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, interest on the Series 2019A Bonds is (i) includable in the gross income of the owners thereof for federal income tax purposes, and (ii) excludable from gross income for purposes of income taxation by the Commonwealth of Virginia. See **"TAX MATTERS"** herein.*

$350,000,000
THE RECTOR AND VISITORS OF THE UNIVERSITY OF VIRGINIA
General Revenue Pledge Bonds
Series 2019A (Federally Taxable)

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

The offered bonds identified above (the "Series 2019A 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 2019A Bonds under a book-entry only system. Accordingly, Beneficial Owners of the Series 2019A Bonds will not receive physical delivery of bond certificates. See **Appendix D** attached hereto. The Series 2019A 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 2019A 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 2019A Bonds may be made in the principal amount of $5,000 or any integral multiple thereof. Interest on the Series 2019A Bonds is payable semi-annually on each March 1 and September 1 commencing on March 1, 2020.

The Series 2019A Bonds are subject to 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 2019A Bonds.

THE SERIES 2019A 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 2019A 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 2019A 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 2019A BONDS OR OTHER COSTS INCIDENT THERETO. THE UNIVERSITY HAS NO TAXING POWERS.

The Series 2019A 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 Sanders LLP, Richmond, Virginia. The Series 2019A Bonds are expected to be available for delivery through the facilities of DTC, New York, New York, or its custodial agent, on or about September 12, 2019.

Barclays

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

Dated: September 5, 2019

$350,000,000
The Rector and Visitors of the University of Virginia
General Revenue Pledge Bonds
Series 2019A (Federally Taxable)

$350,000,000, 3.227% Bonds Due September 1, 2119,
Price 100%, CUSIP[(1)] 915217 XA6

[(1)] CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for the CUSIP Service. CUSIP numbers have been assigned by an independent company not affiliated with the University and are included solely for the convenience of the registered owners of the Series 2019A Bonds. None of the University, the Financial Advisor nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Series 2019A Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2019A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance and other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2019A Bonds.

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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 2019A 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 2019A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Series 2019A Bonds are exempt from registration under Section 3(a)(2) of the Securities Act of 1933, as amended. The Series 2019A Bonds are also exempt from registration under the securities laws of the Commonwealth of Virginia.

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.

INFORMATION COVERING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

REFERENCES IN THIS SECTION TO THE "ISSUER" MEAN THE UNIVERSITY AND REFERENCES TO "BONDS" OR "SECURITIES" MEAN THE SERIES 2019A BONDS OFFERED HEREBY.

Minimum Unit Sales

THE SERIES 2019A BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF $1,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 150 UNITS (BEING 150 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF $150,000).

Notice to Investors in the European Economic Area ("EEA")

THE SERIES 2019A 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 THE EUROPEAN ECONOMIC AREA ("EEA"). 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"); OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE "INSURANCE DISTRIBUTION DIRECTIVE'), 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 (EU) 2017/1129 (THE "PROSPECTUS REGULATION"). THE EXPRESSION AN "OFFER" INCLUDES THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE SECURITIES TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE OR SUBSCRIBE FOR THE SECURITIES. CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) 1286/2014 (AS AMENDED, THE "PRIIPS REGULATION') FOR OFFERING OR SELLING THE SERIES 2019A BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE SERIES 2019A BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THIS OFFERING MEMORANDUM HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE SERIES 2019A BONDS TO ANY PERSON THAT IS LOCATED WITHIN A MEMBER STATE OF THE EEA WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 1(4) OF THE PROSPECTUS REGULATION, AS IMPLEMENTED IN MEMBER STATES OF THE EEA, FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE SERIES 2019A BONDS. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THE EEA OF THE SERIES 2019A BONDS SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE UNIVERSITY OR ANY OF THE UNDERWRITERS TO PROVIDE A PROSPECTUS FOR SUCH OFFER. NEITHER THE UNIVERSITY NOR THE UNDERWRITERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF SERIES 2019A BONDS THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE UNDERWRITERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE SERIES 2019A BONDS CONTEMPLATED IN THIS OFFERING MEMORANDUM.

THE OFFER OF ANY SERIES 2019A BONDS WHICH IS THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS OFFERING MEMORANDUM IS NOT BEING MADE AND WILL NOT BE MADE TO THE PUBLIC IN THAT MEMBER STATE, OTHER THAN: (A) TO ANY LEGAL ENTITY WHICH IS A "QUALIFIED INVESTOR" AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION; (B) TO FEWER THAN 150 NATURAL OR LEGAL PERSONS (OTHER THAN "QUALIFIED INVESTORS'' AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION), SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE RELEVANT UNDERWRITER OR THE UNIVERSITY FOR ANY SUCH OFFER OR (C) IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 1(4) OF THE PROSPECTUS REGULATION; PROVIDED THAT NO SUCH OFFER OF THE SERIES 2019A BONDS SHALL REQUIRE THE UNIVERSITY OR ANY UNDERWRITER TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS REGULATION OR A SUPPLEMENT TO A PROSPECTUS PURSUANT TO ARTICLE 23 OF THE PROSPECTUS REGULATION.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN "OFFER OF SECURITIES TO THE PUBLIC" IN RELATION TO THE SERIES 2019A BONDS IN ANY MEMBER STATE MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE SERIES 2019A BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE OR SUBSCRIBE FOR THE SERIES 2019A BONDS.

EACH SUBSCRIBER FOR OR PURCHASER OF THE SERIES 2019A BONDS IN THE OFFERING LOCATED WITHIN A MEMBER STATE WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A "QUALIFIED INVESTOR" AS DEFINED IN THE PROSPECTUS REGULATION. THE UNIVERSITY AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

Notice to Prospective Investors in the United Kingdom

THIS OFFERING MEMORANDUM 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. THIS OFFERING MEMORANDUM IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS WHO (I) ARE OUTSIDE OF THE UNITED KINGDOM, (II) 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"), (III) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER OR (IV) 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 SERIES 2019A BONDS MAY OTHERWISE BE LAWFULLY COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS''). THIS OFFERING MEMORANDUM IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFERING MEMORANDUM 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 ACT OR RELY ON THIS OFFERING MEMORANDUM OR ANY OF ITS CONTENTS.

Notice to Prospective Investors in Hong Kong

THE SERIES 2019A 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 (CAP. 32 OF THE LAWS OF HONG KONG) ("COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE') OR (II) TO "PROFESSIONAL INVESTORS'' AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CAP. 571 OF THE LAWS OF HONG KONG) ("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 SERIES 2019A 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 OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO SERIES 2019A BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO "PROFESSIONAL INVESTORS'' AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE AND ANY RULES MADE THEREUNDER.

Notice to Investors in Canada

THE SERIES 2019A 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 SERIES 2019A 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 OFFERING MEMORANDUM (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 Investors in the Republic of Korea

THIS OFFERING MEMORANDUM 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 SERIES 2019A BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF SOUTH KOREA FOR PUBLIC OFFERING IN SOUTH KOREA UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT AND ITS SUBORDINATE DECREES AND REGULATIONS (COLLECTIVELY THE "FSCMA"). THE SERIES 2019A 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 SOUTH KOREA OR TO ANY RESIDENT OF SOUTH KOREA EXCEPT AS OTHERWISE PERMITTED UNDER THE APPLICABLE LAWS AND REGULATIONS OF SOUTH 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 SOUTH KOREA OR THE NUMBER OF INVESTORS WHO ARE RESIDENTS IN SOUTH KOREA SHALL BE LESS THAN FIFTY AND FOR A PERIOD OF ONE YEAR FROM THE ISSUE DATE OF THE SERIES 2019A BONDS, NONE OF THE SERIES 2019A BONDS MAY BE DIVIDED RESULTING IN AN INCREASED NUMBER OF THE SERIES 2019A BONDS. FURTHERMORE, THE SERIES 2019A BONDS MAY NOT BE RESOLD TO SOUTH KOREAN RESIDENTS UNLESS THE PURCHASER OF THE SERIES 2019A 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 SERIES 2019A BONDS.

Notice to Investors in Switzerland

THE SERIES 2019A 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 OFFERING MEMORANDUM 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 OF THE SIX LISTING RULES OR THE LISTING RULES OF ANY OTHER STOCK EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. NEITHER THIS OFFERING MEMORANDUM NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE SERIES 2019A BONDS OR THE OFFERING MAY BE PUBLICLY DISTRIBUTED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND.

NONE OF THIS OFFERING MEMORANDUM OR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE OFFERING, THE ISSUER OR THE SERIES 2019A BONDS HAVE BEEN OR WILL BE FILED WITH OR APPROVED BY ANY SWISS REGULATORY AUTHORITY. IN PARTICULAR, THIS OFFERING MEMORANDUM WILL NOT BE FILED WITH, AND THE OFFER OF THE SERIES 2019A BONDS WILL NOT BE SUPERVISED BY, THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY ("FINMA"), AND THE OFFER OF SERIES 2019A 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.

Notice to Investors in Japan

THE SERIES 2019A BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (NO. 25 OF 1948, AS AMENDED, THE "FIEA"). NEITHER THE SERIES 2019A BONDS NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY "RESIDENT' OF JAPAN (AS DEFINED UNDER ITEM 5, PARAGRAPH 1, ARTICLE G OF THE FOREIGN EXCHANGE AND FOREIGN TRADE ACT (ACT NO. 228 OF 1949, AS AMENDED)), OR TO OTHERS FOR RE-OFFERING 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, AND OTHERWISE IN COMPLIANCE WITH, THE FIEA AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

Notice to Investors in the Republic of China (Taiwan)

EACH UNDERWRITER HAS REPRESENTED AND AGREED THAT THE SERIES 2019A BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH, OR APPROVED BY, THE FINANCIAL SUPERVISORY COMMISSION OF THE REPUBLIC OF CHINA AND/OR OTHER REGULATORY AUTHORITY OF THE REPUBLIC OF CHINA PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS AND MAY NOT BE SOLD, ISSUED OR OFFERED WITHIN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES THAT CONSTITUTE AN OFFER OR A SOLICITATION OF AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE LAW OF THE REPUBLIC OF CHINA OR RELEVANT LAWS AND REGULATIONS THAT REQUIRES A REGISTRATION, FILING OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION OF THE REPUBLIC OF CHINA AND/OR OTHER REGULATORY AUTHORITY OF THE REPUBLIC OF CHINA. NO PERSON OR ENTITY IN THE REPUBLIC OF CHINA HAS BEEN AUTHORIZED TO OFFER, SELL, GIVE ADVICE REGARDING OR OTHERWISE INTERMEDIATE THE OFFERING AND SALE OF THE SERIES 2019A BONDS.

OFFICIAL STATEMENT

**THE RECTOR AND VISITORS OF THE
UNIVERSITY OF VIRGINIA**

relating to

**$350,000,000
General Revenue Pledge Bonds
Series 2019A (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 $350,000,000 aggregate principal amount of its General Revenue Pledge Bonds, Series 2019A (Federally Taxable) (the "Series 2019A Bonds").

The Series 2019A 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 2019A 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 2019A BONDS"** herein. Terms capitalized but undefined in the body of this Official Statement are defined in **Appendix C** attached hereto.

The Series 2019A Bonds will bear interest at a fixed rate until maturity. See **"THE SERIES 2019A BONDS"** herein.

The proceeds of the Series 2019A Bonds will be used by the University (a) to finance the costs of certain capital projects at the University's academic facilities, including capitalized interest, working capital and general corporate purposes, (b) to refund a portion of the outstanding principal balance of the University's commercial paper notes, originally issued to finance and refinance the costs of capital projects at the University's academic 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 2019A Bonds. See "**APPLICATION OF SERIES 2019A BOND PROCEEDS"** herein.

The University also anticipates issuing its General Revenue Pledge Bonds, Series 2019B, in an aggregate principal amount of approximately $150,000,000 (the "Series 2019B Bonds"), and its General Revenue Pledge Refunding Bonds, Series 2019C (Federally Taxable), in an aggregate principal amount of approximately $288,220,000 (the "Series 2019C Bonds" and, collectively with the Series 2019B Bonds, the "Other Series 2019 Bonds"), the proceeds of which will be used for the purpose of financing or refinancing certain capital projects of the University, refunding certain existing indebtedness of the University and reimbursing certain expenses incurred by the University. The closing date for the Other Series 2019 Bonds is expected to occur shortly after the closing of the Series 2019A Bonds. The Other Series 2019 Bonds will be Parity Credit Obligations (as hereinafter defined) secured on a parity basis by a pledge of Pledged Revenues (as hereinafter defined). This Official Statement does not provide a description of the terms of the Other Series 2019 Bonds. The Series 2019A Bonds and the Other Series 2019 Bonds are sometimes referred to herein collectively as the "Series 2019 Bonds". The closings of the Series 2019A Bonds, the Series 2019B Bonds and the Series 2019C Bonds are not contingent on one another. On June 7, 2019, the University authorized the increase of the maximum outstanding principal amount of its commercial paper program from $300,000,000 to $500,000,000.

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 2019A Bonds will be issued under the Restructured Higher Education Financial and Administrative Operations Act, Chapter 10, Title 23.1, Code of Virginia of 1950, as amended (the "Act"), pursuant to the terms of authorizing resolutions adopted by the Board of Visitors of the University on September 15, 2017, and June 7, 2019, the Master Resolution, and a Series Resolution (as hereinafter defined) with respect to the Series 2019A Bonds.

The Master Resolution

Pursuant to a resolution adopted by the Board on September 15, 2017 (the "Initial Authorizing Resolution"), the Board established a master bond resolution 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").

The Initial Authorizing Resolution authorized financing of up to $500,000,000 in taxable or tax-exempt bonds, all of which have been previously issued by the University. Pursuant to a resolution adopted by the Board on June 7, 2019 (the "2019 Authorizing Resolution"), the Board authorized financing under the Master Resolution for up to $500,000,000 in additional Bonds that may be issued by the University to finance or refinance one or more 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 (the "Master Resolution"), in accordance with the Initial Authorizing Resolution. The Initial Authorizing Resolution, the 2019 Authorizing Resolution and the Master Resolution contemplate 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").

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, 2018. 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, 2018. 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 2019A 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 2019A BONDS

The following is a summary of certain provisions of the Series 2019A Bonds. For definitions of certain terms and additional detailed information relating to the Series 2019A Bonds, see **Appendix C** attached hereto.

General

The Series 2019A Bonds will be issued in the aggregate principal amount of $350,000,000, will be dated the date of their delivery and will mature on September 1, 2119. Interest on the Series 2019A Bonds will be payable semi-annually on March 1 and September 1, commencing on March 1, 2020 (each, an "Interest Payment Date"), at the rate of 3.227% per annum, calculated on the basis of a 360-day year consisting of 12 months of 30 days each. The Series 2019A Bonds will be offered in denominations of $5,000 and integral multiples thereof ("Authorized Denominations").

Principal of and interest on the Series 2019A Bonds will be payable in lawful money of the United States of America. Interest on the Series 2019A 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 2019A 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.

Construction Fund

The Series Resolution establishes a special fund designated as the Construction Fund, to the credit of which there shall be deposited a portion of the proceeds of the Series 2019A Bonds. The moneys in the Construction Fund shall be held in trust and applied to the payment of the cost of the Projects financed or refinanced with the Series 2019A Bonds, and, pending such application, shall be subject to a lien and charge in favor of the Bondholders of the Series 2019A Bonds and for the future security of such Bondholders until paid out or transferred as provided in the Series Resolution.

Debt Service Fund

The Series Resolution establishes a special fund designated "The Rector and Visitors of the University of Virginia Taxable General Revenue Pledge Bonds, Series 2019A, 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 2019A 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 2019A 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 2019A 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 2019A 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 2019A Bonds are subject to redemption, at the option of the University, in whole or in part on any date not earlier than March 1, 2119 (6 months prior to the maturity date of the Series 2019A 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. The Series 2019A 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 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 2019A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2019A Bonds are to be redeemed, discounted to the date on which the Series 2019A 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 20 basis points;

(c) plus, in each case, accrued interest on the Series 2019A 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 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.

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 2019A Bonds to be redeemed at their registered addresses. Any such notice of redemption shall identify the Series 2019A 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 2019A 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 2019A Bonds shall not affect the validity of the call for redemption of any Series 2019A 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 2019A 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 2019A 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 2019A Bonds are registered in book-entry only form and DTC is the sole registered owner thereof, if less than all of the Series 2019A Bonds are called for prior redemption, the particular Series 2019A 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 2019A Bonds are held in book-entry form, the selection for redemption of such Series 2019A 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 2019A Bonds on a pro rata pass-through distribution of principal basis as discussed above, then the Series 2019A 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 2019A Bonds, if less than all of the Series 2019A Bonds are called for redemption, the Paying Agent will select the Series 2019A 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 2019A Bonds will be exchangeable and transferable on the registration books of the Registrar in Authorized Denominations. Upon presentation and surrender of any Series 2019A 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 2019A Bonds in any Authorized Denomination or Denominations. For every exchange or transfer of Series 2019A 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.

Additional Bonds Consolidated with Series 2019A Bonds

Additional Bonds issued pursuant to the Master Resolution ("Additional Bonds") may be consolidated with the Series 2019A Bonds so long as certain conditions contained in the Master Resolution and the Series Resolution have been met. Any such Additional Bonds that are consolidated with the Series 2019A Bonds: (a) shall be treated as a single Series of Bonds for all purposes of the Master Resolution, (b) shall mature on any of the dates the Series 2019A Bonds mature, bear interest at the corresponding rates per annum as the Series 2019A Bonds and be subject to redemption at the same times and at the same prices as the Series 2019A Bonds, (c) shall have the same minimum denominations as the Series 2019A Bonds;

As a condition to the issuance of such Additional Bonds to be consolidated with the Series 2019A Bonds, there shall be filed with the Registrar an opinion of Bond Counsel to the effect that such Additional Bonds will not cause (A) any adverse tax impact on the holders of any Series 2019A Bonds then outstanding, (B) the Series 2019A Bonds to be required to be registered under the Securities Act of 1933, as amended, or (C) the Master Resolution and the Series Resolution to be required to be qualified under the Trust Indenture Act of 1939, as amended.

APPLICATION OF SERIES 2019A BOND PROCEEDS

The proceeds of the Series 2019A Bonds will be used by the University (a) to finance the costs of certain capital projects at the University's academic facilities, including capitalized interest, working capital and general corporate purposes, (b) to refund a portion of the outstanding principal balance of the University's commercial paper notes (the "Refunded CP"), originally issued to finance and refinance the costs of capital projects at the University's academic 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 2019A Bonds.

Upon issuance of the Series 2019A Bonds, a portion of the proceeds thereof will be deposited with The Bank of New York Mellon Trust Company, N.A., as paying agent for the Refunded CP, in an amount which will be sufficient to pay all principal of and interest on the Refunded CP to and including the applicable maturity dates therefor.

The proceeds of the Series 2019A 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 2019A Bonds	$350,000,000
TOTAL	$350,000,000

Uses of Funds:

Deposit to Construction Fund	$136,904,984
Refunding of Refunded CP	158,300,000
Reimbursement to the University for expended Project costs	51,100,000
Cost of Issuance (including underwriters' discount†)	3,695,016
TOTAL	$350,000,000

† See **"UNDERWRITING"** herein.

SECURITY FOR THE SERIES 2019A BONDS

The following summary of the security for the Series 2019A 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 2019A 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 2019A Bonds) as they become due upon redemption, acceleration, maturity or otherwise. The Bonds (including the Series 2019A 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 2019A Bonds), and any additional Credit Obligations issued to refund any such Qualified 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 2019A 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 2019A 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 2019A 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 2019A 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, 2019, was approximately $663,000) 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, 2019, was approximately $2,113,695,000. 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 2019A 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 2019A 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 2019A 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 2019A 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 2019A 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 2019A Bonds and meets certain other requirements, such Series 2019A 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 2019A 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 2019A 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 2019A 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 2019A 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 2019A 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 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 2019A Bonds, or to in any way contest or affect the validity of the Series 2019A Bonds, the Master Resolution, the Series Resolution or any proceedings of the University taken with respect to the issuance or sale of the Series 2019A 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

In the opinion of Bond Counsel, under current law, interest on the Series 2019A Bonds is includable in the gross income of the owners thereof for federal income tax purposes.

Bond Counsel will express no opinion regarding other federal tax consequences arising with respect to the Series 2019A Bonds.

Summary

The following is a summary of certain of the United States federal income tax consequences of the ownership and disposition of the Series 2019A Bonds as of the date hereof. Each prospective purchaser of the Series 2019A 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 U.S. Treasury Department 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 2019A 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, this summary deals only with Series 2019A 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 trusts, estates, tax-exempt investors, cash method taxpayers, dealers in securities, currencies or commodities, banks, thrifts, insurance companies, electing large partnerships, mutual funds, regulated investment companies, real estate investment trusts, S corporations, persons that hold Series 2019A 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 Series 2019A Bonds.

As used herein, a "U.S. holder" is a U.S. person that is a beneficial owner of a Series 2019A Bond. 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 U.S. Treasury Department 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. A "non-U.S. holder" is a holder (or beneficial owner) of a Series 2019A Bond that is not a U.S. person.

Tax Status of the Series 2019A Bonds

<u>U.S. Holders</u>

Interest. The Series 2019A Bonds will be treated, for federal income tax purposes, as a debt instrument. Accordingly, stated interest on the Series 2019A 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 2019A Bonds who or which allocate a basis in the Series 2019A Bonds that is greater than the principal amount of the Series 2019A 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 2019A Bonds for an amount that is less than the principal amount of the Series 2019A 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 2019A 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 Taxable Disposition of the Series 2019A Bonds. Unless a nonrecognition provision of the Code applies, upon the sale, exchange, redemption, retirement or other disposition of a Series 2019A Bond, an owner generally will recognize gain or loss on its interest in the Series 2019A Bonds equal to the difference between the amount realized on the sale and its adjusted tax basis in such interest in the Series 2019A Bonds. Such gain or loss generally will be capital gain (although any gain attributable to accrued original issue discount on the Series 2019A Bonds not yet taken into income will be ordinary) or loss. The adjusted basis of the owner in an interest in the Series 2019A 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 2019A Bonds and decreased by any amortized premium.

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 2019A 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. For taxable years beginning after December 31, 2014, 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 2019A Bonds and gains from the disposition of a Series 2019A Bond. Prospective investors should consult their tax advisors regarding the possible applicability of this tax to an investment in the Series 2019A Bonds.

Non-U.S. Holders

Interest. Subject to the discussion below under the headings *"Information Reporting and Backup Withholding"* and *"FATCA,"* payments of principal of, and interest on, any Series 2019A Bond to a Non-U.S. holder, other than (i) a controlled foreign corporation (as such term is defined in the Code), (ii) a "10-percent shareholder" (within the meaning of Section 871(h) of the Code) and (iii) a bank which acquires such Series 2019A Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the non-U.S. holder of the Series 2019A Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

Disposition of Series 2019A Bonds. Subject to the discussion below under the headings *"Information Reporting and Backup Withholding"* and *"FATCA,"* any gain realized by a Non-U.S. holder upon the sale, exchange, redemption, retirement or other disposition of a Series 2019A Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A Series 2019A Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that, at the time of such individual's death, payments of interest with respect to such Series 2019A Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding. Subject to the discussion below under the heading *"FATCA,"* under current U.S. Treasury Department regulations, payments of principal and interest on any Series 2019A Bonds to a Non-U.S. holder will not be subject to any backup withholding tax requirements if the Non-U.S. holder or a financial institution holding the Series 2019A Bond on behalf of the Non-U.S. holder in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a Non-U.S. holder provides the certification, the certification must give the name and address of such holder, state that such holder is not a United States person, or, in the case of an individual, that such holder is neither a citizen nor a resident of the United States, and the holder must sign the certificate under penalties of perjury.

Foreign Account Tax Compliance Act ("FATCA"). Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury Department to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of principal of and interest on the Series 2019A Bonds and sales proceeds of Series 2019A Bonds held by or through a foreign entity. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

Defeasance

Defeasance of any Series 2019A Bond may result in an exchange thereof, in which event an owner will generally recognize taxable gain or loss as described in *"Disposition of Series 2019A Bonds"* above.

Opinion of Bond Counsel– Virginia Income Tax Consequences

The opinion of Bond Counsel will also state that, under current law, the income on the Series 2019A Bonds, including any profit made on the sale thereof, is exempt from all taxation by the Commonwealth or any political subdivision thereof. Bond Counsel will express no opinion regarding (1) other tax consequences arising with respect to the Series 2019A Bonds under the laws of the Commonwealth or (2) any consequences arising with respect to the Series 2019A Bonds under the tax laws of any state or local jurisdiction other than the Commonwealth. Prospective purchasers of the Series 2019A Bonds should consult their own tax advisors regarding the tax status of interest and other income on the Series 2019A 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 2019A 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 2019A Bonds are being purchased by the Underwriters at a price of $346,890,079.61 (reflecting the principal amount of $350,000,000.00, minus an underwriters' discount of $3,109,920.39 or approximately 0.888549% of the original stated principal amount of the Series 2019A Bonds). The Bond Purchase Agreement between the University and Barclays Capital Inc., as representative of the Underwriters (the "Bond Purchase Agreement"), provides that the Underwriters will purchase all of the Series 2019A Bonds to be purchased if any Series 2019A Bonds are purchased.

The Bond Purchase Agreement provides that the Underwriters may offer and sell the Series 2019A 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 2019A Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2019A 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 2019A Bonds that such firm sells.

Morgan Stanley & Co. LLC, one of the Underwriters of the Series 2019A Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2019A Bonds.

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.

FINANCIAL STATEMENTS

The audited financial statements of the University for the fiscal year ended June 30, 2018, 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, 2018.

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 2019A 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 2019A Bonds may have an effect on the market price thereof.

CONTINUING DISCLOSURE

The offering of the Series 2019A 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 2019A Bonds for the benefit of the registered and Beneficial Owners of the Series 2019A 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 2019A 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 2019A 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 2019A Bonds from time to time.

MISCELLANEOUS

The summaries or descriptions herein, including the Appendices hereto, of the Series 2019A 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: *<u>/s/ Jennifer Wagner Davis</u>*
Title: Executive Vice President and
Chief Operating Officer

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 23,333 full-time equivalent students, including 16,093 undergraduates, in on-grounds programs during the 2018-2019 academic year. The Academic Division is comprised of 11 separate schools, including the College and Graduate School of Arts and Sciences, the McIntire School of Commerce, the Curry School of Education, 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 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 *2019 U.S. News & World Report* undergraduate college rankings, the University was 3rd among public universities and tied for 25th 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 3rd, and in the over 20-year history of the rankings, has always been in the top 25 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 600-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. *U.S. News and World Report* issued its 2019-2020 "Best Hospitals" guide, ranking UVA as the number one hospital in Virginia. The publication also included three clinical specialties in its top 50 rankings and rated UVA as high performing in six specialties and in nine common hospital conditions and procedures.

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 2018 was 1,537.

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 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's Charlottesville campus 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 17 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 ("Executive Committee"), the Board of Visitors may appoint for a term of one year, a full-time student at the University as a nonvoting member of the Board of Visitors. The Rector and the Board 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 & WILLIAMS LLP*
ROBERT M. BLUE, *RICHMOND*	PRESIDENT AND CEO, *DOMINION VIRGINIA POWER*
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*	PUBLIC RELATIONS
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*	CO-CHAIRMAN AND CEO, *H7HOLDINGS, LLC*
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*
PETER C. BRUNJES, *CHARLOTTESVILLE*	FACULTY REPRESENTATIVE
DERRICK WANG, *CHARLOTTESVILLE*	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
PAMELA M. SUTTON-WALLACE	Interim 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

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 Bachelor of Arts 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.

Pamela M. Sutton-Wallace joined the Medical Center in July 2014 as its Chief Executive Officer and currently serves as the University's Interim Executive Vice President for Health Affairs. She oversees the strategic direction and operations of all inpatient and ambulatory services of the Medical Center.

Prior to arriving at UVA, Ms. Sutton-Wallace served as senior vice president of hospital operations at Duke University Hospital from 2011-2014. Since 1997, she has held several leadership positions with the Duke University Health System including the oversight of ambulatory services, inpatient operations and surgical services. She has a diverse health care background with experience in the pharmaceutical, insurance and research industries.

Ms. Sutton-Wallace received her undergraduate degree in Political Science and African-American Studies from Washington University in St. Louis, MO. She later graduated from Yale University with a Master of Public Health degree, completing her thesis with distinction.

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 of Arts 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. Melody presents regularly at national and regional conferences on higher education finance and management and received NACUBO's Rising Star Award in 2014.

Melody is on the Board of Directors of the Eastern Association of College and University Business Officer (EACUBO); she serves as treasurer for the Virginia Network for Women in Higher Education and the World Peace Game Foundation.

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. The four overarching strategic goals of the 2030 Plan are: (1) Strengthen our foundation; (2) Cultivate the most vibrant community in higher education; (3) Enable discoveries that enrich and improve lives; and (4) Make UVA synonymous with service.

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 publicly launching in October 2019.

Faculty and Staff

For the fall 2018 semester, the University employed approximately 2,674 full-time and 182 part-time instructional, research, and public service faculty, as well as 345 full-time and 15 part-time administrative and professional faculty. Included were approximately 1,191 tenured faculty and an additional 475 who were non-tenured but on tenure-track. 95% 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 15:1. For the fall 2018 semester, the University employed approximately 14,769 full-time and 2,712 part-time permanent staff, including approximately 7,580 employees at the Medical Center (6,965 full-time and 615 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. In December 2008, all staff employees under the Commonwealth's Personnel Act were given the option to enroll in the University's benefit plan. Open enrollment periods for the new plan are offered at least every two years.

For the fall 2018 semester, the College at Wise employed 103 full-time and 92 adjunct instructional, research, and public service faculty as well as 31 full-time administrative faculty. Included were 50 tenured faculty, 27 who were non-tenured but on tenure-track, and 30 instructors/lecturers who were not on tenure track. Sixty-nine 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 13.1:1.

Excluding the faculty, for the fall 2018 semester, the College at Wise employed approximately 195 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. 65.1% of the first-year class entering in fall 2018 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 37,182 completed first-year applications were received for the 2018-19 academic year to fill a target of approximately 3,822 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

	2014-15	2015-16	2016-17	2017-18	2018-19
Completed Applications					
In-state	9,058	9,156	9,667	10,938	11,332
Out-of-state	21,963	21,684	22,712	25,841	25,850
Total	31,021	30,840	32,379	36,779	37,182
Applications Accepted*	29%	30%	30%	27%	26%
In-state	44%	44%	44%	40%	38%
Out-of-state	23%	24%	24%	22%	21%
Offers Accepted**	41%	40%	38%	38%	39%
In-state	63%	61%	59%	58%	58%
Out-of-state	24%	24%	23%	22%	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

	2014-15	2015-16	2016-17	2017-18	2018-19
Completed Applications	23,836	23,269	23,022	25,438	25,314
Applications Accepted*	24%	25%	24%	26%	25%
Offers Accepted**	48%	45%	46%	48%	47%

* As a percent of completed applications received.
** As a percent of applications accepted.

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

	2014-15	2015-16	2016-17	2017-18	2018-19
Undergraduate	15,122	15,421	15,611	15,848	16,093
Graduate	4,653	4,624	4,887	4,815	4,811
First-Professional	1,687	1,630	1,579	1,927	1,916
Non-Traditional	338	310	314	215	165
Total Headcount	21,800	21,985	22,391	22,805	22,985
Full Time Equivalent	21,781	22,043	22,482	23,077	23,333

For the fall 2018 entering first-year class, of the entering undergraduates for whom high school class rank was available, approximately 90% ranked in the top 10% of their class and approximately 98% ranked in the top 20% of their class. Approximately 95% of the first-year students who enter the University earn degrees, and approximately 89% graduate within four years. The SAT scores for the 25th to 75th percentile range of the fall 2018 incoming class were 1330-1500.

Student Life. The University has long cherished the goal of producing "educated citizens," a mission voiced by Thomas Jefferson two centuries ago. While Mr. Jefferson considered education in itself an ennobling enterprise, which helped develop the "natural aristocracy" of man, of greater concern to him were education's communal effects. 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 students 694 contracted independent organizations, including several musical groups, numerous student publications, 59 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, large-scale 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 66 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 2019 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 4.5% in FY2018. 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 9,222 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 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 HealthSouth, also has facilities at the Fontaine Research Park for inpatient and outpatient 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 the UVA/HealthSouth 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 FY2018, and northern and southern Secondary Service Areas, 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 1,046,464 in 2019 and is expected to grow 3.7% to 1,084,738 by 2024, matching 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 (15%). 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 total inpatient market share for tertiary care is 16.2% versus other Virginia hospitals at 5.7% as of June 30, 2018. Our market share in the PSA remained flat with 37.0% in FY2019 compared to 37.0% in FY2018, with a similar trend in the SSA with a market share of 9.8% in FY2019 compared to 9.8% in FY2018. The Medical Center's proportion of cases considered tertiary is currently 2-3 times the average of all 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 and Business Development Officer, the Medical Center Chief Executive Officer, and the Dean of the School of Medicine. Under the guidance of the Executive Vice President for Health Affairs, the Medical Center CEO, Health System CFO, and the Dean of the School of Medicine work closely together to coordinate plans and strategies. The University is currently undertaking a search for this position.

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. The legal responsibility for the Medical Center rests with the Medical Center Operating Board and the Board of Visitors. The Medical Center Operating 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 four others chosen by the Rector. In addition, there are five non-voting members with specialized healthcare or other expertise to provide valuable insights to the Operating Board and are selected by the Board of Visitors. Also, there is one advisory Board of Visitors member and two advisory faculty members. The Medical Center Operating Board has an additional eight ex officio advisory members who are senior administrators of the University, the Medical Center, and the Schools of Medicine and Nursing.

In FY2018, the Consolidated Medical Center had net operating revenues of approximately $1.70 billion and operating income of approximately $91.7 million. See **"Financial Information – *Medical Center*"** below for additional information.

The table below summarizes selected patient information for each of the five most recent fiscal years.

Selected Medical Center Patient Information
For the Year Ended June 30, 2018

	2014	2015	2016	2017	2018
Average Daily Census	446	457	462	468	522
Length of Stay (days)	5.8	6.0	6.0	6.0	6.0
Discharges	28,139	27,912	27,800	28,642	29,089
Outpatient Visits	803,161	842,861	887,490	910,512	944,425

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Financial Information

The University's FY2018 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 FY2014 through FY2018.

Summary Statement of Net Position
As of June 30, 2018
(in thousands of dollars)

	2014	2015	2016	2017	2018
Assets					
Current assets	$1,119,865	$1,149,299	$740,483	$509,128	$636,843
Noncurrent endowment investments	4,216,644	4,374,764	4,117,446	4,444,091	4,838,142
Other noncurrent assets and deferred outflows of resources	4,616,860	5,015,724	5,597,605	6,250,325	6,870,128
Total assets and deferred outflows of resources	9,953,369	10,539,787	10,455,534	11,203,544	12,345,113
Liabilities					
Current liabilities	715,801	565,072	656,098	602,493	663,449
Noncurrent liabilities and deferred inflows of resources	1,311,028	2,178,777	2,214,608	2,395,634	3,131,499
Total liabilities and deferred inflows of resources	2,026,829	2,743,849	2,870,706	2,998,127	3,794,948
Net position					
Net investment in capital assets	1,782,053	1,837,901	1,880,320	1,921,181	1,961,811
Restricted					
Non-expendable	588,627	608,894	624,646	676,312	747,191
Expendable	3,062,089	2,997,184	2,819,180	2,987,365	3,091,428
Unrestricted	2,493,771	2,351,959	2,260,682	2,620,559	2,749,735
Total net position	7,926,540	7,795,938	7,584,828	8,205,417	8,550,165
Liabilities, deferred inflows of resources and net position	$9,953,369	$10,539,787	$10,455,534	$11,203,544	$12,345,113

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.

Statement of Revenues, Expenses, and Changes in Net Position
For the Year ended June 30, 2018
(in thousands of dollars)

Revenues	2014	2015	2016	2017	2018
Student tuition and fees, net	$459,166	$491,027	$511,063	$545,168	$565,061
Patient services	1,237,157	1,428,736	1,501,746	1,545,404	1,642,115
Grants and contracts	267,962	278,433	301,783	321,906	364,263
Sales and services of educational departments	21,434	26,309	27,748	43,134	29,636
Auxiliary enterprises revenue	124,922	129,855	132,583	137,057	140,494
Other	51,188	58,976	53,728	60,423	47,260
Total operating revenues	$2,161,829	$2,413,336	$2,528,651	$2,653,092	$2,788,829
Nonoperating revenues					
State appropriations	$161,641	$152,841	$159,757	$168,664	$168,449
Gifts	153,561	171,705	168,521	163,356	170,454
Investment income (loss)	869,910	428,406	(112,633)	728,658	766,288
Pell Grants	12,619	12,957	12,478	12,485	13,586
Additions to permanent endowment	11,738	17,907	14,521	46,963	53,543
Other	65,065	57,583	56,742	46,294	53,346
Total operating and nonoperating revenues	$3,436,363	$3,254,735	$2,828,048	$3,819,512	$4,014,495
Expenses					
Operating Expenses					
Compensation and benefits	$1,389,272	$1,534,256	$1,621,521	$1,719,618	$1,844,556
Supplies, utilities and other services	855,193	949,906	1,004,320	1,063,255	1,159,964
Student aid	73,802	74,527	75,808	92,691	100,373
Depreciation	199,188	216,172	219,683	225,247	232,476
Other	3,851	3,544	4,141	4,676	5,308
Total operating expenses	2,521,306	2,778,405	2,925,473	3,105,487	3,342,677
Nonoperating expenses	64,842	88,149	74,089	93,436	127,383
Total operating and nonoperating expenses	$2,586,148	$2,866,554	$2,999,562	$3,198,923	$3,470,060
Net increase (decrease) in net position	$850,215	$388,181	$(171,514)	$620,589	$544,435

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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 FY2018, provided in Appendix B:

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

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

Component Units*
Summary Statement of Financial Position
As of June 30, 2018
(in thousands of dollars)

	2014	2015***	2016**	2017	2018
Assets					
Current assets	$520,243	$787,344	$695,381	$520,979	$548,128
Noncurrent long-term investments	7,156,032	7,510,249	7,843,703	8,788,412	9,625,569
Other noncurrent assets	463,678	470,249	446,420	523,924	554,868
Total assets	$8,139,953	$8,767,842	$8,985,504	$9,833,315	$10,728,565
Liabilities					
Current liabilities	$283,930	$286,099	$246,079	$356,023	$323,209
Noncurrent liabilities	6,194,437	6,623,811	6,958,024	7,500,421	8,261,693
Total Liabilities	$6,478,367	$6,909,910	$7,204,103	$7,856,444	$8,584,902
Net Assets					
Unrestricted	$392,105	$386,622	$341,997	$397,442	$465,187
Temporarily restricted	708,855	809,676	751,715	847,054	915,924
Permanently restricted	560,626	661,634	687,689	732,375	762,552
Total net assets	$1,661,586	$1,857,932	$1,781,401	$1,976,871	$2,143,663
Total liabilities and net assets	$8,139,953	$8,767,842	$8,985,504	$9,833,315	$10,728,565

* 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 FY2018, component unit net assets increased $167 million, or 8% from FY2017. 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 $150.2 million to support the University's operations and capital projects during FY2018.

Budgeting. The University's operating expenditure budget for FY2019 totals $3.5 billion. This includes $1.8 billion for the Academic Division (51.1%), $1.7 billion for the Medical Center (47.6%) and $45.2 million for the College at Wise (1.3%). The major funding sources for the budget include patient revenues (48.0%), tuition and fees (17.1%), grants and contracts (10.8%), sales and services and other (including auxiliary revenue, investment income, short-term financing, and other miscellaneous revenues) (9.3%), endowment distributions (6.1%), state general funds (4.8%), and gifts (4.4%).

The University's operating expenditure budget for FY2020 totals $3.7 billion. This includes $1.9 billion for the Academic Division (51.3%), $1.8 billion for the Medical Center (47.3%) and $50.5 million for the College at Wise (1.4%). The major funding sources for the budget include patient revenues (48.8%), tuition and fees (16.8%), grants and contracts (10.3%), sales and services and other (including auxiliary revenue, investment income, short-term financing, and other miscellaneous revenues) (9.2%), endowment distributions (5.7%), state general funds (4.8%), and gifts (4.4%).

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 FY2018, tuition and fees prior to reduction for student financial aid provided approximately 19.8% 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)

	2014-15	2015-16	2016-17	2017-18	2018-19
In-state tuition and fees	$12,229	$13,468	$13,714	$16,076	$17,353
Out-of-state tuition and fees	42,184	43,974	45,058	46,604	49,530

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)

	2014-15	2015-16	2016-17	2017-18	2018-19
In-State Tuition and Fees					
Darden Graduate School of Business Administration	$54,950	$58,150	$60,500	$62,694	$63,350
School of Law	51,800	54,000	56,300	58,210	60,700
School of Medicine	45,534	46,404	46,482	46,498	46,710
All others	16,678	17,094	17,680	18,222	18,856
Out-of-State Tuition and Fees					
Darden Graduate School of Business Administration	57,950	61,150	63,500	65,694	68,350
School of Law	54,800	57,000	59,300	61,210	63,700
School of Medicine	56,142	57,210	57,288	57,304	57,516
All others	26,918	27,574	28,504	29,760	30,350

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 $143 million in undergraduate financial aid was provided in 2017-18.

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 6.5% in FY2014; 5.5% in FY2015; 5.5% in FY2016; 5.2% in FY2017, and 4.8% in FY2018

Non-Capital Appropriations from the Commonwealth
For the Year Ended June 30, 2018
(in thousands of dollars)

	2014	2015	2016	2017	2018
Non-Capital Appropriations	$161,641	$152,841	$159,757	$168,664	$168,449

Medical Center. The following table was derived from the annual audited financial statements of the Medical Center for FY2014 through FY2018.

University of Virginia Medical Center
Summary Statement of Revenues, Expenses, and Changes in Net Position
For the Year ended June 30, 2018
(in thousands of dollars)

	2014	2015	2016	2017	2018
Net Patient Service Revenue	$1,237,157	$1,428,736	$1,501,746	$1,545,404	$1,642,115
Other Operating Revenues	77,433	80,241	85,843	61,934	61,179
Total Operating Revenues	$1,314,590	$1,508,977	$1,587,589	$1,607,338	$1,703,294
Operating Expenses	1,227,023	1,413,394	1,487,132	1,507,734	1,611,577
Income from Operations	87,567	95,583	100,457	99,604	91,716
Net Non-Operating Revenues (Expenses)	48,776	(1,437)	(78,027)	20,947	(14,030)
Increase in net position	$136,343	$94,146	$22,430	$120,551	$77,686

Indebtedness and other Obligations. At June 30, 2019, the University had approximately $2.1 billion in short- and long-term debt outstanding.

Unaudited University Indebtedness
As of June 30, 2019 (unaudited)
(in thousands of dollars)

Description	**2019**
Revenue Bonds	
Univ. of Virginia Series 2009	$250,000
Univ. of Virginia Series 2010	190,000
Univ. of Virginia Series 2011	58,260
Univ. of Virginia Series 2013A	156,115
Univ. of Virginia Series 2013B	61,595
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
Commonwealth of Va. Bonds	
Series 2009C	356
Series 2014B	307
Notes Payable to VCBA 2007B	3,530
Notes Payable to VCBA 2010B	3,435
	$1,870,458
Taxable Commercial Paper	$197,700
Tax Exempt Commercial Paper	$46,200
Total Debt	$2,114,358

The University has authorized a commercial paper program in an amount not to exceed $500 million. At June 30, 2019, there was approximately $243.9 million of commercial paper outstanding. All of the outstanding commercial paper will be 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 2011, Series 2013A and Series 2013B Bonds with the issuance of the Series 2019C Bonds.

The University makes annual required contribution payments to pension plans and other post-employment benefit plans administered by the Virginia Retirement System (the "VRS"). See Notes 11 and

12 in the audited financial statements contained in Appendix B for a full discussion of the pension plans and other post-employment benefit plans in which University employees participate.

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

Grants and Contracts. The U.S. Department of Health and Human Services continued as the University's major source of grant and contract awards, accounting for 49.8% of the total awards in FY2018. 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, 2018
(in thousands of dollars)

	2014	2015	2016	2017	2018
Federal grants and contracts	$225,716	$249,186	$260,496	$282,015	$312,848
Other	67,000	61,747	77,366	90,398	80,930
Total grants and contracts	$292,716	$310,933	$337,862	$372,413	$393,778

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, FY2019 was the best fundraising year in the history of the University, receiving $359 million in philanthropic gifts and grants directly and to related foundations. Of the cash received total, $172 million was donated by alumni, parents, and other individuals with the remainder given by corporations, foundations, and other organizations. The University expects to publicly launch a capital campaign in October 2019 with a goal of $5.0 billion, higher than the University's previous campaign of $3.0 billion.

Endowment. The University of Virginia's endowment was $4.8 billion at June 30, 2018 (or $6.7 billion when including endowments held at the University's affiliated foundations). The unrestricted expendable portion of the University's endowment was $1.55 billion, or 32%, as of the same date. In accordance with the Board of Visitors' approved spending policy, the endowment contributed $205.8 million in FY2018 to support operations of the University.

Other Investments. The total of other short-term and long-term investments was $2.8 billion as of June 30, 2018, a $304.7 million increase over the prior year, which is primarily due to strong performance of the long-term investment pool.

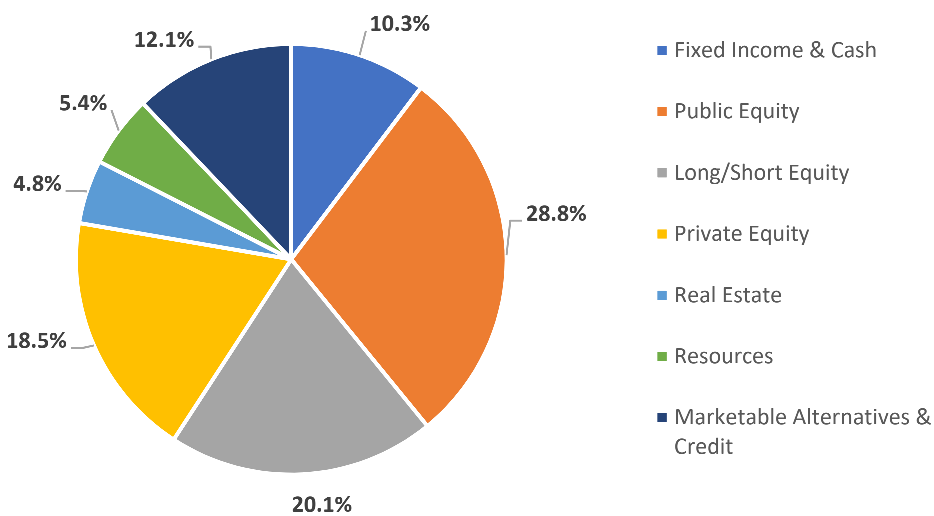
Of the total endowment resources, 97% is invested in the University of Virginia Investment Management Company (UVIMCO) Long-Term Pool, a commingled investment pool with a total market value of $9.6 billion as of June 30, 2019. The historic annual returns as of June 30, 2018, for the UVIMCO Long-Term Pool are as follows:

UVIMCO Long-Term Pool Historic Annual Returns

For the Period Ending June 30, 2018

1 Year	3 Year	5 Year	10 Year	20 Year
11.4%	7.2%	9.6%	7.9%	10.9%

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.

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 2019 Bonds, or that concerns the proceeding of the University taken in connection with the Series 2019 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, 2018 AND MANAGEMENT'S DISCUSSION AND ANALYSIS

See Financial Statements Attached

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INTRODUCTION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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, 2018. Comparative information for the year ended June 30, 2017, 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

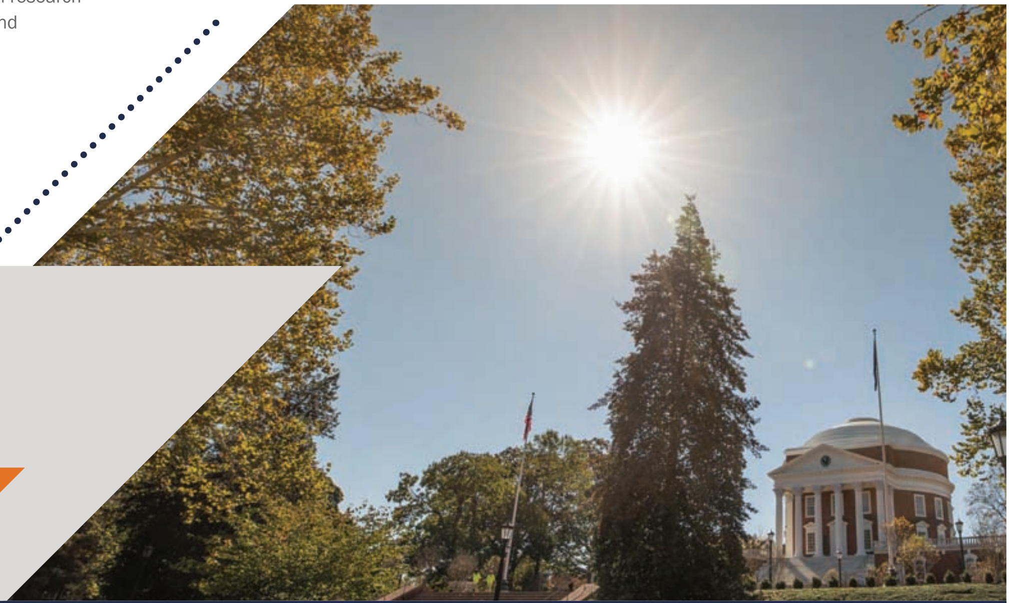
As a public institution of higher learning with approximately 22,805 on-Grounds students and 2,635 full-time instructional and research faculty members in 11 schools in 2017-18, the University offers a diverse range of degree programs, from baccalaureate to postdoctoral levels, including doctorates in 54 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 general academic programs and for its strengths in specific academic disciplines. 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 2,066 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, this 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 an allowance for 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, 2018, and June 30, 2017, is summarized as follows:

SUMMARY OF THE STATEMENT OF NET POSITION *(in thousands)*	**2018**	**2017**	**INCREASE (DECREASE)**	
			AMOUNT	**PERCENT**
Current assets	$ 636,843	$ 509,128	$ 127,715	25.1%
Noncurrent assets				
Endowment investments	4,838,142	4,444,091	394,051	8.9%
Other long-term investments	2,800,053	2,495,607	304,446	12.2%
Capital assets, net	3,782,805	3,513,428	269,377	7.7%
Other	132,883	90,139	42,744	47.4%
Total assets	**12,190,726**	**11,052,393**	**1,138,333**	**10.3%**
Deferred outflows of resources	154,387	151,151	3,236	2.1%
Total assets and deferred outflows of resources	**12,345,113**	**11,203,544**	**1,141,569**	**10.2%**
Current liabilities	663,449	602,493	60,956	10.1%
Noncurrent liabilities	2,997,823	2,308,245	689,578	29.9%
Total liabilities	**3,661,272**	**2,910,738**	**750,534**	**25.8%**
Deferred inflows of resources	133,676	87,389	46,287	53.0%
Total liabilities and deferred inflows of resources	**3,794,948**	**2,998,127**	**796,821**	**26.6%**
TOTAL NET POSITION	**$ 8,550,165**	**$ 8,205,417**	**$ 344,748**	**4.2%**

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 0.96 times, an indicator of good liquidity and the ability to weather short-term demands on working capital. Current assets cover 2.5 months of total operating expenses, excluding depreciation. For 2017-18, one month of operating expenses equaled approximately $259.2 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 11.4 percent in fiscal year 2017-18. This performance figure includes realized and unrealized gains and losses, along with cash income. Total investment income for all funds was $766.3 million for the fiscal year ended June 30, 2018.

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, 2018, the total distribution for the University's endowment was $205.8 million, or 5.04 percent of the June 30, 2016, market value of the endowment, the measurement date.

Other Investments. The total of other short-term and long-term investments is $2.8 billion, a $304.7-million increase over the prior year, which is primarily due to the strong performance of the long-term investment pool.

Endowment investments. The total of endowment investments is $4.8 billion, a $394.1-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, 2018.

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 2017-18 *(in thousands)*	**PROJECTED COST**	**FY2018 ACTUAL EXPENSES**
UVA Medical Center - MRI/ED/OR/Bed Tower	$ 391,600	$ 95,094
Gilmer Hall and Chemistry Building renovations	186,831	33,235
UVA Medical Center Ivy Musculoskeletal Center and Utility Plant	180,000	4,338
McCormick Road residence Hall	104,700	20,485
Brandon Avenue Upper Class residence hall	66,000	14,482
Brandon Avenue - green street infrastructure	41,000	4,197
UVA Medical Center 500 Ray C. Hunt Drive	35,000	8,805
UVA Medical Center HVAC renovations	28,000	8,073
UVA Medical Center levels 7 and 8 renovations	20,000	4,667
TOTAL	**$ 1,053,131**	**$ 193,376**

As infrastructure and building projects were completed or otherwise acquired during the year, the University's capital asset balances grew significantly. More than $236.6 million of completed projects were added to depreciable capital assets during the fiscal year. The largest building projects completed and placed into service are listed below:

MAJOR PROJECTS COMPLETED OR ACQUIRED DURING 2017-18 *(in thousands)*	**CAPITALIZED COST**
UVA Medical Center 500 Ray C. Hunt Drive	$ 20,435
Disharoon Park Baseball Stadium Expansion	16,887
Gooch Dillard residence hall renovation phase III	15,453
Electrical Ductbank for Dominion Power	14,217
Brandon Avenue property acquisition	13,559
UVA Medical Center Outpatient Center renovation	12,072
TOTAL	**$ 92,623**

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 $2.1 billion of debt outstanding as of June 30, 2018, which included $121.9 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, 2018, and June 30, 2017, is summarized below:

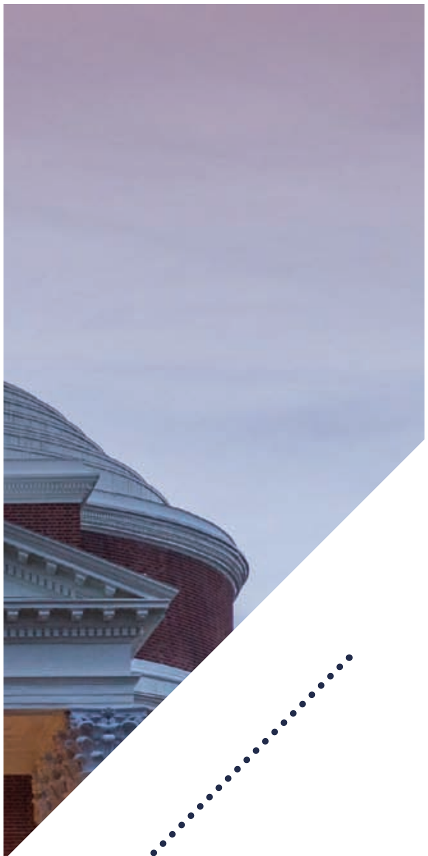
NET POSITION *(in thousands)*			**INCREASE (DECREASE)**	
	2018	**2017**	**AMOUNT**	**PERCENT**
Net investment in capital assets	$ 1,961,811	$ 1,921,181	$ 40,630	2.1%
Restricted				
Nonexpendable	747,191	676,312	70,879	10.5%
Expendable	3,091,428	2,987,365	104,063	3.5%
Unrestricted	2,749,735	2,620,559	129,176	4.9%
TOTAL NET POSITION	**$ 8,550,165**	**$ 8,205,417**	**$ 344,748**	**4.2%**

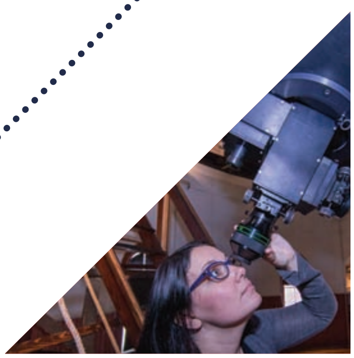
Net investment in capital assets represents the University's capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Capitalized assets increased by $269.4 million and were offset by a $228.8-million increase in debt used to finance those capital assets, for a net change of $40.6 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 $53.5 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 11.4 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 11.4 percent and the Medical Center's positive operating margin.





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, 2018, and June 30, 2017:

SUMMARY OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION *(in thousands)*	**2018**	**2017**	**INCREASE (DECREASE)**	
			AMOUNT	**PERCENT**
Operating revenues				
Student tuition and fees, net	$ 565,061	$ 545,168	$ 19,893	3.6%
Patient services, net	1,642,115	1,545,404	96,711	6.3%
Sponsored programs	364,263	321,906	42,357	13.2%
Other	217,390	240,614	(23,224)	(9.7%)
Total operating revenues	**2,788,829**	**2,653,092**	**135,737**	**5.1%**
Operating expenses	**3,342,677**	**3,105,487**	**237,190**	**7.6%**
Operating loss	**(553,848)**	**(452,395)**	**(101,453)**	**22.4%**
Nonoperating revenues (expenses)				
State appropriations	168,449	168,664	(215)	(0.1%)
Gifts	170,454	163,356	7,098	4.3%
Investment income	766,288	728,658	37,630	5.2%
Pell grants	13,586	12,485	1,101	8.8%
Interest on capital asset-related debt	(87,361)	(69,062)	(18,299)	26.5%
Build America Bonds (BAB) rebate	8,159	8,151	8	0.1%
Other net nonoperating expenses	(48,181)	(32,525)	(15,656)	48.1%
Net nonoperating revenues	**991,394**	**979,727**	**11,667**	**1.2%**
Income before other revenues, expenses, gains, or losses	**437,546**	**527,332**	**(89,786)**	**(17.0%)**
Capital appropriations, gifts, and grants	53,346	46,294	7,052	15.2%
Additions to permanent endowments	53,543	46,963	6,580	14.0%
Total other revenues	**106,889**	**93,257**	**13,632**	**14.6%**
INCREASE IN NET POSITION	**544,435**	**620,589**	**(76,154)**	**(12.3%)**
NET POSITION - BEGINNING OF YEAR	8,205,417	7,584,828	620,589	8.2%
Net effect of prior period adjustments	(199,687)	-	(199,687)	(100.0%)
NET POSITION - END OF YEAR	**$ 8,550,165**	**$ 8,205,417**	**$ 344,748**	**4.2%**

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, 2018, and June 30, 2017, are summarized below:

SUMMARY OF REVENUES *(in thousands)*	**2018**			**2017**			**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	$ 565,061	$ -	$ 565,061	$ 545,168	$ -	$ 545,168	$ 19,893	3.6%
Patient services, net	-	1,642,115	1,642,115	-	1,545,404	1,545,404	96,711	6.3%
Federal, state, and local grants and contracts	294,055	-	294,055	263,217	-	263,217	30,838	11.7%
Nongovernmental grants and contracts	70,208	-	70,208	58,689	-	58,689	11,519	19.6%
Sales and services of educational departments	29,636	-	29,636	43,134	-	43,134	(13,498)	(31.3%)
Auxiliary enterprises revenue, net	140,494	-	140,494	137,057	-	137,057	3,437	2.5%
Other operating revenues	28	47,232	47,260	2,446	57,977	60,423	(13,163)	(21.8%)
Total operating revenues	**1,099,482**	**1,689,347**	**2,788,829**	**1,049,711**	**1,603,381**	**2,653,092**	**135,737**	**5.1%**
Nonoperating revenues								
State appropriations	168,449	-	168,449	168,664	-	168,664	(215)	(0.1%)
Private gifts	168,087	2,367	170,454	159,895	3,461	163,356	7,098	4.3%
Investment income	662,859	103,429	766,288	652,829	75,829	728,658	37,630	5.2%
Other nonoperating revenues	120,475	-	120,475	105,742	-	105,742	14,733	13.9%
Total nonoperating revenues	**1,119,870**	**105,796**	**1,225,666**	**1,087,130**	**79,290**	**1,166,420**	**59,246**	**5.1%**
TOTAL REVENUES	**$ 2,219,352**	**$ 1,795,143**	**$ 4,014,495**	**$ 2,136,841**	**$ 1,682,671**	**3,819,512**	**$ 194,983**	**5.1%**

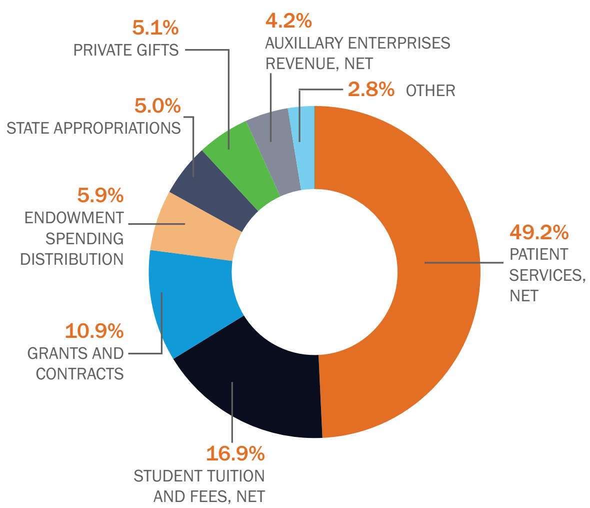
Net student tuition and fees revenue increased due to new programs, enrollment growth, and changes in tuition and fee rates. Tuition and fees revenue is reported net of scholarships and allowances provided from University sources. Net patient revenues are higher due to increased patient collections after 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 increase in nonoperating revenues is attributable to the positive market return on the University's long-term investments.

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, 2018. 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 anual payment increases with managed-care companies and receives annual payment updates from the Medicare program.

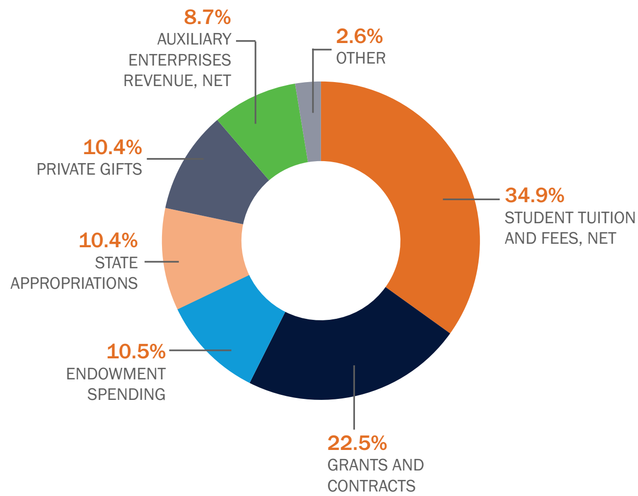
TOTAL UNIVERSITY REVENUES AND OTHER SOURCES OF OPERATIONAL FUNDING



Net student tuition and fees, and grants and contracts are the next largest revenues. Private support from endowment spending and gifts combined provides 11 percent of the University's funding. State appropriations accounts 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 20.9 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 22.5 percent of operational funding.

ACADEMIC AND WISE REVENUES AND OTHER SOURCES OF OPERATIONAL FUNDING



EXPENSES

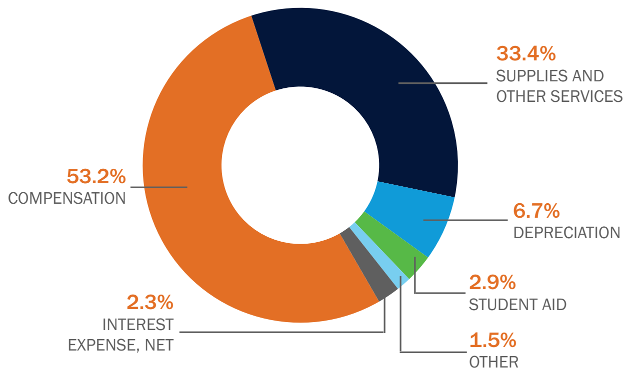
The University's expenses for the years ended June 30, 2018, and June 30, 2017, are summarized as follows:

SUMMARY OF EXPENSES *(in thousands)*	**2018**			**2017**			**TOTAL INSTITUTION INCREASE (DECREASE)**	
	ACADEMIC DIVISION & WISE	**MEDICAL CENTER**	**TOTAL INSTITUTION**	**ACADEMIC DIVISION & WISE**	**MEDICAL CENTER**	**TOTAL INSTITUTION**	**AMOUNT**	**PERCENT**
Operating expenses								
Compensation	$ 1,130,384	$ 714,172	$ 1,844,556	$ 1,043,897	$ 675,721	$ 1,719,618	$ 124,938	7.3%
Supplies and other services	409,394	750,570	1,159,964	388,280	674,975	1,063,255	96,709	9.1%
Student aid	100,373	-	100,373	92,691	-	92,691	7,682	8.3%
Depreciation	133,789	98,687	232,476	127,780	97,467	225,247	7,229	3.2%
Other operating expenses	5,308	-	5,308	4,676	-	4,676	632	13.5%
Total operating expenses	**1,779,248**	**1,563,429**	**3,342,677**	**1,657,324**	**1,448,163**	**3,105,487**	**237,190**	**7.6%**
Nonoperating expenses and other								
Interest expense (net of BAB rebate)	58,900	20,302	79,202	43,055	17,856	60,911	18,291	30.0%
Loss on capital assets	2,956	25,001	27,957	1,281	2,285	3,566	24,391	684.0%
Other nonoperating expenses	9,226	10,998	20,224	23,568	5,391	28,959	(8,735)	(30.2%)
Total nonoperating expenses	**71,082**	**56,301**	**127,383**	**67,904**	**25,532**	**93,436**	**33,947**	**36.3%**
TOTAL EXPENSES	**$ 1,850,330**	**$1,619,730**	**$ 3,470,060**	**$ 1,725,228**	**$ 1,473,695**	**$ 3,198,923**	**$ 271,137**	**8.5%**

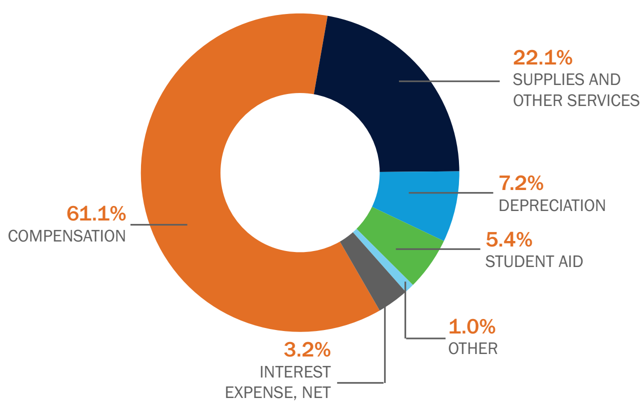
Increases in operating expenses are primarily driven by the increase in compensation and benefits (including the Virginia Retirement System pension and OPEB accruals). The University is committed to recruiting and retaining outstanding faculty and staff, and the compensation package is one way to successfully 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, 2018.

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. Due to its diverse revenue base, strong endowment, broad and generous philanthropic support, and a commitment to organizational excellence, the University is well positioned to meet these challenges.

The University began the commemoration of its bicentennial on October 6, 2017 by celebrating and exploring its history, while charting a course for its third century that sustains academic, research and health care excellence. The University is also coming from a position of strength related to the recent leadership transition. President Teresa Sullivan announced in January 2017 her intention to retire as president. In September 2017, the Board of Visitors appointed James E. Ryan, Dean of the Harvard Graduate School of Education, UVA Law graduate and former professor, as the next president of the University. Ryan joined the University in August 2018, and is leading a sustained and stable transition.

The University's multi-year financial planning supports strategic priorities, serves as a framework for achieving new levels of excellence, and maintains the University on a sustainable path to achieving its goals and realizing its vision for the 21st century. The guiding principles for our planning include:

- Keeping the University affordable and accessible
- Investing in our students, faculty and staff
- Pursuing targeted savings opportunities to ensure the highest and best use of resources
- Seeking solutions to provide the highest level of operational effectiveness
- Remaining good stewards of resources and maintaining our AAA bond rating

The University of Virginia is committed to providing an excellent education to talented students regardless of their ability to pay. In addition to a commitment to meeting full need for all in-state and out-of-state students on a need-blind basis, President Ryan announced that the University will also provide free tuition for Virginia families with less than $80,000 in income and typical assets, as well as free tuition and room and board for Virginia families with less than $30,000 in income and typical assets.

In August 2018, the Board of Visitors approved an investment of $100 million in strategic funds to support new student scholarships through the University's Bicentennial Scholars Fund. This is the second $100 million investment that the Board has designated for matching scholarships from its Strategic Investment Fund (SIF). The first, approved in December 2016, was fully matched by donors for new scholarships in only 18 months. In fiscal year 2018, the Board also approved a $95 million Bicentennial Professors Fund, which mirrors the Bicentennial Scholars Fund and will allow the University to continue to recruit and retain the best faculty to ensure educational excellence in the future.

The University's pan-institutional Organizational Excellence initiative continues to yield measurable effectiveness and efficiency gains. In 2017-18, UVA schools, units, and service departments led more than 275 improvements, partnerships, and cost-savings efforts, illustrating the University's commitment to continuous improvement. These collective efforts saved the University $21.9 million in time and money. Over four years, cumulative savings exceed $82 million.

Moody's Investors Service changed the 2018 higher education outlook from stable to negative, citing weaker revenue growth for four-year colleges and universities as well as uncertainty at the federal level over policy changes. Moody's predicts moderated growth from patient care revenue and expense growth that outpaces softening revenue growth, while citing solid financial reserves as a stabilizing element during a period of potential volatility and possible weaker returns.

UVA is not immune to the pressures facing higher education. However, the University is well positioned to meet the challenges it faces. Moody's has assigned Aaa ratings to the University, reflecting its superior student market position, strong operating performance, and continued donor support.

Federal policy impacts several of the core University activities. The 2017 Tax Cut and Jobs Act included provisions that impact educational institutions, including affecting incentives for charitable giving, changing the method of computing unrelated business income tax, imposing an excise tax on certain executive compensation, and changing the rules regarding employee benefits such as moving and parking expenses. The federal fiscal year 2018 budget request proposed reductions to several key federal agencies that fund research. However, Congress has remained supportive and rejected many of the proposals. It is anticipated that the 2019 budget request will also include proposed reductions, but Congressional support for research is expected to remain steady.

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 6.3 percent in fiscal year 2018 – ahead of the forecasted growth of 3.4 percent. The impact for fiscal year 2020 to the University's general fund appropriation will be clearer after the 2019 General Assembly Session. 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 continued excellent student demand and philanthropic support, in addition to sound operating performance, effective and attentive leadership, and commitment to our mission.

MANAGEMENT RESPONSIBILITY

November 27, 2018

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, 2018. 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

Gerald E. Burke
Assistant Vice President for Financial Operations

Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

November 27, 2018

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, 2018, 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, 2018, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 of the accompanying financial statements, the University of Virginia implemented Governmental Accounting Standards Board Statements No. 75 and 81, related to accounting and financial reporting for postemployment benefits other than pensions and irrevocable split interest agreements, respectively. Our opinion is not modified with respect to these matters.

Correction of 2017 Financial Statements

As discussed in the Unearned Revenue section in Note 1 of the accompanying financial statements, the fiscal year 2017 financial statements have been restated to correct a misstatement related to recognition of revenue on certain grants and contracts. Our opinion is not modified with respect to this matter.

Other Matters

Prior-Year Summarized Comparative Information

We have previously audited the University's 2017 financial statements, and we expressed an unmodified audit opinion on the respective financial statements in our report dated November 7, 2017. In our opinion, while the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived, it does not include the necessary adjustments for the 2017 financial statements to be comparative with the 2018 financial statements as described in Note 1.

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 5 through 14; the Schedule of Employer's Share of Net Pension Liability, the Schedule of Employer Contributions, and the Notes to the Required Supplementary Information – Virginia Retirement System Pension Plans on page 75; the Schedule of Employer's Share of Net OPEB Liability, the Schedule of Employer Contributions, and the Notes to the Required Supplementary Information for the Health Insurance Credit, Group Life Insurance, Disability Insurance, and Line of Duty programs on pages 76 through 78; 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 78. 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 27, 2018 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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, 2018 (WITH COMPARATIVE INFORMATION AS OF JUNE 30, 2017)

		2018		2017
ASSETS				
Current assets				
Cash and cash equivalents (Note 2)	$	172,386	$	97,751
Short-term investments (Note 2)		337		68
Appropriations available		6,586		4,380
Accounts receivable, net (Note 3a)		396,702		343,415
Prepaid expenses		23,383		28,707
Inventories		31,336		28,275
Notes receivable, net (Note 3b)		6,113		6,532
Total current assets		**636,843**		**509,128**
Noncurrent assets				
Cash and cash equivalents (Note 2)		22,880		13,237
Long-term investments (Note 2)		2,800,053		2,495,607
Endowment (Note 2)		4,838,142		4,444,091
Notes receivable, net (Note 3b)		33,116		62,865
Pledges and other receivables, net (Note 3c)		14,665		14,037
Capital assets - depreciable, net (Note 3d)		3,262,075		3,127,018
Capital assets - nondepreciable, net (Note 3d)		520,730		386,410
OPEB asset (Note 12)		15,437		-
Other (Note 3e)		46,785		-
Total noncurrent assets		**11,553,883**		**10,543,265**
DEFERRED OUTFLOWS OF RESOURCES (Note 3f)		**154,387**		**151,151**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$**	**12,345,113**	**$**	**11,203,544**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (Note 3g)	$	354,283	$	310,267
Unearned revenue (Note 3h)		74,080		105,726
Deposits held in custody for others		11,714		4,459
Commercial paper (Note 4)		121,845		86,295
Long-term debt - current portion (Note 5a)		9,581		10,333
Long-term liabilities - current portion (Note 5b)		91,946		85,413
Total current liabilities		**663,449**		**602,493**
Noncurrent liabilities				
Long-term debt (Note 5a)		1,995,829		1,507,280
Derivative instrument liability (Note 6)		27,890		31,620
Net pension liability (Note 11)		506,386		551,786
OPEB liability (Note 12)		293,545		64,071
Other noncurrent liabilities (Note 5b)		174,173		153,488
Total noncurrent liabilities	**$**	**2,997,823**	**$**	**2,308,245**
DEFERRED INFLOWS OF RESOURCES (Note 3i)		**133,676**		**87,389**
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**$**	**3,794,948**	**$**	**2,998,127**
NET POSITION				
Net investment in capital assets	$	1,961,811	$	1,921,181
Restricted:				
Nonexpendable		747,191		676,312
Expendable		3,091,428		2,987,365
Unrestricted		2,749,735		2,620,559
TOTAL NET POSITION	**$**	**8,550,165**	**$**	**8,205,417**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$**	**12,345,113**	**$**	**11,203,544**

Certain 2017 amounts have been restated to conform to 2018 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, 2018 (WITH COMPARATIVE INFORMATION AS OF JUNE 30, 2017)

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 76,577	$ 92,945
Receivables	148,352	136,404
Other current assets	323,199	291,630
Total current assets	**548,128**	**520,979**
Noncurrent assets		
Pledges receivable, net of current portion of $33,827 and $39,006	53,343	65,609
Long-term investments	9,625,569	8,788,412
Capital assets, net of depreciable	440,467	428,405
Other noncurrent assets	61,058	29,910
Total noncurrent assets	**10,180,437**	**9,312,336**
TOTAL ASSETS	**$ 10,728,565**	**$ 9,833,315**
LIABILITIES AND NET ASSETS		
Current liabilities		
Assets held in trust for others	$ 115,456	$ 103,083
Other liabilities	207,753	252,940
Total current liabilities	**323,209**	**356,023**
Noncurrent liabilities		
Long-term debt, net of debt insurance cost and current portion of $9,438 and $6,675	163,587	163,846
Other noncurrent liabilities	8,098,106	7,336,575
Total noncurrent liabilities	**8,261,693**	**7,500,421**
TOTAL LIABILITIES	**$ 8,584,902**	**$ 7,856,444**
NET ASSETS		
Unrestricted	$ 465,187	$ 397,442
Temporarily restricted	915,924	847,054
Permanently restricted	762,552	732,375
TOTAL NET ASSETS	**$ 2,143,663**	**$ 1,976,871**
TOTAL LIABILITIES AND NET ASSETS	**$ 10,728,565**	**$ 9,833,315**

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, 2018 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	2018	2017
REVENUES		
Operating revenues		
Student tuition and fees, net of scholarship allowances of $128,228 and $113,061	$ 565,061	$ 545,168
Patient services, net of charity care of $3,889,036 and $3,658,619	1,642,115	1,545,404
Federal grants and contracts	284,163	256,145
State and local grants and contracts	9,892	7,072
Nongovernmental grants and contracts	70,208	58,689
Sales and services of educational departments	29,636	43,134
Auxiliary enterprises revenue, net of scholarship allowances of $19,851 and $19,355	140,494	137,057
Other operating revenues	47,260	60,423
TOTAL OPERATING REVENUES	**2,788,829**	**2,653,092**
EXPENSES		
Operating expenses (Note 9)		
Compensation and benefits	1,844,556	1,719,618
Supplies and other services	1,159,964	1,063,255
Student aid	100,373	92,691
Depreciation	232,476	225,247
Other	5,308	4,676
TOTAL OPERATING REVENUES	**3,342,677**	**3,105,487**
OPERATING LOSS	**(553,848)**	**(452,395)**
NONOPERATING REVENUES (EXPENSES)		
State appropriations (Note 10)	168,449	168,664
Gifts	170,454	163,356
Investment income	766,288	728,658
Pell grants	13,586	12,485
Interest on capital asset-related debt	(87,361)	(69,062)
Build America Bonds rebate	8,159	8,151
Loss on capital assets	(27,957)	(3,566)
Other net nonoperating expenses	(20,224)	(28,959)
NET NONOPERATING REVENUES	**991,394**	**979,727**
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	**437,546**	**527,332**
Capital appropriations	15,146	15,691
Capital grants and gifts	38,200	30,603
Additions to permanent endowments	53,543	46,963
TOTAL OTHER REVENUES	**106,889**	**93,257**
INCREASE IN NET POSITION	**544,435**	**620,589**
NET POSITION		
Net position - beginning of year	8,205,417	7,584,828
Net effect of prior period adjustments (Note 1)	(199,687)	-
NET POSITION - BEGINNING OF YEAR AS RESTATED	**8,005,730**	**7,584,828**
NET POSITION - END OF YEAR	**$ 8,550,165**	**$ 8,205,417**

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, 2018 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	2018	2017
UNRESTRICTED REVENUES AND SUPPORT		
Contributions	$ 30,172	$ 30,785
Fees for services, rentals and sales	493,105	429,017
Investment income	46,691	42,067
Net assets released from restriction	138,720	134,780
Other revenues	110,438	155,021
TOTAL UNRESTRICTED REVENUES AND SUPPORT	**819,126**	**791,670**
EXPENSES		
Program services, lectures and special events	535,346	510,259
Scholarships and financial aid	82,619	93,128
Management and general	42,946	41,209
Other expenses	109,217	91,948
TOTAL EXPENSES	**770,128**	**736,544**
DEFICIENCY OF UNRESTRICTED REVENUES AND SUPPORT OVER EXPENSES	**48,998**	**55,126**
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	71,041	81,199
Investment and other income	155,216	149,429
Reclassification per donor stipulation	251	203
Net assets released from restriction	(138,892)	(135,173)
NET CHANGES IN TEMPORARILY RESTRICTED NET ASSETS	**87,616**	**95,658**
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS		
Contributions	29,181	45,068
Investment and other income (loss)	531	(1,066)
Reclassification per donor stipulation	294	291
Net assets released from restriction	172	393
NET CHANGES IN PERMANENTLY RESTRICTED NET ASSETS	**30,178**	**44,686**
CHANGES IN NET ASSETS	**166,792**	**195,470**
Net assets - beginning of year	1,976,871	1,781,401
NET ASSETS - END OF YEAR	**$ 2,143,663**	**$ 1,976,871**

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, 2018 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 572,977	$ 547,718
Grants and contracts	355,989	312,868
Patient services	1,599,095	1,551,066
Sales and services of educational activities	16,724	41,851
Sales and services of auxiliary enterprises	145,241	134,619
Payments to employees and fringe benefits	(1,826,612)	(1,725,883)
Payments to vendors and suppliers	(1,164,703)	(1,070,098)
Payments for scholarships and fellowships	(100,373)	(92,691)
Perkins and other loans issued to students	(8,194)	(62,984)
Collection of Perkins and other loans to students	9,065	61,862
Other receipts	44,913	63,598
NET CASH USED BY OPERATING ACTIVITIES	**(355,878)**	**(238,074)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	166,332	169,545
Additions to permanent endowments	53,543	46,963
Federal Direct Loan Program receipts	161,661	127,239
Federal Direct Loan Program payments	(161,661)	(127,239)
Pell grants	13,586	12,485
Deposits held in custody for others	7,207	(10,041)
Noncapital gifts and grants and endowments received	147,689	153,334
Proceeds from noncapital debt	493,632	-
Repayments from noncapital debt	(175,000)	(25,000)
Other net nonperating (expenses) revenues	(26,584)	333
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	**680,405**	**347,619**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations	15,146	14,000
Capital gifts and grants received	37,068	30,468
Proceeds from capital debt	246,103	392,986
Proceeds from sale of capital assets	1,182	-
Acquisition and construction of capital assets	(495,947)	(368,289)
Principal paid on capital debt and leases	(32,432)	(265,412)
Interest paid on capital debt and leases	(87,718)	(74,211)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	**(316,598)**	**(270,458)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	544,805	711,518
Interest on investments	(4,808)	21,116
Purchase of investments and related fees	(460,010)	(567,045)
Other investment activities	(3,638)	(35,051)
NET CASH PROVIDED BY INVESTING ACTIVITIES	**76,349**	**130,538**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**84,278**	**(30,375)**
Cash and cash equivalents - beginning of year	110,988	141,363
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 195,266**	**$ 110,988**

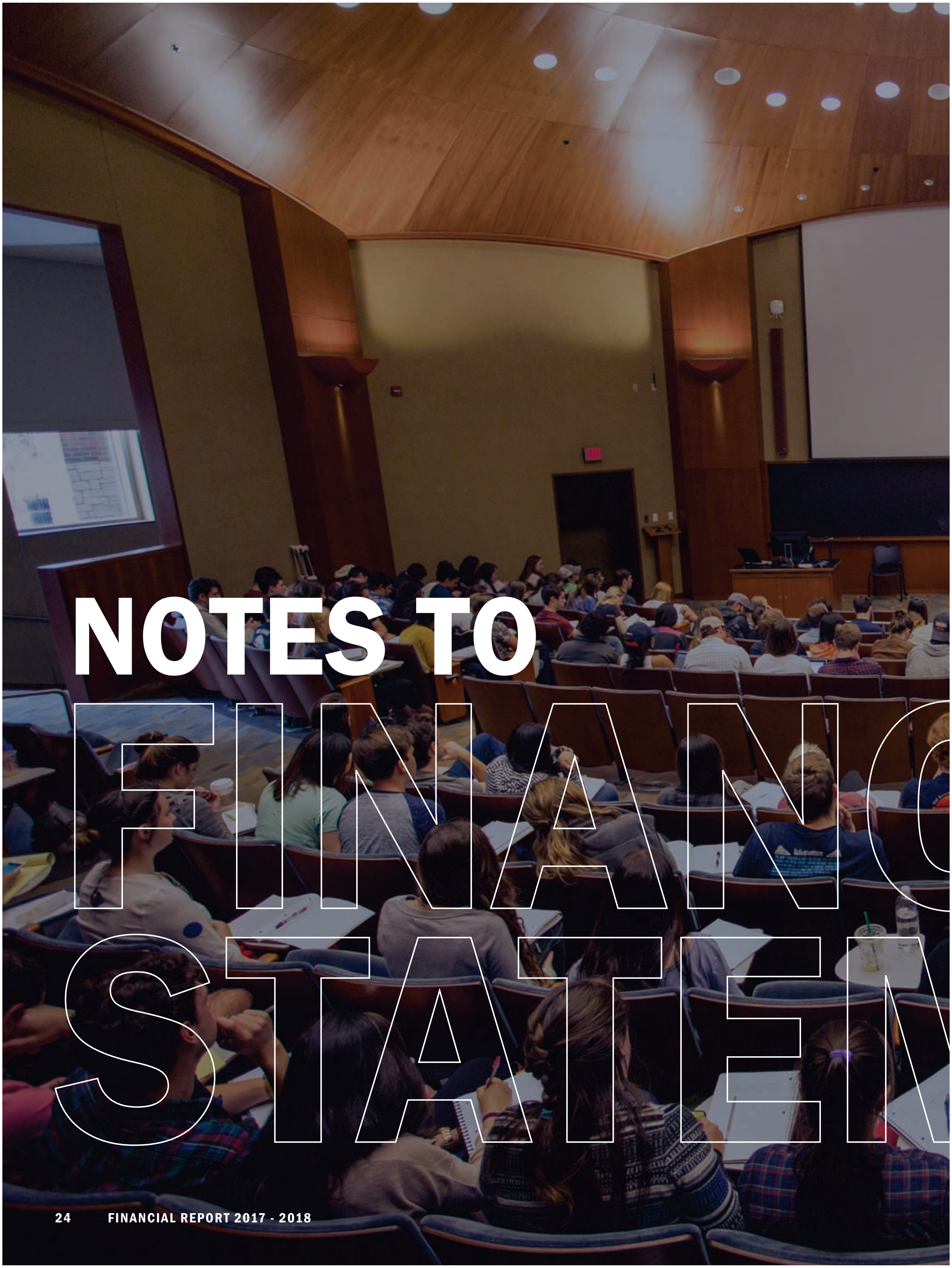
The accompanying Notes to Financial Statements are an integral part of this statement.

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

FOR THE YEAR ENDED JUNE 30, 2018 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	2018	2017
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$ (533,848)	$ (452,395)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	232,476	225,247
Provision for uncollectible loans and write-offs	-	1,786
Changes in assets, liabilities, deferred outflows and deferred inflows:		
Receivables, net	25,020	3,941
Inventories	(3,062)	(1,942)
OPEB asset	(3,433)	-
Other assets	(2)	-
Prepaid expenses	5,324	(1,136)
Notes receivable, net	287	1,765
Capital assets, net	7,203	-
Deferred outflows of resources	19,214	(35,725)
Accounts payable and accrued liabilities	(85,573)	(19,383)
Unearned revenue	(11,482)	3,147
Long-term liabilities	(23,725)	6,922
Net pension liability	(45,400)	54,206
OPEB liability	43,734	-
Deferred inflows of resources	37,389	(24,507)
TOTAL ADJUSTMENTS	**197,970**	**214,321**
NET CASH USED BY OPERATING ACTIVITIES	**$ (355,878)**	**$ (238,074)**
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Assets acquired through assumption of a liability	$ 43,579	$ 8,970
Assets acquired through a gift	9,647	9,284
Change in fair value of investments	779,107	613,384
Increase in receivables related to nonoperating income	2,399	2,758
Gain on disposal of capital assets	22,044	1,004
(Loss) gain on investments in affiliated companies	(5,784)	23,149
Goodwill reclassification	-	8,717
Change in non-controlling interest in subsidiary	(74)	1,260
VRS and VaLORS special revenue allocation	-	13,576
Revaluation of investment	-	(5,968)
Amortization of bond premium	8,142	11,948
Trustee-held split interest agreements	3,638	-

The accompanying Notes to Financial Statements are an integral part of this statement.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NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSE

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

INCOME TAX STATUS

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

FINANCIAL REPORTING ENTITY

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

BLENDED COMPONENT UNITS

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

DISCRETELY PRESENTED COMPONENT UNITS

The University has 27 legally separate, tax-exempt related foundations operating in support of the interests of the University (the Foundations). These related foundations are not-for-profit corporations controlled by separate boards of directors. The University determined that the following nine foundations 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, 2018.

- 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 Colgate Darden Graduate School of Business Administration 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, 2017. 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 400833, 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 Long-Term Pool (LTP), which is a unitized investment pool. The LTP commingles endowment, charitable trusts and other investments of the University and the Foundations. Assets of the LTP are pooled on a fair value basis in accordance with U.S. GAAP and unitized monthly. Deposits and withdrawals are also processed monthly. Each depositor subscribes to or disposes of units on the basis of 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. 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, 2018 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, 2018, was $2.5 million.

The estimated useful lives of capital assets are as follows:

ASSETS	YEARS
Buildings, improvements other than buildings and infrastructure	10-50
Equipment	3-20
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.

For 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, 2018, 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 or 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 Plan (VSDP) program is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The VSDP program was established pursuant to §51.1-1100 et seq. of the *Code of Virginia*, as amended, which provides the authority under which benefit terms are established or may be amended. The VSDP program 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 program OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to the VSDP program OPEB, and VSDP program OPEB expense, information about the fiduciary net position of the VRS VSDP program OPEB plan and the additions to/deductions from the VRS VSDP 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.
he asset or otherwise enhance its capacity to render service.

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. In accordance with these agreements, the difference between the contractual payments due and the Medical Center scheduled billing rates results in contractual adjustments. Patient care revenues are reported net of contractual allowances in the Statement of Revenues, Expenses and Changes in Net Position in the period in which the related services are rendered.

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. Because the determination of settlements 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 as an adjustment to Medical Center revenues. Laws and regulations governing Medicare and Medicaid are complex and subject to interpretation.

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, 2017, from which the summarized information was derived. Certain amounts from the prior fiscal year have been reclassified to conform to current-year presentation. Also, the summarized comparative information presented does not include the necessary adjustments related to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, GASB Statement No. 81, Irrevocable Split-Interest Agreements*, and correction to unearned revenue as mentioned in the Unearned Revenue section, for the 2017 financial statements to be comparative with the 2018 financial statements. The information needed to make these adjustments is not available for prior years.

CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

For the fiscal year ended June 30, 2018, the University implemented the following pronouncements issued by the GASB.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed and expanded. The University implemented GASB Statement No. 75 prospectively beginning with the period ended June 30, 2018, with a $170.9 million net OPEB liability and $13.8 million net OPEB asset for a net decrease in beginning net position for VRS administered OPEBs of $157.1 million. The University also recognized a $28.5 million total OPEB liability as a beginning net position adjustment for University administered OPEBs.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. GASB Statement No. 81 provides accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement, assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party if the government controls the present service capacity of the beneficial interests, and revenue when the resources become applicable to the reporting period. The University had previously only recorded the assets and liabilities associated with irrevocable split-interest agreements in which it served as trustee in accordance with GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis --for State and Local Governments.* The effect of the implementation of GASB Statement No. 81 on the University's financial statements was a decrease to beginning net position of $35.5 million.

GASB Statement No. 85, *Omnibus*. GASB Statement No. 85 address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). GASB Statement No. 85 did not have a material impact on the University for the year ended June 30, 2018.

GASB Statement No. 86, *Certain Debt Extinguishment Issue*. GASB Statement No. 86 addresses in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB Statement No. 86 did not affect the University for the year ended June 30, 2018.

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 $62 million on June 30, 2018.

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 $130.4 million and $13.2 million on June 30, 2018, and June 30, 2017, 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, 2018.

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, 2018, 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, 2018, 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, 2018, 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, 2018.

Details of the University's investment risks as of June 30, 2018 are outlined below:

CREDIT QUALITY AND INTEREST RATE RISK *(in thousands)*	**BALANCE AT JUNE 30, 2018**	**CREDIT RATING**	**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	$ 383	Not Applicable	N/A	N/A	N/A	N/A
Cash deposits	77,588	Not Applicable	N/A	N/A	N/A	N/A
University of Virginia Aggregate Cash Pool	117,295	Not Applicable	N/A	N/A	N/A	N/A
TOTAL CASH AND CASH EQUIVALENTS	**$ 195,266**		**$ -**	**$ -**	**$ -**	**$ -**
SHORT-TERM INVESTMENTS						
Cash deposits	$ 269	Not Applicable	N/A	N/A	N/A	N/A
Other investments not subject to credit or interest rate risk	68	Not Applicable	N/A	N/A	N/A	N/A
TOTAL SHORT-TERM INVESTMENTS	**$ 337**		**$ -**	**$ -**	**$ -**	**$ -**
LONG-TERM INVESTMENTS						
UVIMCO LTP	$ 2,708,301	Not Rated	N/A	N/A	N/A	N/A
Other investments not subject to credit or interest rate risk	91,752	Not Applicable	N/A	N/A	N/A	N/A
TOTAL LONG-TERM INVESTMENTS	**$ 2,800,053**		**$ -**	**$ -**	**$ -**	**$ -**
ENDOWMENT						
Cash and cash equivalents	$ 1,666	Not Applicable	$ 1,666	$ -	$ -	$ -
UVIMCO LTP	4,822,908	Not Rated	N/A	N/A	N/A	N/A
Other investments not subject to credit or interest rate risk	13,568	Not Applicable	N/A	N/A	N/A	N/A
TOTAL ENDOWMENT	**$ 4,838,142**		**$ 1,666**	**$ -**	**$ -**	**$ -**

INVESTMENTS

UVIMCO administers and manages the majority of the University's investments in its unitized investment pool. From time to time, the University also invests its operating funds with a number of other asset managers. At June 30, 2018, the University's investment in the LTP was $7.5 billion representing 96 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, 2018:

INVESTMENTS AND DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE *(in thousands)*	BALANCE AT JUNE 30, 2018	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
SHORT-TERM INVESTMENTS						
Cash deposits	$ 269	$ -	$ -	$ -	$ -	$ 269
Equity securities	68	68	-	-	-	-
TOTAL SHORT-TERM INVESTMENTS	**$ 337**	**$ 68**	**$ -**	**$ -**	**$ -**	**$ 269**
LONG-TERM INVESTMENTS						
Life insurance contracts**	$ 3,646	$ -	$ -	$ -	$ -	$ 3,646
Investments in affiliates	88,907	-	-	-	-	88,907
Equity securities	9	-	-	9	-	-
UVIMCO LTP	2,708,301	-	-	-	2,708,301	-
TOTAL LONG-TERM INVESTMENTS	**$ 2,800,053**	**$ -**	**$ -**	**$ 9**	**$ 2,708,301**	**$ 91,743**
ENDOWMENT						
Cash and cash equivalents	$ 1,666	$ -	$ 975	$ -	$ -	$ 691
Equity securities	988	953	-	35	-	-
UVIMCO LTP	4,822,908	-	-	-	4,822,908	-
Exchange traded funds	12,580	12,580	-	-	-	-
TOTAL ENDOWMENT	**$ 4,838,142**	**$ 13,533**	**$ 975**	**$ 35**	**$ 4,822,908**	**$ 691**
INVESTMENT DERIVATIVE INSTRUMENTS* **						
Fixed-receiver interest rate swaps	$ (2,709)	$ -	$ (2,709)	$ -	$ -	$ -
Fixed-payer interest rate swaps	(25,181)	-	(25,181)	-	-	-
TOTAL INVESTMENT DERIVATIVE INSTRUMENTS	**$ (27,890)**	**$ -**	**$ (27,890)**	**$ -**	**$ -**	**$ -**

** 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.*

*** 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, 2018	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY (IF CURRENTLY ELIGIBLE)	REDEMPTION NOTICE PERIOD
UVIMCO LTP	$ 7,531,209	$ -	Monthly	(a)
TOTAL INVESTMENTS MEASURED AT NAV	**$ 7,531,209**	**$ -**		

(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

The market value of the endowment on June 30, 2018, was $4.8 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. The current inflation factor in use by the University is 1.96 percent. 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 2018, the endowment spending distribution of $205.8 million, excluding agency funds, equaled 5.04 percent of the fiscal year 2016 ending market value. Since the results fell within the range, no further action by the board was needed.

For the year ended June 30, 2018, 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	$ 226,305	$ 250,022	$ 7,865	$ 2,809	$ 487,001
Contributions to permanent endowments	53,543	-	-	-	53,543
Other gifts	-	-	1,299	-	1,299
Spending distribution	(97,718)	(108,047)	-	(1,530)	(207,295)
Endowment administrative fee*	(9,442)	(10,489)	-	-	(19,931)
Transfers in (out)**	17,422	67,463	(5,933)	482	79,434
TOTAL CHANGE IN ENDOWMENT FUNDS	**$ 190,110**	**$ 198,949**	**$ 3,231**	**$ 1,761**	**$ 394,051**

** The University has implemented an administrative fee on the endowment of 50 basis points. The fee is distributed to units for departmental support of endowments.*
*** 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, 2018, is summarized as follows:

ACCOUNTS RECEIVABLE *(in thousands)*	
Patient care	$ 791,964
Grants and contracts	54,946
Student payments	13,557
Pledges	5,400
Institutional loans	1,369
Build America Bonds rebate	916
Equipment Trust Fund reimbursement	15,898
Auxiliary	1,687
Related foundation	18,856
Service concession arrangements	4,552
Other	41,830
Less: Allowance for doubtful accounts	(554,273)
TOTAL ACCOUNTS RECEIVABLE	**$ 396,702**

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, 2018, is summarized as follows:

NOTES RECEIVABLE *(in thousands)*	
Perkins	$ 14,405
Nursing	1,438
Institutional	19,034
Fraternity loan	622
Dues from related foundation	5,685
Less: Allowance for doubtful accounts	(1,955)
Total notes receivable, net	**39,229**
Less: Current portion, net of allowance	(6,113)
TOTAL NONCURRENT NOTES RECEIVABLE	**$ 33,116**

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 $88.5 million and $7.2 million at June 30, 2018, and June 30, 2017, 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, 2018, is summarized as follows:

PLEDGES AND OTHER RECEIVABLES *(in thousands)*	
PLEDGES AND OTHER RECEIVABLES OUTSTANDING	
Gift pledges - Operations	$ 9,082
Gift pledges - Capital	4,563
Service concession arrangements	14,508
Total pledges and other receivables outstanding	**28,153**
Less:	
Allowance for uncollectible accounts	(1,762)
Unamortized discount to present value	(2,391)
Total pledges and other receivable, net	**24,000**
Less: Current portion, net of allowance	(9,335)
TOTAL NONCURRENT PLEDGES AND OTHER RECEIVABLES	**$ 14,665**

d. Capital assets: The capital assets activity for the year ended June 30, 2018, is summarized as follows:

CAPITAL ASSETS *(in thousands)*	BEGINNING BALANCE JULY 1, 2017	INCREASES	DECREASES	ENDING BALANCE JUNE 30, 2018
NONDEPRECIABLE CAPITAL ASSETS				
Land	$ 65,026	$ 14,589	$ -	$ 79,615
Construction in progress	305,032	371,194	(250,115)	426,111
Software in development	16,352	500	(1,848)	15,004
TOTAL NONDEPRECIABLE CAPITAL ASSETS	**386,410**	**386,283**	**(251,963)**	**520,730**
DEPRECIABLE CAPITAL ASSETS				
Buildings	3,978,042	174,169	(27,437)	4,124,774
Equipment	904,432	100,745	(67,781)	937,396
Infrastructure	518,743	22,271	-	541,014
Improvements other than buildings	166,393	20,484	(44)	186,833
Capitalized software	189,544	59,914	(366)	249,092
Library books	123,093	834	-	123,927
Total depreciable capital assets	**5,880,247**	**378,417**	**(95,628)**	**6,163,036**
Less: Accumulated depreciation for:				
Buildings	(1,501,950)	(121,082)	22,263	(1,600,769)
Equipment	(626,107)	(69,516)	62,447	(633,176)
Infrastructure	(223,226)	(15,399)	-	(238,625)
Improvements other than buildings	(130,264)	(9,818)	2,480	(137,602)
Capitalized software	(160,757)	(15,957)	5	(176,709)
Library books	(110,925)	(3,155)	-	(114,080)
Total accumulated depreciation	**(2,753,229)**	**(234,927)**	**87,195**	**(2,900,961)**
TOTAL DEPRECIABLE CAPITAL ASSETS, NET	**3,127,018**	**143,490**	**(8,433)**	**3,262,075**
TOTAL CAPITAL ASSETS, NET	**$ 3,513,428**	**$ 529,773**	**$ (260,396)**	**$ 3,782,805**

e. Other assets: The composition of other assets on June 30, 2018, is summarized as follows:

OTHER ASSETS *(in thousands)*	
Funds held at foundation	$ 43,145
Trustee held split-interest agreement assets	3,638
UVA Global LLC	2
TOTAL OTHER ASSETS	**$ 46,785**

f. Deferred outflows of resources: The composition of deferred outflows of resources on June 30, 2018, is summarized as follows:

DEFERRED OUTFLOWS OF RESOURCES *(in thousands)*	
Goodwill	$ 16,654
Deferred loss on early retirement of debt	34,188
OPEB	30,090
Pension	73,455
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**$ 154,387**

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, 2018, is summarized as follows:

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES *(in thousands)*	
Accounts payable	$ 102,112
Accrued salaries and wages payable	84,894
Due to related foundations	59,538
Due to third party payors	80,883
Other payables	26,856
TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	**$ 354,283**

h. Unearned revenue: The composition of unearned revenue on June 30, 2018, is summarized as follows:

UNEARNED REVENUE *(in thousands)*	
Grants and contracts	$ 39,596
Student payments	17,834
Medical Center unearned revenues	862
Other unearned revenues	15,788
TOTAL UNEARNED REVENUE	**$ 74,080**

i. Deferred inflows of resources: The composition of deferred inflows on June 30, 2018, is summarized as follows:

DEFERRED INFLOWS OF RESOURCES *(in thousands)*	
Deferred gain on early retirement of debt	$ 413
Service concession arrangements	65,494
Split-Interest agreements	14,736
Pension	38,308
OPEB	14,725
TOTAL DEFERRED INFLOWS OF RESOURCES	**$ 133,676**

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, 2018, the University has accrued a $13 million receivable, an $11.2 million liability and a $65.5 million deferred inflow of resources related to the service concession arrangement.

NOTE 4 SHORT-TERM DEBT

Short-term debt at June 30, 2018, is summarized as follows:

SHORT-TERM DEBT *(in thousands)*	BEGINNING BALANCE JULY 1, 2017	ADDITIONS	REDUCTIONS	ENDING BALANCE JUNE 30, 2018
COMMERCIAL PAPER				
Taxable	$ 12,745	$ 276,100	$ 175,000	$ 113,845
Tax-exempt	73,550	110,900	176,450	8,000
TOTAL COMMERCIAL PAPER	**$ 86,295**	**$ 387,000**	**$ 351,450**	**$ 121,845**

The University has a $300 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 $300 million in April 2008. In fiscal year 2018, interest rates on commercial paper ranged from 0.78 to 2.04 percent.

NOTE 5 LONG-TERM OBLIGATIONS

a. Long-term debt: The composition of long-term debt at June 30, 2018, is summarized as follows:

LONG-TERM DEBT (in thousands)	INTEREST RATES AT ISSUANCE	FINAL MATURITY FISCAL YEAR	BEGINNING BALANCE JULY 1, 2017	ADDITIONS	REDUCTIONS	ENDING BALANCE JUNE 30, 2018	CURRENT PORTION
BONDS AND NOTES PAYABLE							
Revenue bonds:							
University of Virginia Series 2009 (9d)	4.17%*	2040	$ 250,000	$ -	$ -	$ 250,000	$ -
University of Virginia Series 2010 (9d)	3.37%**	2041	190,000	-	-	190,000	-
University of Virginia Series 2011 (9d)	4.0% to 5.0%	2033	63,985	-	2,790	61,195	2,935
University of Virginia Series 2013A (9d)	2.0% to 5.0%	2043	161,670	-	3,135	158,535	2,420
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	1,936	-	623	1,313	651
Notes payable to VCBA 2007B (9d)	4.0% to 4.25%	2020	10,525	-	3,605	6,920	3,390
Notes payable to VCBA 2010B (9d)	2.0% to 5.0%	2021	3,435	-	-	3,435	-
Other	various	2029	2,418	-	180	2,238	185
Total bonds and notes payable			**$ 1,392,424**	**$ 500,000**	**$ 10,333**	**$ 1,882,091**	**$ 9,581**
Less: Current portion of debt			(10,333)	-	(752)	(9,581)	
Bond premium			125,189	6,272	8,142	123,319	
NET LONG-TERM DEBT			**$ 1,507,280**	**$ 506,272**	**$ 17,723**	**$ 1,995,829**	

** 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 below. With the current credit, the effective interest rate on the bonds is reduced to 4.17 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 below. With the current credit, the effective interest rate on the bonds is reduced to 3.37 percent.*

At its June 2017 meeting, the University's Board of Visitors approved a shelf registration program for issuing up to $500 million in bonds in fiscal year 2017-18 at fixed coupon rates up to 5.5 percent.

On September 28, 2017, under the shelf registration, the University issued $300 million in taxable General Revenue Pledge Bonds, Series 2017C. The 2017C Series was issued to advance fund new construction on the grounds of the University and miscellaneous operating expenses. The bonds were issued with a coupon rate of 4.179 percent and a final maturity date of September 1, 2117.

On May 4, 2018, under the shelf registration, the University issued Series 2018A tax-exempt General Revenue Pledge Bonds of $64.08 million to refund $65.75 million of tax-exempt commercial paper. The bonds were issued with a premium of $2.01 million and a coupon rate of 4 percent and a final maturity date of August 1, 2048.

On May 4, 2018, under the shelf registration, the University issued Series 2018B tax-exempt General Revenue Pledge Bonds of $135.92 million to refund $110.70 million of tax-exempt commercial paper and advance fund $28.77 million of new construction on the grounds of the University. The bonds were issued with a premium of $4.26 million and a coupon rate of 4 percent and a final maturity date of August 1, 2048.

The University has three revolving credit agreements from three different banks in an aggregate amount of $200 million to provide liquidity for its variable-rate debt obligations. There were no advances outstanding under these credit agreements as of June 30, 2018.

The University has $300 million of operating lines of credit from four different banks to provide liquidity for operating expenses. There were no advances outstanding under these credit agreements as of June 30, 2018.

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**
2019*	$ 9,581	$ 88,192	$ (8,173)	$ 80,019
2020	9,656	89,813	(8,173)	81,640
2021	9,889	89,351	(8,173)	81,178
2022	113,302	86,400	(8,173)	78,227
2023	6,673	83,553	(8,173)	75,380
2024-2028	26,418	413,554	(40,862)	372,692
2029-2033	30,797	406,955	(40,862)	366,093
2034-2038	176,860	392,277	(40,862)	351,415
2039-2043	673,940	263,070	(15,363)	247,707
2044-2048	424,975	134,418	-	134,418
2049-2053	100,000	64,685	-	64,685
2054-2058	-	62,685	-	62,685
2059-2063	-	62,685	-	62,685
2064-2068	-	62,685	-	62,685
2069-2073	-	62,685	-	62,685
2074-2078	-	62,685	-	62,685
2079-2083	-	62,685	-	62,685
2084-2088	-	62,685	-	62,685
2089-2093	-	62,685	-	62,685
2094-2098	-	62,685	-	62,685
2099-2103	-	62,685	-	62,685
2104-2108	-	62,685	-	62,685
2109-2113	-	62,685	-	62,685
2114-2118	300,000	56,417	-	56,417
TOTAL	**$ 1,882,091**	**$ 2,920,905**	**$ (178,814)**	**$ 2,742,091**

* *Fiscal year 2018 represents a 6.9 percent reduction in the credit interest payment for September 1, 2017, and a 6.6 percent reduction in the credit interest payment for March 1, 2018. The 6.6 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, 2018, 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, 2018, is summarized as follows:

LONG-TERM LIABILITIES *(in thousands)*	**BEGINNING BALANCE JULY 1, 2017**	**ADDITIONS**	**REDUCTIONS**	**ENDING BALANCE JUNE 30, 2018**
Investments held for related entities	$ 17,760	$ 2,915	$ 1,149	$ 19,526
Accrual for compensated absences	83,433	98,453	91,365	90,521
Perkins loan program	10,855	-	1,808	9,047
Investment in Culpeper Regional Hospital	45,000	-	4,273	40,727
Irrevocable split-interest agreements	61,787	12,699	3,738	70,748
Service concession arrangements	12,085	-	841	11,244
Other	29,674	8,081	13,449	24,306
Total long-term liabilities	**$ 260,594**	**$ 122,148**	**$ 116,623**	**$ 266,119**
Less: Current portion of long-term liabilities	(85,413)	(6,533)		(91,946)
NET LONG-TERM LIABILITIES	**$ 175,181**	**$ 115,615**	**$ 116,623**	**$ 174,173**

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, 2018, the University held the following derivative instruments:

(in thousands)						
EFFECTIVE DATE	**MATURITY DATE**	**RATE PAID**	**RATE RECEIVED**	**NOTIONAL AMOUNT**	**FAIR VALUE ASSET (LIABILITY)**	**CHANGE IN FAIR VALUE**
INVESTMENT DERIVATIVE INSTRUMENTS - FIXED-RECEIVER INTEREST RATE SWAPS:						
4/8/2015	8/1/2021	SIFMA*	1.2%	$ 64,000	$ (1,355)	$ (1,076)
4/8/2015	8/1/2021	SIFMA*	1.2%	64,000	(1,354)	(1,076)
INVESTMENT DERIVATIVE INSTRUMENTS - FIXED-PAYER INTEREST RATE SWAPS:						
6/1/2008	6/1/2038	4.15%	SIFMA*	50,000	(12,902)	2,958
6/1/2008	6/1/2038	4.07%	SIFMA*	50,000	(12,279)	2,924
TOTAL DERIVATIVE INSTRUMENTS				**$ 228,000**	**$ (27,890)**	**$ 3,730**

* *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, 2018, 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, 2018, 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

CULPEPER REGIONAL HOSPITAL / NOVANT HEALTH UNIVERSITY OF VIRGINIA HEALTH SYSTEM

Culpeper Regional Hospital is a 60-bed community hospital providing primary care, as well as specialty services in orthopedics, cardiology and cancer. On December 31, 2008, the Medical Center and Culpeper Regional Hospital entered into a partnership agreement, whereby the Medical Center obtained a 49 percent interest in Culpeper Regional Hospital, with a $41.2 million investment. The Medical Center used the equity method of consolidation to reflect the Medical Center's investment in Culpeper Regional Hospital until September 30, 2014.

On October 1, 2014, the Medical Center acquired the remaining 51 percent of Culpeper Regional Hospital for $45 million, providing Culpeper and surrounding communities a new level of care that includes expanded services and greater access to specialty providers. Effective October 1, 2014, the Medical Center accounted for Culpeper Regional Hospital using the consolidation method of accounting.

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, recognizing a $12.9 million gain as a result of the transfer. 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.

CENTRAL VIRGINIA HEALTH NETWORK, INC.

In May 1995, the Medical Center joined the Central Virginia Health Network, Inc. (CVHN), a partnership of eight Richmond-area hospitals. CVHN was formed to provide an efficient and coordinated continuum of care, with services ranging from acute hospital treatment to primary physician care and home health services.

The Medical Center originally paid $100 for 10,000 shares of common stock and $109,900 as additional paid-in capital. In addition, the Medical Center is obligated for monthly dues to CVHN of $15,913. In December 2017, CVHN was dissolved and the dissolution check was recorded in June 2018. Complete financial statements can be obtained from the registered agent: Steven D. Gravely, Esq., Mezzullo and McCandlish, P.O. Box 796, Richmond, VA 23206.

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. Valiance Health, LLC has been dissolved pending receipt of the final dissolution settlement.

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 patron-member health systems.

UHC is a not-for-profit organization. It is incorporated as a nonstock 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.

CHARLOTTESVILLE PROGRAM OF ALL-INCLUSIVE CARE FOR THE ELDERLY

The Medical Center contributed $245,000 for a 24.5 percent investment in the Charlottesville Program of All-Inclusive Care for the Elderly (PACE). The program delivers various medical and support services to senior residents in Charlottesville and surrounding counties. Patients in the program have an alternative to residential nursing home care providing daily access to doctors and physical therapists, home health care, and personal care. Charlottesville PACE financial transactions are recorded by the Medical Center using the equity method of accounting. PACE was dissolved in June 2018.

VALLEY REGIONAL HEALTH / MARY WASHINGTON HOSPITAL / UNIVERSITY OF VIRGINIA RADIOSURGERY CENTER, LLC

The Medical Center has entered into 10 percent minority interest partnerships with Winchester Medical Center and Mary Washington Hospital. Winchester Medical Center and Mary Washington Hospital have expanded their cancer programs 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 SRS, this advanced non-surgical technology is available to patients who would have otherwise had to travel to receive care.

HEALTHCARE PARTNERS, INC.

In May 1995, HealthCare Partners, Inc., a nonstock, nonprofit 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. The corporation is governed by a board of directors composed of Medical Center staff, UPG representatives, community members and University Board 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. BroadAxe, also known as Locus-Health Broad Axe, is a remote patient monitoring system used by the Medical Center to manage reduction with readmissions.

Details of the University's net investment in affiliated companies accounted for using the equity method of accounting as of June 30, 2018, is summarized below:

INVESTMENT IN AFFILIATED COMPANIES *(in thousands)*	**CAPITAL CONTRIBUTIONS**	**SHARE OF ACCUMULATED INCOME (LOSS)**	**NET INVESTMENT**
PACE	$ 245	$ (245)	$ -
Valley Regional Health	4	(5)	(1)
Valiance, LLC	249	-	249
University Health System Consortium	4,087	-	4,087
HEALTHSOUTH, LLC	-	18,806	18,806
Novant	94,041	(31,741)	62,300

GLOBAL GENOMICS AND BIOFORMATICS 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 the 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 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, 2018, the University has made no contributions to the GGBRI.

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, 2018*	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											
Total current assets	**$ 2,486**	**$ 19,341**	**$ 25,434**	**$ 55,846**	**$ 12,696**	**$ 26,534**	**$ 16,744**	**$ 126,402**	**$ 262,645**	**$ -**	**$ 548,128**
Noncurrent assets											
Long-term investments	512,856	111,869	347,627	303,335	357,299	72,774	115,316	251,518	9,279,015	(1,726,040)	9,625,569
Capital assets, net and other assets	24,490	15,108	68,761	20,021	54,442	25,023	317,915	35,615	412	(6,919)	554,868
Total noncurrent assets	**537,346**	**126,977**	**416,388**	**323,356**	**411,741**	**97,797**	**433,231**	**287,133**	**9,279,427**	**(1,732,959)**	**10,180,437**
TOTAL ASSETS	**$ 539,832**	**$ 146,318**	**$ 441,822**	**$ 379,202**	**$ 424,437**	**$ 124,331**	**$ 449,975**	**$ 413,535**	**$ 9,542,072**	**$(1,732,959)**	**$10,728,565**
LIABILITIES AND NET ASSETS											
Current liabilites											
Total current liabilities	**$ 564**	**$ 693**	**$ 13,840**	**$ 117,414**	**$ 12,519**	**$ 1,352**	**$ 80,626**	**$ 91,104**	**$ 5,097**	**$ -**	**$ 323,209**
Noncurrent liabilities											
Long-term debt, net of debt issuance cost and current portion of $9,438	-	-	5,838	-	22,500	-	135,249	-	-	-	163,587
Other noncurrent liabilities	486	-	-	3,005	21,501	-	90,559	194,663	9,520,851	(1,732,959)	8,098,106
Total noncurrent liabilities	**486**	**-**	**5,838**	**3,005**	**44,001**	**-**	**225,808**	**194,663**	**9,520,851**	**(1,732,959)**	**8,261,693**
TOTAL LIABILITIES	**$ 1,050**	**$ 693**	**$ 19,678**	**$ 120,419**	**$ 56,520**	**$ 1,352**	**$ 306,434**	**$ 285,767**	**$ 9,525,948**	**$(1,732,959)**	**$ 8,584,902**
NET ASSETS											
Unrestricted	$ 77,020	$ 1,512	$ 89,655	$ 77,821	$ (5,297)	$ 27,835	$ 52,749	$ 127,768	$ 16,124	$ -	$ 465,187
Temporarily restricted	294,225	63,400	172,506	104,362	152,737	52,678	76,016	-	-	-	915,924
Permanently restricted	167,537	80,713	159,983	76,600	220,477	42,466	14,776	-	-	-	762,552
TOTAL NET ASSETS	**538,782**	**145,625**	**422,144**	**258,783**	**367,917**	**122,979**	**143,541**	**127,768**	**16,124**	**-**	**2,143,663**
TOTAL LIABILITIES AND NET ASSETS	**$ 539,832**	**$ 146,318**	**$ 441,822**	**$ 379,202**	**$ 424,437**	**$ 124,331**	**$ 449,975**	**$ 413,535**	**$ 9,542,072**	**$ (1,732,959)**	**$ 10,728,565**

* *December 31, 2017, year-end*

STATEMENT OF ACTIVITIES *(in thousands)* *for the year ended June 30, 2018*	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	$ 3,769	$ 6,220	$ 4,330	$ 969	$ 83	$ 14,731	$ 70	$ -	$ -	$ 30,172
Fees for services, rentals, and sales	-	-	18,724	4,423	-	1,109	51,328	404,607	12,914	493,105
Other revenues	26,902	12,241	25,162	61,534	14,840	23,064	32,634	97,912	1,560	295,849
TOTAL UNRESTRICTED REVENUES AND SUPPORT	**30,671**	**18,461**	**48,216**	**66,926**	**14,923**	**38,904**	**84,032**	**502,519**	**14,474**	**819,126**
EXPENSES										
Program services, lectures, and special events	19,094	17,135	43,009	53,994	15,911	35,518	32,207	389,067	12,030	617,965
Other expenses	4,685	1,630	7,206	7,665	1,486	3,764	27,673	93,697	4,357	152,163
TOTAL EXPENSES	**23,779**	**18,765**	**50,215**	**61,659**	**17,397**	**39,282**	**59,880**	**482,764**	**16,387**	**770,128**
EXCESS (DEFICIENCY) OF UNRESTRICTED REVENUES AND SUPPORT OVER EXPENSES	**6,892**	**(304)**	**(1,999)**	**5,267**	**(2,474)**	**(378)**	**24,152**	**19,755**	**(1,913)**	**48,998**
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS										
Contributions	5,244	3,408	4,951	30,056	2,595	24,087	700	-	-	71,041
Other	19,582	(66)	11,540	(25,345)	22,238	(14,110)	2,736	-	-	16,575
NET CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	**24,826**	**3,342**	**16,491**	**4,711**	**24,833**	**9,977**	**3,436**	**-**	**-**	**87,616**
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS										
Contributions	5,045	1,806	3,772	9,371	7,801	1,386	-	-	-	29,181
Other	(1,087)	(99)	-	232	1,032	919	-	-	-	997
NET CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	**3,958**	**1,707**	**3,772**	**9,603**	**8,833**	**2,305**	**-**	**-**	**-**	**30,178**
CHANGE IN NET ASSETS	**35,676**	**4,745**	**18,264**	**19,581**	**31,192**	**11,904**	**27,588**	**19,755**	**(1,913)**	**166,792**
Net assets - beginning of year	503,106	140,880	403,880	239,202	336,725	111,075	115,953	108,013	18,037	1,976,871
NET ASSETS - END OF YEAR	**$ 538,782**	**$ 145,625**	**$ 422,144**	**$ 258,783**	**$ 367,917**	**$ 122,979**	**$ 143,541**	**$ 127,768**	**$ 16,124**	**$2,143,663**

* *December 31, 2017, 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, 2018, 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	**$ 15,012**	**$ 28,451**	**$ 12,778**	**$ 10,355**	**$ 13,975**	**$ 28,200**	**$ 108,771**
Less:							
Allowance for uncollectible accounts	(377)	(3,198)	(1,317)	(5,750)	(573)	(1,594)	(12,809)
Unamortized discount to present value	(2,340)	(4,095)	(783)	(203)	(591)	(780)	(8,792)
Total pledges receivable, net	**12,295**	**21,158**	**10,678**	**4,402**	**12,811**	**25,826**	**87,170**
Less: Current portion, net of allowance	(2,330)	(9,832)	(4,261)	(2,784)	(4,845)	(9,775)	(33,827)
TOTAL NONCURRENT PLEDGES RECEIVABLE	**$ 9,965**	**$ 11,326**	**$ 6,417**	**$ 1,618**	**$ 7,966**	**$ 16,051**	**$ 53,343**

* *December 31, 2017, year-end*

The Law School Foundation has received bequest intentions and certain other conditional promises to give of approximately $4.8 million as of June 30, 2018. These intentions and conditional promises to give are not recognized as assets, and if they are received, will generally be restricted for specific purposes stipulated by the donors, primarily endowments for scholarships and professorships.

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, 2018, 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	$ 21	$ -	$ 16,211	$ 24,883	$ 3,421	$ -	$ -	$ 152,646	$3,343,146	$ -	$3,540,328
University of Virginia Investment Management Company	375,387	111,869	310,172	299,872	346,313	71,787	119,897	90,743	-	(1,726,040)	-
Mutual and money market funds	42,735	993	31,297	1,976	-	-	1,222	14,273	167,308	-	259,804
Other	94,713	-	-	7,233	7,565	987	3,472	-	6,026,209	-	6,140,179
Total investments	**512,856**	**112,862**	**357,680**	**333,964**	**357,299**	**72,774**	**124,591**	**257,662**	**9,536,663**	**(1,726,040)**	**9,940,311**
Less: Amounts shown in current assets	-	(993)	(10,053)	(30,629)	-	-	(9,275)	(6,144)	(257,648)	-	(314,742)
LONG-TERM INVESTMENTS	**$ 512,856**	**$ 111,869**	**$ 347,627**	**$ 303,335**	**$ 357,299**	**$ 72,774**	**$ 115,316**	**$ 251,518**	**$ 9,279,015**	**$ (1,726,040)**	**$9,665,569**

* *December 31, 2017, 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 $8.4 billion on June 30, 2018. 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, 2018, 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 FOUNDA-TION*	UNIVERSITY OF VIRGINIA FOUNDATION	UNIVERSITY OF VIRGINIA PHYSICIANS GROUP	UNIVERSITY OF VIRGINIA INVESTMENT MANAGEMENT COMPANY	COMPONENT UNITS TOTAL
Land	$ 152	$ -	$ 633	$ 4,242	$ -	$ 116,360	$ 3,279	$ -	$ 124,666
Buildings and improvements	914	110,337	8,177	19,906	-	295,560	40,022	1,566	476,482
Furnishings and equipment	331	3,179	2,131	1,650	55	26,816	24,185	1,379	59,726
Collections	-	101	-	65	-	-	-	-	166
Construction in progress	-	-	-	3,220	-	-	902	210	4,332
Total	**1,397**	**113,617**	**10,941**	**29,083**	**55**	**438,736**	**63,388**	**3,155**	**665,372**
Less: Accumulated depreciation	(444)	(51,859)	(6,253)	(6,460)	(48)	(123,260)	(33,838)	(2,743)	(224,905)
NET CAPITAL ASSETS	**$ 953**	**$ 61,758**	**$ 4,688**	**$ 22,623**	**$ 7**	**$ 315,476**	**$ 34,550**	**$ 412**	**$ 440,467**

* *December 31, 2017, 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, 2018:

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	50,927	-
U.S. Bank, N.A.	25,000	-	10,000
BB&T	35,000	-	25,000
Darden School Foundation			
Suntrust, N.A.	$ 3,000	$ -	$ -
UPG			
Virginia National Bank	$ 3,000	$ -	$ -
TOTAL	**$ 185,000**	**$ 50,927**	**$ 63,000**

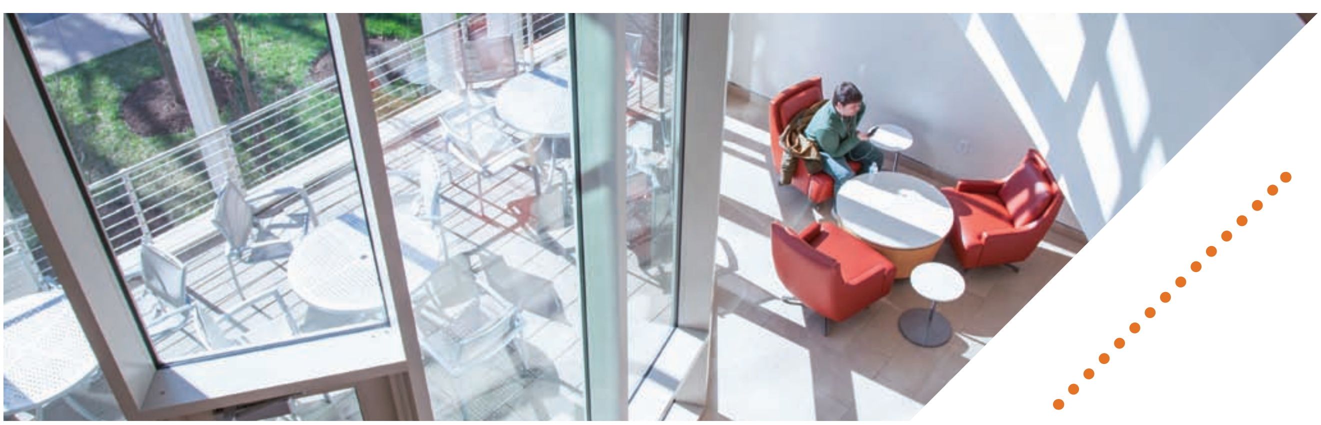
The composition of the long-term debt of the component units on June 30, 2018, is summarized as follows:

LONG-TERM DEBT *(in thousands)*	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	$ 8,678	$ -	$ -	$ -	$ 8,678
Notes payable U.S. Bank	-	-	23,375	-	23,375
Notes payable Wells Fargo	-	-	24,405	-	24,405
Recovery Zone Facility Bond	-	-	7,988	-	7,988
2000 Industrial Development Author	-	-	-	3,505	3,505
2004 Refinancing note payable	-	-	6,240	-	6,240
2011 Refinancing demand bonds	-	-	13,690	-	13,690
2017 Variable rate bank bonds	-	22,500	-	-	22,500
Total	**8,678**	**22,500**	**75,698**	**3,505**	**110,381**
Less: Current portion	(2,840)	-	(3,271)	(3,505)	(9,616)
NET LONG-TERM DEBT	**$ 5,838**	**$ 22,500**	**$ 72,427**	**$ -**	**$ 100,765**

Principal maturities of long-term debt obligations on June 30, 2018, are as follows:

MATURITIES *(in thousands)*	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	JEFFERSON SCHOLARS FOUNDATION	UNIVERSITY OF VIRGINIA FOUNDATION	UNIVERSITY OF VIRGINIA PHYSICIANS GROUP	COMPONENT UNITS TOTAL
2019	$ 2,840	$ -	$ 3,271	$ 3,505	$ 9,616
2020	2,958	-	25,303	-	28,261
2021	2,880	-	2,162	-	5,042
2022	-	-	2,217	-	2,217
2023	-	-	5,911	-	5,911
Thereafter	-	22,500	36,834	-	59,334
TOTAL	**$ 8,678**	**$ 22,500**	**$ 75,698**	**$ 3,505**	**$ 110,381**

During the fiscal year 2017, the UVAF retrospectively adopted FASB Accounting Standards Update No. 2015-03 to present debt issuance cost as a reduction of the carrying amount of the debt rather than as an asset. Unamortized debt issuance cost as of June 30, 2018 and June 30, 2017 were $177,679 and $240,858, respectively.



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**
2019	$ 2,629	$ 147	$ 3,357	$ 6,133
2020	2,719	133	2,570	5,422
2021	2,810	98	1,390	4,298
2022	2,903	10	563	3,476
2023	2,975	-	357	3,332
Thereafter	30,278	-	12,700	42,978
TOTAL	**$ 44,314**	**$ 388**	**$ 20,937**	**$ 65,639**

For fiscal year 2018, rental expense for all Foundations was $4.8 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, 2018, there were outstanding student loan balances under the program of approximately $27 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, 2018, the reserve account balances totaled $403,062. No payments have been made to the Darden School Foundation related to student loan guarantee program defaults.

Direct payments to the University from the Alumni Association for the year ended June 30, 2018, totaled $2.6 million. This amount includes gift transfers, payment for facilities and services, and other support for University activities.

UPG has contracted with the University to provide certain professional and technical services. Payments received for these services were approximately $75.3 million for the year ended June 30, 2018. Approximately $15 million of the fiscal year payments were provided through the Medical Center for the purpose of treating indigent and Medicaid patients. UPG contributed approximately $32.6 million to the University in support of various academic programs, equipment, teaching and research for the year ended June 30, 2018.

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, 2018, the outstanding balance due to UVA was $43.2 million.

NOTE 9 EXPENSE CLASSIFICATION MATRIX

The composition of the University's operating expenses by functional classification for the year ended June 30, 2018, is as follows:

OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION *(in thousands)*	COMPENSATION AND BENEFITS	SUPPLIES, UTILITIES, AND OTHER SERVICES	STUDENT AID	DEPRECIATION	OTHER	TOTAL
Instruction	$ 406,093	$ 52,824	$ 5,546	$ -	$ 1,497	$ 465,960
Research	224,129	143,126	17,400	-	957	385,612
Public service	28,164	27,391	588	-	642	56,785
Academic support	136,832	40,561	525	-	328	178,246
Student services	36,152	13,603	312	-	205	50,272
Institutional support	118,833	56,970	208	-	464	176,475
Operation of plant	95,196	11,100	-	-	184	106,480
Student aid	3,484	4,581	75,304	-	160	83,529
Auxiliary	80,167	90,282	490	-	867	171,806
Depreciation	-	-	-	133,789	-	133,789
Patient services	714,172	750,570	-	98,687	-	1,563,429
Other	1,334	(9,247)	-	-	4	(7,909)
Central services recoveries	-	(21,797)	-	-	-	(21,797)
TOTAL OPERATING EXPENSES	**$ 1,844,556**	**$ 1,159,964**	**$ 100,373**	**$ 232,476**	**$ 5,308**	**$ 3,342,677**

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, 2018, is provided in the following chart:

APPROPRIATIONS *(in thousands)*	
Original legislative appropriation per Chapter 836	$ 143,411
Adjustments:	
Financial aid - General Fund	14,467
Financial assistance for educational and general	10,571
TOTAL	**$ 168,449**

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** Eligible 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.	**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. When buying service, members must purchase their most recent period of service first. 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. Prior to July 1, 2012, the five percent member contribution was paid by the employer. Beginning July 1, 2012, state employees were required to pay the five percent member contribution and the employer was required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. Each state agency's contractually required contribution rate for the year ended June 30, 2018, was 13.49 percent of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 21.05 percent of covered employee compensation. These rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The contribution rate for the VRS State Employee Retirement Plan also reflects the transfer in June 2016 of $162.4 million an accelerated payback of the deferred contribution in the 2010-12 biennium. The contribution rate for the VaLORS Retirement Plan also reflects the transfer in June 2016 of $16.5 million as an accelerated payback of the deferred contribution in the 2010-12 biennium. 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 $48 million and $46.2 million for the years ended June 30, 2018, and June 30, 2017, respectively. Contributions from the University to the VaLORS Retirement Plan were $649,117 and $665,471 for the years ended June 30, 2018, and June 30, 2017, respectively.

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

At June 30, 2018, the University reported a liability of $500.7 million for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability (NPL) and a liability of $5.7 million for its proportionate share of the VaLORS Retirement Plan NPL. The NPL was measured as of June 30, 2017, 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, 2017, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the University's proportion of the VRS State Employee Retirement Plan was 8.59 percent as compared to 8.28 percent at June 30, 2016. At June 30, 2017, the University's proportion of the VaLORS Retirement Plan was 0.87 percent as compared to 0.80 percent at June 30, 2016.

For the year ended June 30, 2018, the University recognized pension expense of $39.6 million for the VRS State Employee Retirement Plan and $609,000 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2016, and June 30, 2017, 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, 2018, 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	$ 1,081	$ 15,190
Change in assumptions	4,867	369
Net difference between projected and actual earnings on pension plan investments	-	21,546
Changes in proportion and differences between Employer contributions and proportionate share of contributions	18,879	1,203
Employer contributions subsequent to the measurement date	48,628	-
TOTAL	**$ 73,455**	**$ 38,308**

Deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date of $48.6 million will be recognized as a reduction of the NPL in the year ended June 30, 2019. 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)*	
2019	$ (12,433)
2020	9,106
2021	4,352
2022	(14,506)
TOTAL	**$ (13,481)**

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, 2016, 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, 2017.

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 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; 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, 2016, 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, 2016, 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, 2017.

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, 2016 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, 2017, 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	$ 23,617,412	$ 2,002,184
Less: Plan fiduciary net position	(17,789,888)	(1,345,887)
EMPLOYERS' NET PENSION LIABILITY	**$ 5,827,524**	**656,297**
Plan fiduciary net position as a percentage of the total pension liability	75.33%	67.22%

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, 2019, the rate contributed by the University for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, all agencies are assumed to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the University's proportionate share of the VRS State Employee Retirement Plan NPL and the VaLORS Retirement Plan NPL using the discount rate of 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)*	**1.00% DECREASE (6.00%)**	**CURRENT DISCOUNT RATE (7.00%)**	**1.00% INCREASE (8.00%)**
The University's proportionate share of the VRS State Employee Retirement Plan net pension liability	$ 739,617	$ 500,697	$ 300,079
The University's proportionate share of the VaLORS Retirement Plan net pension liability	7,937	5,689	3,831
TOTAL NET PENSION LIABILITY	**$ 747,554**	**$ 506,386**	**$ 303,910**

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 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at **https://www.varetire.org/Pdf/Publications/2017-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, 2018, was approximately $1.3 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 $66.2 million and were calculated using base salaries of $880.8 million, for the year ended June 30, 2018. The contribution percentage amounted to 7.5 percent.

DEFERRED COMPENSATION PLANS

State employees may elect to participate in the Commonwealth's Deferred Compensation 457 Plan 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 $2.7 million for the year ended June 30, 2018.

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 $4.3 million for the year ended June 30, 2018.

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, 2018, the University contributed $1.3 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 Plan (VSDP) program, 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 VRS 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 System, the State Police Officers' Retirement System (SPORS), or the VaLORS are automatically covered by the LODA. As required by statute, the VRS 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 VRS, 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 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 program, 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, 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.	**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 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 LODA program.	**Benefit Amounts** The VSDP program 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 program. • 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 is currently $8,111.	**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 1/1/2013 – 100% of the VRS Plan 1 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 1/1/2013, 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% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). 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, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the GLI program from the University were $2.1 million and $2.1 million for the years ended June 30, 2018 and June 30, 2017, respectively.

The contribution requirement for the HIC program 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, 2018 was 1.18% 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, 2015. 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 $14.7 million and $13.8 million for the years ended June 30, 2018 and June 30, 2017, 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, 2018 was $567.37 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 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 $34,936 and $31,442 for the years ended June 30, 2018 and June 30, 2017, respectively.

The contribution requirements for the VSDP program 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 year ended June 30, 2018 was 0.66 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. 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. Contriutions to the VSDP program from the University were $2 million and $1.9 million for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the University reported a liability of $192.5 million for its proportionate share of the Net OPEB Liability (NOL) for GLI, HIC, and LODA Programs. At June 30, 2018, the University reported an asset of $15.4 million for its proportionate share of the Net VSDP OPEB Asset (NOA). The NOL/NOA was measured as of June 30, 2017 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, 2017 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, 2017 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, 2017 and June 30, 2016.

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%

University's proportion of contributions, as of June 30, 2016

DIVISION	GLI	HIC	LODA	VSDP
Academic - State Employees	1.5342%	10.7932%	N/A	6.9367%
Academic - Law Officers	0.0135%	0.0385%	0.2553%	0.0453%
Medical Center	0.1859%	5.6851%	N/A	N/A
College at Wise - State Employees	0.0485%	0.2589%	N/A	0.2061%
College at Wise - Law Officers	0.0020%	0.0056%	0.0372%	0.0079%

For the year ended June 30, 2018, the University recognized OPEB expense of $17.9 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, 2018, 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	$ -	$ 611
Net difference between projected and actual earnings on LODA OPEB plan investments	-	2,677
Change in assumptions	-	4,498
Changes in proportion	10,357	536
Employer contributions subsequent to the measurement date	18,795	-
TOTAL	**$ 29,152**	**$ 8,322**

$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, 2019. 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)*	
2019	$ 396
2020	333
2021	331
2022	314
2023	994
Thereafter	(333)
TOTAL	**$ 2,035**

ACTUARIAL ASSUMPTIONS

The total OPEB liability for all VRS Programs was based on an actuarial valuation as of June 30, 2016, 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, 2017.

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
Investment rate of return	7 percent (3.56 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 (3.56 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 3.56 percent was used since it approximates the risk-free rate of return.*

Mortality rates – General State Employees

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, 2016 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*

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, 2016 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*

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, 2016 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

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, 2016 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*

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, 2016 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*

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, 2016 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% (15% for Non-Largest Ten Locality Employers)

Mortality rates – Locality Employers - Hazardous Duty Employees*

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, 2016 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.*

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, 2017, NOL and NOA amounts for these programs is as follows:

NET OPEB LIABILITY (ASSET) *(in thousands)*	GLI	HIC	LODA	VSDP
Total OPEB liability	$ 2,942,426	$ 990,028	$ 266,252	$ 237,013
Less: Plan fiduciary net position	(1,437,586)	(79,516)	(3,461)	(442,334)
EMPLOYER'S NET OPEB LIABILITY (ASSET)	**$ 1,504,840**	**$ 910,512**	**$ 262,791**	**$ (205,321)**
Plan fiduciary net position as a percentage of the total OPEB liability	48.86%	8.03%	1.30%	186.63%

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

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 System's 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.*

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.56 percent for this valuation. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.56 percent was used since it approximates the risk-free rate of return.

Discount Rate

The discount rate used to measure the total GLI, HIC, and VSDP OPEB liability was 7 percent and 3.56 percent for the LODA OPEB liability. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the University for the OPEBs will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, the OPEBs' fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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, 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 (6 percent) or one percentage point higher (8 percent) than the current rate:

SENSITIVITY OF NET OPEB LIABILITY (ASSET)
(in thousands)

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Employer's proportionate share of the VRS administered net OPEB liability	$ 218,022	$ 192,464	$ 170,876
Employer's proportionate share of the VRS administered net OPEB asset	(14,697)	(15,437)	(16,726)

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 (6.75 percent decreasing to 4 percent) or one percentage point higher (8.75 percent decreasing to 6 percent) than the current rate:

SENSITIVITY OF LODA NET OPEB LIABILITY
(in thousands)

	1.00% Decrease (6.75% decreasing to 4.00%)	Health Care Trend Rates (7.75% decreasing to 5.00%)	1.00% Increase (8.75% decreasing to 6.00%)
Covered employer's proportionate share of the total LODA net OPEB liability	$ 704	$ 829	$ 985

VRS Administered OPEB Programs' Fiduciary Net Position

Detailed information about the VRS administered OPEBs' Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf, or by writing to the VRS's 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 in the table 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, 2018, 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 2018, the University and Medical Center contributed $932,604 to the plan for retiree costs. Retirees receiving benefits contributed $3.8 million, or approximately 80 percent of the total costs, through their required contributions, ranging from $658 to $3,387 per month.

The actuarial valuation was based on personnel information from University records as of April 1, 2016. The benefit terms of the Retiree Life Insurance and the Retiree Health Plan covered the following employees:

COVERED EMPLOYEES	
Inactive employees currently receiving benefit payments	1,491
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	16,860
TOTAL COVERED EMPLOYEES	**18,351**

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 $101.1 million for the fiscal year ending June 30, 2018 was measured as of July 1, 2017, and was determined by an actuarial valuation as of June 30, 2016. Update procedures were used to roll-forward the census data and actuarially determined liability to the measurement date using standard methodology.

For the year ended June 30, 2018, the University recognized an OPEB expense of $13.9 million. At June 30, 2018, 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	$ -	$ -
Changes in assumptions or other inputs	-	(6,403)
Transactions subsequent to the measurement date	938	-
TOTAL	**$ 938**	**$ (6,403)**

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)*	
2019	$ (998)
2020	(997)
2021	(998)
2022	(997)
2023	(998)
Thereafter	(1,415)
TOTAL	**$ (6,403)**

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	3.58 percent, based on the Bond Buyer GO 20-Bond Municipal Bond Index.
Healthcare cost trend rates	7.25 percent for June 30, 2017, decreasing 0.25 percent per year to an ultimate rate of 5 percent for fiscal year 2026 and thereafter.
Retirees' share of benefit-related costs	Retirees pay the full average cost, based on a blend of active employee and retiree cost. Retiree premiums are assumed to increase at the same medical trend rates as overall retiree claims costs.
Mortality rates	RP-2006 Mortality Table with Scale MP-2015.

Total OPEB Liability

TOTAL OPEB LIABILITY *(in thousands)*	
BEGINNING BALANCE AS OF JUNE 30, 2017	**$ 96,696**
Changes for the year:	
Service cost	8,200
Interest	2,932
Changes in assumptions *	(7,401)
Changes in benefit terms **	4,736
Benefit payments	(4,082)
BALANCE AS OF JUNE 30, 2018	**$ 101,081**

** Changes of assumptions reflect a change in the discount rate from 2.85 percent in 2017 to 3.58 percent in 2018.*
*** Changes in benefit terms reflect a change in the life insurance benefit for Medical Center employees. In 2017, their benefit was tiered ranging from 50 percent of salary to $5,000 based on date of hire. Effective January 1, 2018, all employees receive a $10,000 life insurance benefit regardless of their employment date.*

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 (2.58 percent) or one percentage point higher (4.58 percent) than the current discount rate:

SENSITIVITY OF TOTAL OPEB LIABILITY TO CHANGES IN DISCOUNT RATE *(in thousands)*	1.00% DECREASE (2.58%)	DISCOUNT RATE (3.58%)	1.00% INCREASE (4.58%)
TOTAL OPEB LIABILITY	$ 111,507	$ 101,081	$ 92,243

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)*	1.00% DECREASE (6.25% DECREASING TO 4.00%)	HEALTHCARE TREND RATES (7.25% DECREASING TO 5.00%)	1.00% INCREASE (8.25% DECREASING TO 6.00%)
TOTAL OPEB LIABILITY	$ 92,942	$ 101,081	$ 110,581

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, 2018, was $33.9 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, 2018, was $13.8 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, 2018, were approximately $375.9 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 $31.9 million for the year ended June 30, 2018.

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**
2019	$ 12,982
2020	9,834
2021	7,606
2022	5,494
2023	4,504
2024-28	7,513
2029-33	2,680
2034-38	575
TOTAL	**$ 51,188**

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 has been booked in the University's financial statements for this amount as of June 30, 2018. The issue remains unresolved, but the Medical Center believes it is probable that the amount will have to be refunded.

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

On July 1, 2018, the Medical Center entered into a 50/50 joint venture with the Children's Hospital of the Kings Daughters to establish a limited liability company called Fortify Children's Health. Fortify Children's Health is a statewide pediatric physician network created in order to provide better access to pediatric care throughout the Commonwealth.

On September 18, 2018, the University purchased all outstanding shares of capital stock in Meadow Creek Corporation from the University of Virginia Foundation for $12.4 million.

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			
	2018	2017	2016	2015	2018	2017	2016	2015
Employer's proportion of the net pension liability	8.59%	8.28%	8.19%	8.12%	0.87%	0.80%	0.86%	0.79%
Employer's proportionate share of the net pension liability	$ 500,697	$ 545,568	$ 501,446	$ 454,655	$ 5,689	$ 6,218	$ 6,144	$ 5,294
Covered payroll	$ 352,738	$ 332,184	$ 318,920	$ 314,268	$ 3,255	$ 3,085	$ 3,036	$ 3,088
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	141.95%	164.24%	157.23%	144.67%	174.78%	201.56%	202.37%	171.44%
Plan fiduciary net position as a percentage of the total pension liability	75.33%	71.29%	72.81%	74.28%	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 2018 is the fourth year for this presentation, only four 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	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	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 2018 is the fourth year for this presentation, only four 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. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014, and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017, are not material.

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* *(in thousands)*	**2018**
EMPLOYER'S PROPORTION OF THE NET OPEB LIABILITY (ASSET) BY PLAN AND EMPLOYEE TYPE	
GLI OPEB Liability (Asset)	
University Employees - VRS	1.586%
University Employees - VaLORS	0.014%
Medical Center Employees - VRS	0.186%
College at Wise Employees - VRS	0.047%
College at Wise Employees - VaLORS	0.002%
HIC OPEB Liability (Asset)	
University Employees - VRS	11.325%
University Employees - VaLORS	0.040%
Medical Center Employees - VRS	6.386%
College at Wise Employees - VRS	0.255%
College at Wise Employees - VaLORS	0.006%
LODA OPEB Liability (Asset)	
University Employees - VRS	N/A
University Employees - VaLORS	0.268%
Medical Center Employees - VRS	N/A
College at Wise Employees - VRS	N/A
College at Wise Employees - VaLORS	0.047%
VSDP OPEB Liability (Asset)	
University Employees - VRS	7.259%
University Employees - VaLORS	0.052%
Medical Center Employees - VRS	N/A
College at Wise Employees - VRS	0.203%
College at Wise Employees - VaLORS	0.008%
EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) BY PLAN AND EMPLOYEE TYPE	
GLI OPEB Liability (Asset)	
University Employees - VRS	$ 23,866
University Employees - VaLORS	216
Medical Center Employees - VRS	2,794
College at Wise Employees - VRS	713
College at Wise Employees - VaLORS	31
HIC OPEB Liability (Asset)	
University Employees - VRS	$ 103,119
University Employees - VaLORS	368
Medical Center Employees - VRS	58,152
College at Wise Employees - VRS	2,324
College at Wise Employees - VaLORS	52
LODA OPEB Liability (Asset)	
University Employees - VRS	N/A
University Employees - VaLORS	$ 705
Medical Center Employees - VRS	N/A
College at Wise Employees - VRS	N/A
College at Wise Employees - VaLORS	124
VSDP OPEB Liability (Asset)	
University Employees - VRS	$ (14,896)
University Employees - VaLORS	(107)
Medical Center Employees - VRS	N/A
College at Wise Employees - VRS	(417)
College at Wise Employees - VaLORS	(17)

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY (CONTINUED)* *(in thousands)*	**2018**
EMPLOYER'S COVERED PAYROLL	
GLI OPEB Liability (Asset)	
University Employees - VRS	$ 311,098
University Employees - VaLORS	3,254
Medical Center Employees - VRS	41,631
College at Wise Employees - VRS	8,511
College at Wise Employees - VaLORS	375
HIC OPEB Liability (Asset)	
University Employees - VRS	$ 311,098
University Employees - VaLORS	3,254
Medical Center Employees - VRS	41,631
College at Wise Employees - VRS	8,511
College at Wise Employees - VaLORS	375
LODA OPEB Liability (Asset)**	
University Employees - VRS	N/A
University Employees - VaLORS	$ 3,254
Medical Center Employees - VRS	N/A
College at Wise Employees - VRS	N/A
College at Wise Employees - VaLORS	375
VSDP OPEB Liability (Asset)	
University Employees - VRS	$ 311,098
University Employees - VaLORS	3,254
Medical Center Employees - VRS	N/A
College at Wise Employees - VRS	8,511
College at Wise Employees - VaLORS	375
EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) AS A PERCENTAGE OF ITS COVERED PAYROLL	
GLI OPEB Liability (Asset)	
University Employees - VRS	7.672%
University Employees - VaLORS	6.638%
Medical Center Employees - VRS	6.711%
College at Wise Employees - VRS	8.378%
College at Wise Employees - VaLORS	8.276%
HIC OPEB Liability (Asset)	
University Employees - VRS	33.147%
University Employees - VaLORS	11.308%
Medical Center Employees - VRS	139.684%
College at Wise Employees - VRS	27.307%
College at Wise Employees - VaLORS	13.882%
LODA OPEB Liability (Asset)**	
University Employees - VRS	N/A
University Employees - VaLORS	21.664%
Medical Center Employees - VRS	N/A
College at Wise Employees - VRS	N/A
College at Wise Employees - VaLORS	33.103%
VSDP OPEB Liability (Asset)	
University Employees - VRS	(4.788%)
University Employees - VaLORS	(3.288%)
Medical Center Employees - VRS	N/A
College at Wise Employees - VRS	(4.900%)
College at Wise Employees - VaLORS	(4.538%)

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY (CONTINUED)* *(in thousands)*	**2018**
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY	
GLI OPEB Libiliity	48.86%
HIC OPEB Liability	8.03%
LODA OPEB Liability	1.30%
VSDP OPEB Liability	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 2018 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.*
*** The contributions for the Line of Duty Act Program are based on the number of participants in the program using a per capita-based contribution versus a payroll-based contribution.*

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	2018	$ 2,069	$ 2,069	$ -	$ 375,091	0.55%
HIC	2018	$ 14,721	$ 14,721	$ -	$ 375,091	3.92%
LODA	2018	$ 35	$ 35	$ -	$ 3,367	1.04%
VSDP	2018	$ 1,970	$ 1,970	$ -	$ 333,666	0.59%

** Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.*
***As contributions to the Line of Duty Act OPEB plan are not directly related to payroll, the amounts presented represent covered-employee payroll and contributions as a % of covered employee's covered payroll.*

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)*	**2018**
TOTAL OPEB LIABILITY	
Retiree Health Plan	$ 78,230
Optional Retirement Retiree Life Insurance	22,851
COVERED-EMPLOYEE PAYROLL	
Retiree Health Plan	$ 482,636
Optional Retirement Retiree Life Insurance	481,884
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	
Retiree Health Plan	16.21%
Optional Retirement Retiree Life Insurance	4.74%

** Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only one year 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 - The life insurance benefit for the Medical Center was updated. The benefit is now $10,000 regardless of retirement date.

Changes of assumptions - The discount rate increased from 2.85 percent to 3.58 percent.

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 2019A Bonds), as described in **"INTRODUCTION – The Master Resolution", THE SERIES 2019A BONDS"** and **"SECURITY FOR THE SERIES 2019A BONDS"** in this Official Statement, the Master Resolution also contains other provisions and covenants of the University relating to the Bonds (including the Series 2019A 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 2019A 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 of 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.

APPENDIX D

BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES

Book-Entry-Only System – The Depository Trust Company

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2019A Bonds. The Series 2019A 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 2019A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, 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 for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's 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 2019A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019A Bonds on DTC's records. The ownership interest of each actual purchaser of the Series 2019A 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 2019A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2019A Bonds, except in the event that use of the book-entry system for the Series 2019A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019A 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 2019A 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 2019A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019A 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 2019A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2019A Bonds, such as redemptions, defaults, and proposed amendments to the Master Resolution or the Series Resolution. For example, Beneficial Owners of Series 2019A Bonds may wish to ascertain that the nominee holding the Series 2019A 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 2019A 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 Series 2019A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the University as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2019A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of, redemption premium, if any, interest and other payments on the Series 2019A 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 the payable 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 Participant and not of DTC (or 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 of, redemption premium, if any, interest and other payments on the Series 2019A Bonds 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 Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2019A 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 2019A 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 2019A Bond certificates will be printed and delivered.

The information contained herein concerning DTC and DTC's book-entry system has been obtained from sources that the University believes to be reliable, but the University and the Paying Agent take no responsibility for the accuracy thereof.

Neither the University nor the Paying Agent will have any responsibility or obligation to such Direct or Indirect Participants or the persons for whom they act as nominees with respect to the payments to the Direct Participants, the Indirect Participants or Beneficial Owners.

Global Clearance and Settlement Procedures for the Series 2019A Bonds

The following is based on information made available by Clearstream and Euroclear or obtained from sources that the University believes to be reliable, but the University takes no responsibility for the accuracy of this information. The University has no responsibility for the performance by Clearstream and Euroclear or either of their Participants of their respective obligations as described in this Official Statement or under the rules and procedures governing their respective operations.

Investors may elect to hold interests in the Series 2019A Bonds through either DTC (in the United States) or through Clearstream or Euroclear, if they are participants in such systems, or indirectly through organizations that are participants in such systems. Clearstream and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream's and/or Euroclear's names on the books of their respective U.S. depositories, which in turn will hold such interests in customers' securities accounts in the U.S. depositories' names on the books of DTC.

Clearstream is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its participating organizations ("Clearstream Participants"), and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to Clearstream Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. As a professional depository, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector *(Commission de Surveillance du Secteur Financier)*. Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the Underwriters for the Series 2019A Bonds. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a Clearstream Participant, either directly or indirectly. Distributions with respect to Series 2019A Bonds held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures, to the extent received by the U.S. depository for Clearstream.

Euroclear was created in 1968 to hold securities for participants of Euroclear ("Euroclear Participants"), and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries.

Euroclear is operated by Euroclear Bank S.A./N.V. (the "Euroclear Operator"). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

The Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System (the "Euroclear Terms and Conditions") and applicable Belgian law govern securities clearance accounts and cash accounts with the Euroclear Operator. Specifically, these terms and conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipt of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the terms and conditions only on behalf of Euroclear Participants, and has no record of or relationship with persons holding securities through Euroclear Participants.

Payments with respect to Series 2019A Bonds held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Euroclear Terms and Conditions, to the extent received by the U.S. depository for Euroclear.

Secondary market trading between Clearstream Participants and/or Euroclear Participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear, and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream or Euroclear Participants, on the other, will be effected through DTC, in accordance with DTC's rules, on behalf of the relevant European international clearing system by its U.S. depository; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering interests in the Series 2019A Bonds to or receiving interests in the Series 2019A Bonds from DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream Participants and Euroclear Participants may not deliver instructions directly to DTC.

Because of time-zone differences, credits of interests in the Series 2019A Bonds received in Clearstream or Euroclear as a result of a transaction with a DTC Participant will be made during subsequent securities settlement processing and will be credited the business day following the DTC settlement date. Such credits or any transactions involving interests in such Series 2019A Bonds settled during such processing will be reported to the relevant Euroclear or Clearstream Participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of interests in the Series 2019A Bonds by or through a Clearstream Participant or a Euroclear Participant to a DTC Participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of the Series 2019A Bonds among Direct and Indirect Participants of DTC, Clearstream Participants and Euroclear Participants. However, they are under no obligation to perform or continue to perform those procedures, and they may discontinue or change those procedures at any time.

THE UNIVERSITY, THE UNDERWRITERS, THE PAYING AGENT AND THE REGISTRAR CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL

OWNERS OF THE SERIES 2019A BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE SERIES 2019A BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE SERIES 2019A BONDS; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2019A BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE UNIVERSITY, THE UNDERWRITERS, THE PAYING AGENT AND REGISTRAR WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR, EUROCLEAR PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE SERIES 2019A BONDS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE SERIES 2019A BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE MASTER RESOLUTION OR THE SERIES RESOLUTION; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE SERIES 2019A BONDS.

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APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

Set forth below is the proposed form of the opinion of McGuireWoods LLP, Bond Counsel, regarding the Series 2019A Bonds. It is preliminary and subject to change prior to the delivery of the Series 2019A Bonds.

[Letterhead of McGuireWoods LLP]

September 12, 2019

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

The Rector and Visitors of the University of Virginia
General Revenue Pledge Bonds
Series 2019A (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 $350,000,000 General Revenue Pledge Bonds Series 2019A (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 June 7, 2019 (the "Authorizing Resolution"), (iii) the University's management agreement (the "Agreement") which was enacted as Chapter 3 of Chapter 933 of the 2006 Acts of Assembly, as amended, and (iv) bond resolutions of the University (the "Bond Resolutions" and, together with the Authorizing Resolution, the "Resolutions").

We refer you to the Bonds and the Bond Resolutions for the definitions of capitalized terms not otherwise defined herein, and for a description of the purposes for which the Bonds are issued and the security therefor.

In connection with this opinion, we have examined (i) the Constitution of Virginia (the "Constitution"), (ii) the applicable laws of (A) the Commonwealth of Virginia (the "Commonwealth"), including without limitation the Restructuring Act and (B) the United States of America, including without limitation the Internal Revenue Code of 1986, as amended (the "Tax Code ") and (iii) copies of proceedings and other documents relating to the issuance and sale of the Bonds by the University as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon and are assuming the accuracy of certifications and representations of the University, University officers and other public officials and certain other third parties contained in certificates and other documents delivered at closing, including, without limitation, certifications as to the use of proceeds of the Bonds, without undertaking to verify them by independent investigation.

We have assumed that all signatures on documents, certificates and instruments examined by us are genuine, all documents, certificates and instruments submitted to us as originals are authentic, and all documents, certificates and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates and instruments relating to this transaction have been duly authorized, executed, and delivered by all parties to them other than the University, and we have further assumed the due organization, existence, and powers of all parties other than the University.

Based on the foregoing, in our opinion, under current law:

1. The University is a duly organized and validly existing public body constituted as a governmental instrumentality of the Commonwealth, having the powers and authority, among others, set forth in Chapter 22, Title 23.1 of the Virginia Code, the Restructuring Act and the Agreement.

2. The University has the requisite power and authority (i) to adopt the Authorizing Resolution, (ii) to execute and deliver the Bond Resolutions, (iii) to issue the Bonds, and (iv) to apply the proceeds from the issuance and sale of the Bonds as set forth in the Resolutions.

3. The University has duly and validly adopted the Authorizing Resolution. The Authorizing Resolution is binding upon the University and is enforceable against the University in accordance with their 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 of Virginia.

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 from the Bonds, including any profit made on their sale or exchange, is exempt from taxation by the Commonwealth of Virginia and any of its political subdivisions.

The obligations of the University under the Bonds and the Bond Resolutions are subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium and similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditors' rights generally. Such obligations are also subject to usual equitable principles, which may limit the specific enforcement of certain remedies but which do not affect the validity of the obligations. Certain indemnity provisions may be unenforceable pursuant to court decisions invalidating such indemnity agreements on grounds of public policy.

Our services as Bond Counsel to the University have been limited to rendering the foregoing opinion based on our review of such legal proceedings and other documents as we deem necessary to approve the validity of the Bonds and the income tax status of the interest on them. We express no opinion as to the accuracy, completeness or sufficiency of any offering material or information that may have been relied upon by any owner of the Bonds in making a decision to purchase the Bonds, including, without limitation, the Preliminary Official Statement of the University dated August 27, 2019, and the Official Statement of the University dated September 5, 2019. 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 $350,000,000 aggregate principal amount of its General Revenue Pledge Bonds, Series 2019A (Federally Taxable) (the "Series 2019A 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 2019A Bonds (collectively, the "Bond Resolutions"). The University has approved the marketing of the Series 2019A Bonds by the Participating Underwriters (as hereinafter defined) pursuant to an Official Statement dated September 5, 2019, relating to the Series 2019A 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 2019A 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 2019A 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 2019A Bonds required to comply with the Rule in connection with the offering of the Series 2019A 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. <u>Obligations of the University</u>.

(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 2019A 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 2019A 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 2019A 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 2019A 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 2019A 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 2019A 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 2019A Bonds. If such termination occurs prior to the final maturity of the Series 2019A 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 2019A 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 2019A 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 September 12, 2019.

THE RECTOR AND VISITORS OF
THE UNIVERSITY OF VIRGINIA

By: ______________________________
Name: ____________________________
Title: _____________________________

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THE RECTOR AND VISITORS OF THE UNIVERSITY OF VIRGINIA • General Revenue Pledge Bonds, Series 2019A (Federally Taxable)

UNIVERSITY of VIRGINIA

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