 147,411
Adjustments:	
Financial aid - General Fund	14,743
Financial assistance for educational and general	12,998
TOTAL	**$ 175,152**



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, creditable service 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, creditable service 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, creditable service 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 non-hazardous duty covered 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. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	**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. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	**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** State employees 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** 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**
Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service 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.	**Creditable Service** Same as Plan 1.	**Creditable Service** **Defined Benefit Component:** Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service 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, creditable service 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 creditable service. 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 creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service 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 by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**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 creditable service 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 creditable service or at age 50 with at least 30 years of creditable service. **VaLORS:** Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	**Earliest Unreduced Retirement Eligibility** **VRS:** Normal Social Security retirement age with at least five years (60 months) of creditable service 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 creditable service 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 creditable service or age 50 with at least 10 years of creditable service. **VaLORS:** Age 50 with at least five years of creditable service.	**Earliest Reduced Retirement Eligibility** **VRS:** Age 60 with at least five years (60 months) of creditable service. **VaLORS:** Same as Plan 1.	**Earliest Reduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** Age 60 with at least five years (60 months) of creditable service. **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 creditable service, 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 creditable service, 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 under the Virginia Sickness and Disability Program (VSDP). • 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 For 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** For 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 creditable service in their plan. Prior creditable service 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, 2019, 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 24.88 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 $50.9 million and $48 million for the years ended June 30, 2019, and June 30, 2018, respectively. Contributions from the University to the VaLORS Retirement Plan were $718,919 and $649,117 for the years ended June 30, 2019, and June 30, 2018, respectively.

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

At June 30, 2019, the University reported a liability of $468.7 million for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability (NPL) and a liability of $5.5 million for its proportionate share of the VaLORS Retirement Plan NPL. The NPL was measured as of June 30, 2018, and the total pension liability used to calculate the NPL was determined by an actuarial valuation as of that date. 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, 2018, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the University's proportion of the VRS State Employee Retirement Plan was 8.66 percent as compared to 8.59 percent at June 30, 2017. At June 30, 2018, the University's proportion of the VaLORS Retirement Plan was 0.89 percent as compared to 0.87 percent at June 30, 2017.

For the year ended June 30, 2019, the University recognized pension expense of $26.3 million for the VRS State Employee Retirement Plan and $416,000 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2017, and June 30, 2018, 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, 2019, 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	$ 3	$ 28,488
Change in assumptions	3,139	195
Net difference between projected and actual earnings on pension plan investments	-	12,338
Changes in proportion and differences between Employer contributions and proportionate share of contributions	15,538	1,911
Employer contributions subsequent to the measurement date	51,581	-
TOTAL	**$ 70,261**	**$ 42,932**

Deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date of $51.6 million will be recognized as a reduction of the NPL in the year ended June 30, 2020. 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)*	
2020	$ 1,272
2021	(3,493)
2022	(20,711)
2023	(1,320)
TOTAL	**$ (24,252)**

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, 2017, 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, 2018.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 5.35 percent
Investment rate of return	7 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 7 percent. However, since the difference was minimal, and a more conservative 7 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 7.0 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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%

Actuarial Assumptions: VaLORS Retirement Plan

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 4.75 percent
Investment rate of return	7 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 7 percent. However, since the difference was minimal, and a more conservative 7 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 7 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; 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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%

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, 2018, 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	$ 23,945,821	$ 2,047,161
Less: Plan fiduciary net position	(18,532,189)	(1,423,980)
EMPLOYERS' NET PENSION LIABILITY	**$ 5,413,632**	**$ 623,181**
Plan fiduciary net position as a percentage of the total pension liability	77.39%	69.56%

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	40%	4.54%	1.82%
Fixed income	15%	0.69%	0.10%
Credit strategies	15%	3.96%	0.59%
Real assets	15%	5.76%	0.86%
Private equity	15%	9.53%	1.43%
TOTAL	**100%**		**4.80%**
Inflation			2.50%
Expected arithmetic nominal return*			7.30%

** The above allocation provides a one-year return of 7.3 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 6.83 percent, including expected inflation of 2.5 percent.*

Discount Rate

The discount rate used to measure the total pension liability was 7 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, 2018, 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, 2018 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 7 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 (6 percent) or one percentage point higher (8 percent) than the current rate:

SENSITIVITY OF NET PENSION LIABILITY *(in thousands)*	**1% DECREASE (6%)**	**CURRENT DISCOUNT RATE (7%)**	**1% INCREASE (8%)**
The University's proportionate share of the VRS State Employee Retirement Plan net pension liability	$ 709,573	$ 468,658	$ 265,850
The University's proportionate share of the VaLORS Retirement Plan net pension liability	7,873	5,548	3,624
TOTAL NET PENSION LIABILITY	**$ 717,446**	**$ 474,206**	**$ 269,474**

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 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at **https://www.varetire.org/Pdf/Publications/2018-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 $1.5 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 $70.1 million and were calculated using base salaries of $943.3 million, for the year ended June 30, 2019. The contribution percentage amounted to 7.4 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, or $40 per month. 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, 2019.

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 $4.6 million for the year ended June 30, 2019.

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, 2019, the University contributed $1.7 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, Virginia Sickness and Disability Program (VSDP), and Line of Duty Act (LODA) program. 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 the 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 program 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. • **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 Health Insurance Credit 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. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to $8,279 effective July 1, 2018.	**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 LTD 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, 2019 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 $1.9 million and $2.1 million for the years ended June 30, 2019 and June 30, 2018, 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, 2019 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 $14.9 million and $14.7 million for the years ended June 30, 2019 and June 30, 2018, 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, 2019 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 $38,817 and $34,936 for the years ended June 30, 2019 and June 30, 2018, 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, 2019 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 million and $2 million for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the University reported a liability of $197.4 million for its proportionate share of the Net OPEB Liability (NOL) for GLI, HIC, and LODA Programs. At June 30, 2019, the University reported an asset of $17 million for its proportionate share of the Net VSDP OPEB Asset (NOA). The NOL/(NOA) was measured as of June 30, 2018 and the total OPEB liability used to calculate the NOL/(NOA) was determined by an actuarial valuation as of that date.

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, 2018 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, 2018 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, 2018 and June 30, 2017.

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%)

University's proportion of contributions, as of June 30, 2017

DIVISION	GLI	HIC	LODA	VSDP
Academic - State Employees	1.5860%	11.3252%	N/A	(7.2587%)
Academic - Law Officers	0.0143%	0.0404%	0.2683%	(0.0520%)
Medical Center	0.1857%	6.3864%	N/A	N/A
College at Wise - State Employees	0.0474%	0.2553%	N/A	(0.2027%)
College at Wise - Law Officers	0.0020%	0.0058%	0.0474%	(0.0084%)

For the year ended June 30, 2019, the University recognized OPEB expense of $18.1 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, 2019, the agency reported deferred outflows of resources and deferred inflows of resources related to the VRS administered 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	$ 1,643	$ 1,242
Net difference between projected and actual earnings on OPEB plan investments	-	2,206
Change in assumptions	-	3,823
Changes in proportion	12,057	576
Employer contributions subsequent to the measurement date	18,839	-
TOTAL	**$ 32,539**	**$ 7,847**

$18.8 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense in future reporting periods as follows:

YEAR ENDING JUNE 30 *(in thousands)*	
2020	$ 1,144
2021	1,122
2022	1,124
2023	1,789
2024	795
Thereafter	(121)
TOTAL	**$ 5,853**

ACTUARIAL ASSUMPTIONS

The total OPEB liability for all VRS Programs was based on an actuarial valuation as of June 30, 2017, 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, 2018.

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%	3.5 - 5.35%	3.5 - 5.35%
Teachers	3.5 - 5.95%	N/A	N/A	N/A
SPORS	3.5 – 4.75 %	3.5 – 4.75 %	3.5 – 4.75 %	3.5 – 4.75 %
VaLORS	3.5 – 4.75 %	3.5 – 4.75 %	3.5 – 4.75 %	3.5 – 4.75 %
JRS	4.5%	4.5%	N/A	N/A
Locality - Hazardous Duty	3.5 – 4.75%	N/A	3.5 – 4.75%	N/A
Locality - General	3.5 – 5.35%	N/A	N/A	N/A

LODA Medical cost trend rates assumption:

Under age 65	7.75 percent – 5 percent
Ages 65 and older	5.75 percent – 5 percent
LODA Year of Ultimate Trend Rate	Fiscal year ended 2024
Investment rate of return	7 percent (3.89 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 7 percent (3.89 percent for LODA). However, since the difference was minimal, and a more conservative 7 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 7 percent 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 3.89 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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%

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, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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

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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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%

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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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%

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, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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

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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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)

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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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
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.

** 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.*

Changes to the LODA Program Associated with HB 1345 (2016) and HB 2243 (2017)

The following changes were made to the LODA program as a result of legislation in 2016 and 2017, but were specifically not considered in the June 30, 2017 actuarial valuation results which were rolled forward to the measurement date of June 30, 2018. There is limited actuarial experience on which to base the adjustments and the combined impact of the changes was not considered to be material to the final results. These changes will be monitored and factored into future actuarial valuations for the LODA program if and when sufficient experience develops.

- The discontinuance of spouse health care coverage, if a covered spouse divorces a disabled employee or a covered surviving spouse remarries.
- The potential for the periodic review of the disability status of a disabled employee.
- For those beneficiaries who become eligible for health care benefits as the result of a disability occurring after June 30, 2017, the suspension of health care benefits in years when the System certifies current income exceeds salary at the time of the disability, idexed for inflation.

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 June 30, 2018, NOL and NOA amounts for these programs is as follows:

NET OPEB LIABILITY (ASSET) *(in thousands)*	GLI	HIC	LODA	VSDP
Total OPEB liability	$ 3,113,508	$ 1,008,184	$ 315,395	$ 237,733
Less: Plan fiduciary net position	(1,594,773)	(95,908)	(1,889)	(462,961)
EMPLOYER'S NET OPEB LIABILITY (ASSET)	**$ 1,518,735**	**$ 912,276**	**$ 313,506**	**$ (225,228)**
Plan fiduciary net position as a percentage of the total OPEB liability	51.22%	9.51%	0.60%	194.74%

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.

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	WEIGHTED AVERAGE LONG-TERM EXPECTED RATE OF RETURN
Public equity	40%	4.54%	1.82%
Fixed income	15%	0.69%	0.10%
Credit strategies	15%	3.96%	0.59%
Real assets	15%	5.76%	0.86%
Private equity	15%	9.53%	1.43%
TOTAL	**100%**		**4.80%**
Inflation			2.50%
Expected arithmetic nominal return*			7.30%

** The above allocation provides a one-year return of 7.3 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 6.83 percent, including expected inflation of 2.5 percent.*

Long-Term Expected Rate of Return - LODA

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.89 percent for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 7 percent assumption. Instead, the assumed annual rate of return of 3.89 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, 2018.

Discount Rate

The discount rate used to measure the total GLI, HIC, and VSDP OPEB liability was 7 percent and 3.89 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 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, 2018, 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, 2018 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.

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 7 percent (3.89 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	$ 224,022	$ 197,381	$ 174,894
Employer's proportionate share of the VRS administered net OPEB asset	(16,435)	(17,048)	(17,566)

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 5 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 4%)	Health Care Trend Rates (7.75% decreasing to 5%)	1% Increase (8.75% decreasing to 6%)
Covered employer's proportionate share of the total LODA net OPEB liability	$ 854	$ 1,002	$ 1,187

VRS Administered OPEB Programs' Fiduciary Net Position

Detailed information about the VRS administered OPEBs' Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at **http://www.varetire.org/Pdf/Publications/2018-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, 2019, 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 2019, the University and Medical Center contributed $7,623 to the plan for retiree costs. Retirees receiving benefits contributed $3.9 million, or approximately 99.8 percent of the total costs, through their required contributions, ranging from $757 to $3,895 per month.

The actuarial valuation was based on personnel information from University records as of July 1, 2018. 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

The University's total OPEB liability (TOL) for University administered programs of $58.3 million for the fiscal year ending June 30, 2019 was measured as of July 1, 2018, and was determined by an actuarial valuation as of July 1, 2018.

For the year ended June 30, 2019, the University recognized an OPEB expense of $4.3 million. At June 30, 2019, the University 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	$ -	$ (25,407)
Changes in assumptions or other inputs	-	(27,095)
Transactions subsequent to the measurement date	13	-
TOTAL	**$ 13**	**$ (52,502)**

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)*	
2020	$ (7,434)
2021	(7,434)
2022	(7,434)
2023	(7,434)
2024	(6,760)
Thereafter	(16,008)
TOTAL	**$ (52,502)**

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	3.87 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 again, and various demographic assumptions.
Mortality rates	For healthy annuitants: Pub TH-2010 employees and healthy annuitants mortality table projected generationally using Scale MP-2018 for faculty and Pub GH-2010 employees and healthy annuitants mortality table projected generationally using Scale MP-2018 for non-faculty. For disabled annuitants: Pub TH-2010 disabled mortality table projected generationally using Scale MP-2018 for faculty and Pub GH-2010 disabled mortality table projected generationally using Scale MP-2018 for non-faculty.

Total OPEB Liability

TOTAL OPEB LIABILITY *(in thousands)*	
BEGINNING BALANCE AS OF JUNE 30, 2018	**$ 101,081**
Changes for the year:	
Service cost	7,849
Interest	3,883
Expected vs actual experience	(28,669)
Changes in assumptions *	(24,864)
Benefit payments	(951)
ENDING BALANCE AS OF JUNE 30, 2019	**$ 58,329**

** Changes of assumptions reflect the following:*

- *A change in the discount rate from 3.58 percent in 2018 to 3.87 percent in 2019.*
- *A change in the employees and healthy annuitants mortality assumption from aggregate 2006 base rates from the RP-2014 mortality study projected generationally from 2006 using Scale MP-2015 to 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.*
- *A change in the disability mortality assumption from aggregate 2006 base rates from the RP-2014 mortality study projected generationally from 2006 using Scale MP-2015 to the Pub TH 2010 disabled retirees mortality table projected generationally using Scale MP-2018 for faculty and the Pub GH-2010 disabled mortality table projected generationally using Scale MP-2018 for non-faculty.*

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 (2.87 percent) or one percentage point higher (4.87 percent) than the current discount rate:

SENSITIVITY OF TOTAL OPEB LIABILITY TO CHANGES IN DISCOUNT RATE *(in thousands)*	1% DECREASE (2.87%)	DISCOUNT RATE (3.87%)	1% INCREASE (4.87%)
TOTAL OPEB LIABILITY	$ 64,585	$ 58,329	$ 53,021

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	$ 53,922	$ 58,329	$ 63,466

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, 2019, was $39.8 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, 2019, was $14.4 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

Authorized expenditures for construction and other projects unexpended as of June 30, 2019, were approximately $379.5 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 $30 million for the year ended June 30, 2019.

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**
2020	$ 17,988
2021	12,116
2022	8,730
2023	6,760
2024	3,649
2025-29	14,083
2030-34	2,942
TOTAL	**$ 66,268**

In June 2017, the Medical Center was advised that Palmetto GBA, LLC had overpaid renal outlier payments for fiscal years 2014–2017 by $7.5 million. A liability was created in the University's financial statements for this amount as of June 30, 2018. In April 2019, CMS instructed UVA to pay back $4.8 million of the total $7.5 million. The issue remains unresolved, but the Medical Center believes it is probable that a reserve is needed for the remainder, $2.7 million. UVA continues fighting this issue for the entire amount, $7.5 million, in the Medicare courts. The statute of limitation on this issue runs out for the remaining balance of $2.7 million on June 30, 2020. The Medical Center will either remove or pay the remaining balance by the end of FY 2020.

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

Subsequent Events

In July 2019, the University completed the sale of the Northern Virginia Center to Virginia Tech for $8.2 million. The University recognized a net gain on sale on the transaction of $5.3 million.

On September 5, 2019, the University issued $350 million in taxable General Revenue Pledge Bonds, Series 2019A. The bonds were issued with a coupon rate of 3.227 percent and are due on September 1, 2119. The proceeds will primarily be used to fund capital projects at the University's academic facilities and refund a portion of the outstanding principal balance of the University's commercial paper notes.

On September 10, 2019, the University issued $150 million in tax-exempt General Revenue Pledge Bonds, Series 2019B. $50 million of the bonds mature on September 1, 2049 and have an issued coupon rate of five percent. $100 million of the bonds mature on September 1, 2054 and have an issued coupon rate of three percent. The proceeds will primarily be used to fund capital projects at the University's medical center facilities and refund a portion of the outstanding principal balance of the University's commercial paper notes.

On September 10, 2019, the University issued an additional $287.4 million in taxable General Revenue Pledge Refunding Bonds, Series 2019C. The bonds were issued with a coupon rate of 2.974 percent and mature September 1, 2049. The proceeds of the bonds will primarily be used to advance refund a portion of the University's Series 2011, Series 2013A, and Series 2013B bonds originally issued to fund academic and medical center capital projects.

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					VaLORS RETIREMENT PLAN				
	2019	2018	2017	2016	2015	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	8.66%	8.59%	8.28%	8.19%	8.12%	0.89%	0.87%	0.80%	0.86%	0.79%
Employer's proportionate share of the net pension liability	$ 468,658	$ 500,697	$ 545,568	$ 501,446	$ 454,655	$ 5,548	$ 5,689	$ 6,218	$ 6,144	$ 5,294
Covered payroll	$ 371,724	$ 352,738	$ 332,184	$ 318,920	$ 314,268	$ 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	126.08%	141.95%	164.24%	157.23%	144.67%	164.78%	174.78%	201.56%	202.37%	171.44%
Plan fiduciary net position as a percentage of the total pension liability	77.39%	75.33%	71.29%	72.81%	74.28%	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 2019 is the fifth year for this presentation, only five 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	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	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 2019 is the fifth year for this presentation, only five 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 following changes in actuarial assumptions were made for the VRS State Employee Retirement Plan effective June 30, 2016, based on the most recent experience study of the System for the four-year period ending June 30, 2016:

-- 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

The following changes in actuarial assumptions were made for the VaLORS Retirement Plan effective June 30, 2016, based on the most recent experience study of the System for the four-year period ending June 30, 2016:

-- 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

POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS - VIRGINIA RETIREMENT SYSTEM OPEBS

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY (ASSET)* *(in thousands)*	**2019**	**2018**
EMPLOYER'S PROPORTION OF THE NET OPEB LIABILITY (ASSET) BY PLAN AND EMPLOYEE TYPE		
GLI OPEB Liability (Asset)		
University Employees - VRS	1.619%	1.586%
University Employees - VaLORS	0.014%	0.014%
Medical Center Employees - VRS	0.184%	0.186%
College at Wise Employees - VRS	0.046%	0.047%
College at Wise Employees - VaLORS	0.002%	0.002%
HIC OPEB Liability (Asset)		
University Employees - VRS	11.596%	11.325%
University Employees - VaLORS	0.040%	0.040%
Medical Center Employees - VRS	6.533%	6.386%
College at Wise Employees - VRS	0.249%	0.255%
College at Wise Employees - VaLORS	0.006%	0.006%
LODA OPEB Liability (Asset)		
University Employees - VRS	N/A	N/A
University Employees - VaLORS	0.272%	0.268%
Medical Center Employees - VRS	N/A	N/A
College at Wise Employees - VRS	N/A	N/A
College at Wise Employees - VaLORS	0.048%	0.047%
VSDP OPEB Liability (Asset)		
University Employees - VRS	(7.309%)	(7.259%)
University Employees - VaLORS	(0.051%)	(0.052%)
Medical Center Employees - VRS	N/A	N/A
College at Wise Employees - VRS	(0.197%)	(0.203%)
College at Wise Employees - VaLORS	(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	$ 24,583	$ 23,866
University Employees - VaLORS	216	216
Medical Center Employees - VRS	2,793	2,794
College at Wise Employees - VRS	704	713
College at Wise Employees - VaLORS	30	31
HIC OPEB Liability (Asset)		
University Employees - VRS	$ 105,773	$ 103,119
University Employees - VaLORS	366	368
Medical Center Employees - VRS	59,595	58,152
College at Wise Employees - VRS	2,268	2,324
College at Wise Employees - VaLORS	51	52
LODA OPEB Liability (Asset)		
University Employees - VRS	N/A	N/A
University Employees - VaLORS	$ 852	$ 705
Medical Center Employees - VRS	N/A	N/A
College at Wise Employees - VRS	N/A	N/A
College at Wise Employees - VaLORS	150	124
VSDP OPEB Liability (Asset)		
University Employees - VRS	$ (16,471)	$ (14,896)
University Employees - VaLORS	(116)	(107)
Medical Center Employees - VRS	N/A	N/A
College at Wise Employees - VRS	(443)	(417)
College at Wise Employees - VaLORS	(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 2019 is the second year for this presentation, only two 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)*	**2019**	**2018**
EMPLOYER'S COVERED PAYROLL		
GLI OPEB Liability (Asset)		
University Employees - VRS	$ 307,783	$ 292,551
University Employees - VaLORS	2,704	2,772
Medical Center Employees - VRS	34,969	40,629
College at Wise Employees - VRS	8,812	8,532
College at Wise Employees - VaLORS	376	375
HIC OPEB Liability (Asset)		
University Employees - VRS	$ 780,764	$ 739,172
University Employees - VaLORS	2,700	2,761
Medical Center Employees - VRS	439,856	423,097
College at Wise Employees - VRS	16,734	15,960
College at Wise Employees - VaLORS	376	378
LODA OPEB Liability (Asset)**		
University Employees - VRS	N/A	N/A
University Employees - VaLORS	$ 3,019	$ 3,254
Medical Center Employees - VRS	N/A	N/A
College at Wise Employees - VRS	N/A	N/A
College at Wise Employees - VaLORS	348	375
VSDP OPEB Liability (Asset)		
University Employees - VRS	$ 288,230	$ 291,594
University Employees - VaLORS	2,030	2,237
Medical Center Employees - VRS	N/A	N/A
College at Wise Employees - VRS	7,762	7,993
College at Wise Employees - VaLORS	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	7.987%	8.158%
University Employees - VaLORS	7.988%	7.792%
Medical Center Employees - VRS	7.987%	6.877%
College at Wise Employees - VRS	7.989%	8.357%
College at Wise Employees - VaLORS	7.979%	8.267%
HIC OPEB Liability (Asset)		
University Employees - VRS	13.547%	13.951%
University Employees - VaLORS	13.556%	13.329%
Medical Center Employees - VRS	13.549%	13.744%
College at Wise Employees - VRS	13.553%	14.561%
College at Wise Employees - VaLORS	13.564%	13.757%
LODA OPEB Liability (Asset)**		
University Employees - VRS	N/A	N/A
University Employees - VaLORS	28.221%	21.666%
Medical Center Employees - VRS	N/A	N/A
College at Wise Employees - VRS	N/A	N/A
College at Wise Employees - VaLORS	43.103%	33.067%
VSDP OPEB Liability (Asset)		
University Employees - VRS	(5.715%)	(5.108%)
University Employees - VaLORS	(5.714%)	(4.783%)
Medical Center Employees - VRS	N/A	N/A
College at Wise Employees - VRS	(5.707%)	(5.217%)
College at Wise Employees - VaLORS	(5.714%)	(5.060%)
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY		
GLI OPEB Liability	51.22%	48.86%
HIC OPEB Liability	9.51%	8.03%
LODA OPEB Liability	0.60%	1.30%
VSDP OPEB Liability	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 2019 is the second year for this presentation, only two 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 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.*

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	2019	$ 1,932	$ 1,932	$ -	$ 371,530	0.52%
	2018	2,069	2,069	-	354,644	0.58%
HIC	2019	$ 14,907	$ 14,907	$ -	$ 1,250,372	1.19%
	2018	14,721	14,721	-	1,240,430	1.19%
LODA	2019	$ 39	$ 39	$ -	$ 4,011	0.97%
	2018	35	35	-	3,367	1.04%
VSDP	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 2019 is the second year for this presentation, only two 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 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.*

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 - Details regarding the changes of assumptions made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016 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)*	2019	2018
TOTAL OPEB LIABILITY		
Retiree Health Plan	$ 44,652	$ 78,230
Optional Retirement Retiree Life Insurance	13,677	22,851
COVERED-EMPLOYEE PAYROLL		
Retiree Health Plan	$ 522,750	$ 482,636
Optional Retirement Retiree Life Insurance	334,350	481,884
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL		
Retiree Health Plan	8.54%	16.21%
Optional Retirement Retiree Life Insurance	4.09%	4.74%

** Schedule is intended to show information for 10 years. Since 2019 is the second year for this presentation, only two 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 2018-19

Prepared by UVAFinance

Melody S. Bianchetto *Vice President for Finance*
Thomas C. Schneeberger *Director of Financial Reporting*
Jacob 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: Melvin Mallory, 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: Catherine Spear, 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: Emily Babb, Assistant Vice President for Title IX Compliance/Title IX Coordinator, O'Neil Hall, Room 037, (434) 297-7643, ecb6y@virginia.edu or TitleIXCoordinator@virginia.edu.

FINANCIAL REPORT 2018-19

UNIVERSITY of VIRGINIA

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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 2020 Bonds), as described in **"INTRODUCTION – The Master Resolution", THE SERIES 2020 BONDS"** and **"SECURITY FOR THE SERIES 2020 BONDS"** in this Official Statement, the Master Resolution also contains other provisions and covenants of the University relating to the Bonds (including the Series 2020 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 2020 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.

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APPENDIX D

BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream Banking (DTC, Euroclear and Clearstream Banking together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the University believes to be reliable, but neither the University nor the Underwriters take any responsibility for the accuracy, completeness or adequacy of the information in this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. The University will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Series 2020 Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

THE UNIVERSITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2020 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2020 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2020 BONDS.

Clearing Systems

DTC Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, New York will act as securities depository for the Series 2020 Bonds. The Series 2020 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 2020 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 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of the Series 2020 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 2020 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 2020 Bonds, except in the event that use of the book-entry-only system for the Series 2020 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2020 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 2020 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 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2020 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 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020 Bonds, such as redemptions, defaults, and proposed amendments to the Master Resolution or the Series Resolution. For example, Beneficial Owners of the Series 2020 Bonds may wish to ascertain that the nominee holding the Series 2020 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 2020 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 2020 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 2020 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 2020 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 2020 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 2020 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 2020 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 Underwriters believe to be reliable, but the University, the Paying Agent and the Underwriters take no responsibility for the accuracy thereof.

Each person for whom a Participant acquires an interest in the Series 2020 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 UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2020 BONDS.

So long as Cede & Co. is the registered owner of the Series 2020 Bonds, as nominee for DTC, references herein to Bondholders or registered owners of the Series 2020 Bonds shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2020 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 2020 Bonds if the University determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2020 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 UNDERWRITERS 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 2020 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 2020 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 2020 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2020 BONDS; OR (VI) ANY OTHER MATTER.

Euroclear and Clearstream Banking

Euroclear and Clearstream Banking each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream Banking provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream Banking also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream Banking have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream Banking customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream Banking is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

Clearing and Settlement Procedures

The Series 2020 Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, or Clearstream Banking and Euroclear in Europe if the investors are participants in those systems, or indirectly through organizations that are participants in the systems. For any of such Bonds, the record holder will be DTC's nominee Clearstream Banking and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream Banking's and Euroclear's names on the books of their respective depositories.

The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream Banking or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream Banking or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream Banking or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities settled during the processing will be reported to the relevant Euroclear participant or Clearstream Banking participant on that business day. Cash received in Clearstream Banking or Euroclear as a result of sales of securities by or through a Clearstream Banking participant or Euroclear participant to a Direct Participant, other than the depository for Clearstream Banking or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream Banking or Euroclear cash account only as of the business day following settlement in DTC.

Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream Banking participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream Banking participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream Banking participants or Euroclear participants may not deliver instructions directly to the depositories.

The University will not impose any fees in respect of holding the Series 2020 Bonds; however, holders of book-entry interests in the Series 2020 Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in the Clearing Systems.

Initial Settlement

Interests in the Series 2020 Bonds will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Series 2020 Bonds through Euroclear and Clearstream Banking accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Series 2020 Bonds will be credited to Euroclear and Clearstream Banking participants' securities clearance accounts on the business day following the date of delivery of the Series 2020 Bonds against payment (value as on the date of delivery of the Series 2020 Bonds). Direct Participants acting on behalf of purchasers electing to hold book-entry interests in the Series 2020 Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. Direct Participants' securities accounts will be credited with book-entry interests in the Series 2020 Bonds following confirmation of receipt of payment to the University on the date of delivery of the Series 2020 Bonds.

Secondary Market Trading

Secondary market trades in the Series 2020 Bonds will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream Banking or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the Series 2020 Bonds may be transferred within Euroclear and within Clearstream Banking and between Euroclear and Clearstream Banking in accordance with procedures established for these purposes by Euroclear and Clearstream Banking. Book-entry interests in the Series 2020 Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the Series 2020 Bonds between Euroclear or Clearstream Banking and DTC may be effected in accordance with procedures established for this purpose by Euroclear, Clearstream Banking and DTC.

General

None of Euroclear, Clearstream Banking or DTC is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

Neither the University nor any of its agents will have any responsibility for the performance by Euroclear, Clearstream Banking or DTC or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

The information herein concerning Euroclear, Clearstream Banking and DTC has been obtained from sources that the University and the Underwriters believe to be reliable, but the University and the Underwriters take no responsibility for the accuracy thereof.

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 2020 Bonds. It is preliminary and subject to change prior to the delivery of the Series 2020 Bonds.

[Letterhead of McGuireWoods LLP]

July 21, 2020

The Rector and Visitors of
the University of Virginia
Charlottesville, Virginia

The Rector and Visitors of the University of Virginia
General Revenue Pledge and Refunding Bonds
Series 2020 (Federally Taxable)

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 $600,000,000 General Revenue Pledge and Refunding Bonds Series 2020 (Federally Taxable) (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 April 27, 2020 (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 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 is includable in the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

7. The income derived from the Bonds, including from their sale or exchange, is excludable from the gross income of the owners thereof for purposes of income taxation by the Commonwealth or any political subdivision or instrumentality thereof.

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 8, 2020, and the Official Statement of the University dated July 14, 2020. 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 $600,000,000 aggregate principal amount of its General Revenue Pledge and Refunding Bonds, Series 2020 (Federally Taxable) (the "Series 2020 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 2020 Bonds (collectively, the "Bond Resolutions"). The University has approved the marketing of the Series 2020 Bonds by the Participating Underwriters (as hereinafter defined) pursuant to an Official Statement dated July 14, 2020, relating to the Series 2020 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 2020 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 2020 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 2020 Bonds required to comply with the Rule in connection with the offering of the Series 2020 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 2020 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 2020 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 2020 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 2020 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 2020 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 2020 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 2020 Bonds. If such termination occurs prior to the final maturity of the Series 2020 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 2020 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 2020 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, 2020.

THE RECTOR AND VISITORS OF
THE UNIVERSITY OF VIRGINIA

By: ______________________________
Name: ___________________________
Title: ____________________________

THE RECTOR AND VISITORS OF THE UNIVERSITY OF VIRGINIA • General Revenue Pledge and Refunding Bonds, Series 2020 (Federally Taxable)

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