November 15, 2010

MEMORANDUM

TO: The Finance Committee:

Helen E. Dragas, Chair
A. Macdonald Caputo
Hunter E. Craig
The Honorable Alan A. Diamonstein
Marvin W. Gilliam Jr.
Sheila C. Johnson
Mark J. Kington
Randal J. Kirk
Vincent J. Mastracco Jr.
John O. Wynne, Ex Officio
Daniel M. Meyers, Consulting Member

and

The Remaining Members of the Board:

Susan Y. Dorsey          Glynn D. Key
W. Heywood Fralin         Austin Ligon
Robert D. Hardie          The Hon. Lewis F. Payne
                           Stewart H. Ackerly

FROM: Susan G. Harris

SUBJECT: Minutes of the Finance Committee Meeting on November 15, 2010

The Finance Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 3:15 p.m., Monday, November 15, 2010, in the Board Room of the Rotunda; Ms. Helen E. Dragas, Chair, presided. Present were A. Macdonald Caputo, Hunter E. Craig, The Honorable Alan A. Diamonstein, Marvin W. Gilliam Jr., Sheila C. Johnson, Mark J. Kington, Randal J. Kirk, Vincent J. Mastracco Jr., and John O. Wynne, Rector.

Also present were Ms. Susan Y. Dorsey, W. Heywood Fralin, Robert D. Hardie, Ms. Glynn D. Key, Austin Ligon, The Honorable Lewis F. Payne, and Stewart H. Ackerly.

The Chair asked Mr. Sandridge, Executive Vice President and Chief Operating Officer, to present the Agenda.

Action Item: Project Budget and Scope Reviews

Mr. Sandridge called on Ms. Sheehy, the Vice President for Management and Budget, to review with the Committee budget and scope increases for two capital projects: Jordan Hall HVAC upgrade, and Lee Street Connective Elements.

Ms. Sheehy said the debt authorization on Jordan Hall will increase and will be paid from Medical School funds, and the Lee Street project will be increased by $5 million and the debt will be paid by Medical Center operating revenues.

On motion, the Committee adopted the following resolution and recommended it to the full Board for approval:

APPROVAL OF PROJECT BUDGET AND SCOPE REVIEW, JORDAN HALL HVAC UPGRADE AND LEE STREET CONNECTIVE ELEMENTS

RESOLVED, a $4,115,500 increase to the Jordan Hall HVAC Upgrade to $33,000,000 and a $5,026,500 increase in the Lee Street Connective Elements project to $29,216,500, are approved.

ACTION ITEM: Additions to the Major Capital Projects Program

Ms. Sheehy discussed five new capital projects the University would like to add to the Major Capital Projects Program.

On motion, the Committee adopted the following resolution and recommended it to the full Board for approval:

APPROVAL OF ADDITIONS TO THE MAJOR CAPITAL PROJECTS PROGRAM

WHEREAS, the University proposes five new capital projects: a $1.45 million Research Lab at the State Arboretum at Blandy Farm; a $15.2-$17.2 million expansion of the North Grounds Recreation Center; a $5.0-$7.0 million upgrade to the track facilities; a $2.4-$2.7 million realignment of Lee Street; and a $6.0-$6.7 million relocation of the University Hospital’s helicopter pad;

RESOLVED, the Finance Committee approves the addition of these projects to the University’s Major Capital Projects Program.
ACTION ITEM: Transfer of Real Property, Valley Road to the City of Charlottesville

Mr. Sandridge said this transfer is part of the cul de sac behind the South Lawn project.

On motion, the Committee adopted the following resolution and recommended it to the full Board for approval:

APPROVAL TO TRANSFER FOR PUBLIC STREET PURPOSES PROPERTY LOCATED ON VALLEY ROAD, CHARLOTTESVILLE, VIRGINIA

WHEREAS, pursuant to an Ordinance adopted on August 6, 2007, by the City Council of the City of Charlottesville, Virginia, approximately 5,394 square feet of land located on Valley Road was required for the construction of a cul-de-sac to facilitate the South Lawn project, more particularly described as portions of 500 Valley Road, Tax Map 11, Parcel 80 and 502 Valley Road, Tax Map 11, Parcel 82 (collectively, the “Property”), as shown on that certain plat entitled “Plat Showing A Portion of Valley Road To Be Closed, New Valley Road Right-of-Way To Be Dedicated, And A Utility Easement To Be Reserved” dated March 2, 2007, revised May 24, 2007, and prepared by Kirk Hughes & Associates (the “Plat”); and

WHEREAS, construction of the cul-de-sac has been completed, as the terminus of Valley Road, and the University desires to transfer the Property to the City of Charlottesville for public street purposes; and

RESOLVED, the Board of Visitors approves the transfer of the Property to the City of Charlottesville for public street purposes in accordance with the Plat; and

RESOLVED FURTHER, the Executive Vice President and Chief Operating Officer is authorized, on behalf of the University, to approve and execute a deed and related documents, to incur reasonable and customary expenses, and to take such other actions as deemed necessary and appropriate to consummate the transfer of the Property for public street purposes; and

RESOLVED FURTHER, all prior acts performed by the Executive Vice President and Chief Operating Officer, and other officers and agents of the University, in connection with such transfer of the Property for public street purposes, are in all respects approved, ratified, and confirmed.
ACTION ITEM: Transfers of Real Property to the University of Virginia Foundation

Mr. Sandridge said there are five parcels, four of which border the University of Virginia Foundation property, all in the vicinity of the Birdwood Golf Course. One of the parcels is the Birdwood main house, and another was purchased when there were plans to build a residential college at Birdwood. Others are small strips of land that were cut off from University property when the 29/250 bypass was built.

On motion, the Committee adopted the following resolution and recommended it to the full Board for approval:

APPROVAL OF TRANSFERS OF REAL PROPERTY FROM THE UNIVERSITY OF VIRGINIA TO THE UNIVERSITY OF VIRGINIA FOUNDATION

WHEREAS, the Board of Visitors finds it to be in the best interest of the University of Virginia to transfer to the University of Virginia Foundation the following properties:

Birdwood Pavilion – located on Route 250 West, containing approximately 16.13 acres

Canterbury Road – a vacant lot located on Canterbury Road, with frontage on the Birdwood Golf Course, containing approximately 0.874 acres

Orchard Road – a vacant lot on the southeast corner of Orchard Road and Deer Path in Belair Subdivision, containing approximately 11.86 acres, with frontage along Route 29 south

Route 29 South – vacant land fronting Route 29 south and Route 250 west, containing approximately 9.61 acres

Route 29/250 Bypass – approximately 2.2 acres fronting on Route 29/250 Bypass adjacent to St. Anne’s – Belfield School and across the highway from the entrance to Leonard Sandridge Road;

RESOLVED, the Board of Visitors approves the transfer of the Properties to the University of Virginia Foundation;

RESOLVED FURTHER, the Executive Vice President and Chief Operating Officer is authorized, on behalf of the University, to approve and execute agreements and related documents, to incur reasonable and customary expenses, and to take such other actions as deemed necessary and appropriate to consummate the transfer of the Properties to the Foundation; and
RESOLVED FURTHER, all prior acts performed by the Executive Vice President and Chief Operating Officer, and other officers and agents of the University, in connection with the transfer of the above-referenced properties to the University of Virginia Foundation, are in all respects approved, ratified, and confirmed.

ACTION ITEM: Defined Contribution Retirement Plan Revisions

Mr. Sandridge said the changes in the retirement plan are to conform it with state law. In addition, the resolution gives Culpeper Hospital Home Health employees credit for their time at CHHH to determine vesting of retirement benefits. On motion, the Committee adopted the following resolution and recommended it to the full Board for approval:

REVISIONS TO THE ACADEMIC DIVISION AND MEDICAL CENTER DEFINED CONTRIBUTION RETIREMENT PLANS

RESOLVED, the Optional Retirement Plan for the Faculty and Executive, Managerial and Professional Staff in the Academic Division be amended to provide eligible employees hired on or after July 1, 2010, (those in Plan 2) an employer contribution of 8.9 percent; and

RESOLVED FURTHER, employees in Plan 2 will be required to contribute five percent, resulting in a total contribution (employer and employee) of 13.9 percent. The revised plan is attached as Appendix A; and

RESOLVED FURTHER, the Optional Retirement Plan for employees of the UVa Medical Center be amended to grant employees who transfer/transferred to UVa Medical Center from Culpeper Hospital Home Health (CHHH), service credit in the Medical Center’s retirement plan for time spent as a CHHH employee. This amendment provides service credit towards vesting for time employed at CHHH. The revised plan is attached as Appendix B.

ACTION ITEM: Issuance of General Revenue Pledge Refunding Bonds

Mr. Sandridge said it would be in the University’s best interest to have authority to refund up to $145 million of outstanding debt to a fixed rate. This will reduce variable rate debt to about 7%, which one could argue is too low, however, he said they know there is additional debt in the pipeline. He reiterated that this action is not taking on more debt. He called on Ms. Yoke San Reynolds, Vice President and Chief Financial Officer, to report.

Ms. Reynolds said the University does not use debt for operations, only for capital expenditures and equipment. The Treasury Management office does a credit assessment of each capital project. Ms. Reynolds said the University took advantage of the Build America Bonds program, which is taxable debt with a subsidy from the federal
government. The Build America Bonds program was limited to financing new projects, and so other projects could not be included in this program. Tax-exempt rates are now at all-time lows, and so certain non-Build America Bonds debt and outstanding commercial paper could be refunded in order to lock in a low 30-year fixed rate. Market conditions in the municipal bond market are not as good as they were in October and it is very volatile. She said they were asking for this resolution now in order to be ready to move when the market conditions are right. The final terms on the day of pricing will be approved by the Chair of the Finance Committee or her designee in conjunction with the Vice President and Chief Financial Officer.

On motion, the Committee adopted the following resolution and recommended it to the full Board for approval:

ISSUANCE OF GENERAL REVENUE PLEDGE REFUNDING BONDS FOR REFINANCING CAPITAL PROJECTS AND REFUNDING EXISTING INDEBTEDNESS

WHEREAS, Chapter 9, Title 23 of the Code of Virginia of 1950, as amended (the "Virginia Code"), establishes a public corporation under the name and style of The Rector and Visitors of the University of Virginia (the "University") which is governed by a Board of Visitors (the "Board"); and

WHEREAS, Title 23 of the Virginia Code classifies the University as an educational institution of the Commonwealth of Virginia; and

WHEREAS, by Chapter 4.10, Title 23 of the Virginia Code (as amended, the "Act"), the University entered into a management agreement with the Commonwealth of Virginia which was enacted as Chapter 3 of Chapter 933 of the 2006 Virginia Acts of Assembly, which, as amended, classifies the University as a public institution of higher education and empowers the University with the authority to undertake and implement the acquisition of any interest in land, including improvements on the acquired land at the time of acquisition, new construction, improvements or renovations and to borrow money and make, issue and sell bonds of the University for such purposes, including the refinancing of any such facilities; and

WHEREAS, the Act further authorizes the University to provide for the payment of the principal of and the interest on any bonds from any one or more of the following sources: (i) its revenues generally; (ii) income and revenues derived from the operation, sale, or lease of a particular project or projects, whether or not they are financed or refinanced from the proceeds of such bonds, notes, or other obligations; (iii) funds realized from the enforcement of security interests or other liens or obligations securing such bonds, notes, or other obligations; (iv) proceeds from the sale of bonds, notes, or other obligations; (v) payments under letters of credit, policies of municipal bond insurance, guarantees, or other credit enhancements; (vi) any reserve or sinking funds created to secure such payment;
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(vii) accounts receivable of the University; or (viii) other available funds of the University; and  

WHEREAS, the Board has previously approved resolutions declaring an intent to issue bonds and has authorized the issuance of debt funding for the costs associated with the projects described in Appendix C (the "Projects"); and  

WHEREAS, portions of the Projects and other capital projects at the University have been financed and refinanced on a short-term basis through issuance of the University's commercial paper (the "Commercial Paper Program"); and  

WHEREAS, the Board desires to provide for the refunding of all or a portion of its outstanding indebtedness, including without limitation the bonds described in Appendix C (the "Outstanding Bonds"); and  

WHEREAS, the Board desires to authorize the issuance of bonds in one or more series for the refunding of all or a portion of the outstanding principal amount of the Commercial Paper Program and for the refunding of all or a portion of the University's Outstanding Bonds, and desires to authorize certain officers of the University to approve the final forms and details of the bonds, as set forth below; and  

WHEREAS, the Board anticipates that the bonds will be secured by a general revenue pledge of the University and not be in any way a debt of the Commonwealth of Virginia (the "Commonwealth") and shall not create or constitute any indebtedness or obligation of the Commonwealth, either legal, moral, or otherwise; and  

RESOLVED, the Board hereby implements the plan of finance described in the Recitals by authorizing the issuance of one of more series of bonds for the purpose of refunding all or a portion of the outstanding principal amount of the Commercial Paper Program and the Outstanding Bonds, and providing for the terms thereof by adopting a bond resolution in substantially the form attached as Appendix D with such amendments, revisions and final terms as provided herein and in Section 11.7 thereof (the "Bond Resolution"); and  

RESOLVED FURTHER, as described in Section 11.7 of the Bond Resolution, the Vice President and Chief Financial Officer of the University, with the Chair of the Board's Finance Committee, is authorized to approve the final terms of each series of bonds, including, without limitation, their original principal amounts and series, the specific Projects to be financed or refinanced, the specific refundings to be undertaken, their maturity dates and amounts, redemption provisions, prices and interest rates, provided that (i) the maximum aggregate principal amount of all bonds to be issued hereunder shall not exceed $145,000,000; (ii) the maximum true
Interest cost of any series bearing interest at a tax-exempt fixed rate shall not exceed six percent (6%) per annum; (iii) the final maturity of all bonds shall not exceed 30 years beyond issuance date; (iv) call protection on the bonds shall not exceed ten and one-half (10½) years; and (v) no optional redemption premium shall exceed two percent (2%); and

RESOLVED FURTHER, either the Executive Vice President and Chief Operating Officer of the University or the Vice President and Chief Financial Officer of the University are hereby authorized to negotiate, execute and deliver certain documents related to the Bonds; and

RESOLVED FURTHER, all officers of the University are authorized and directed to take all such further actions, including without limitation the designation of underwriters, paying agents, remarketing agents, trustees, and liquidity providers for the bonds, and to execute all such instruments, agreements, documents, and certificates as they shall deem necessary or desirable to carry out the terms of the financing plans presented to this meeting, including without limitation any liquidity facilities, swap or other interest rate management agreements associated with the bonds; and

RESOLVED FURTHER, pursuant to the Section 147(f) of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder, the University designates the Vice President and Chief Financial Officer of the University as the public hearing officer to hold any public hearings required in order to ensure the tax-exempt status of interest on all or a portion of the bonds; and

RESOLVED FURTHER, all acts of all officers of the University which are in conformity with the purposes and intent of this Resolution and in carrying out the financing plans presented to this meeting are ratified, approved and affirmed; and

RESOLVED FURTHER, upon approval, this action shall take effect immediately.

Action Item: Authorization of and Intent to Issue Tax-Exempt Debt for Capital Projects

Ms. Reynolds continued with a discussion about authorization to finance capital projects on a short-term basis.

On motion, the Committee adopted the following resolution and recommended it to the full Board for approval:
AUTHORIZATION OF AND INTENT TO ISSUE TAX-EXEMPT DEBT FOR CAPITAL PROJECTS

WHEREAS, the University intends to undertake certain capital projects identified below (the “Projects”), and to finance the Projects through the issuance of tax-exempt debt, in the maximum principal amount stated below for each of the Projects:

Jordan Hall HVAC Replacement – $4,100,000,
North Grounds Recreation Center – $17,200,000,
South Chiller Plant Expansion – $11,577,000,
Lee Street Connective Elements – $3,370,000,
Helicopter Pad Relocation – $6,700,000,

WHEREAS, the University further intends to expend funds on the Projects and to reimburse such expenditures from the proceeds of the tax-exempt debt; and

WHEREAS, to comply with the Internal Revenue Code of 1986, as amended, and Section 1.150-2 of the Income Tax Regulations (the “Regulations”), it is necessary, in order to reimburse such expenditures incurred prior to the issuance of the tax-exempt debt with the proceeds of such debt, that the University declare its official intent to make such a reimbursement of expenditures; and,

WHEREAS, prior to the issuance of long-term debt, the Board of Visitors will be asked to consider a separate issuance resolution;

RESOLVED, short-term debt may be issued for each of the Projects, but only if the following conditions are met:

1. A comprehensive and detailed financial plan for each of the Projects is submitted to and approved by the Capital Outlay Executive Review Committee;

2. A school or unit shall remain responsible for repaying any debt obligation incurred regardless of the status of such school or unit’s Project; and

RESOLVED FURTHER, the Board of Visitors of the University of Virginia declares its intent to expend funds on the Projects and to reimburse such expenditures from the proceeds of tax-exempt debt, in accordance with the following:

1. This resolution is a declaration of official intent for purposes of Section 1.150-2 of the Regulations; and
2. The University reasonably expects to issue tax-exempt debt for each of the Projects up to the maximum principal amount stated in the recitals above.

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Vice President's Remarks

Mr. Sandridge said in the 1980's the University authorized $38 million for the University of Virginia Foundation to build its inventory of real estate. The University set up the loan as a line of credit and the Foundation has drawn down about $13.4 million. Mr. Sandridge said the Foundation proposes, and he supports, drawing down about $16 million, $7 million to retire existing commercial debt, and $9 million to refresh and upgrade the Boars Head Inn.

Mr. Sandridge addressed the loan funds available to international students at the Darden School. These have dried up completely in the last few years. For the last two years, the University has worked with Virginia National Bank and the University of Virginia Credit Union to put into place a program for the entering classes two years ago and last Fall. The rates have been sufficient to provide protection for bad debts, however, the two entities did not want to extend the program for another two years. The University has identified Deutsche Bank as a possible lender, with a guaranty by the University with insurance/surety and re-insurance in place in the event of default. Mr. Sandridge said the University is assuming minimal risk with important advantages to the Darden School in having a program in place.

Enterprise Risk Management Status Report

Mr. Sandridge asked Ms. Reynolds to give an update on phase II of the enterprise risk management program. Ms. Reynolds said KPMG conducted interviews with University officials and some members of the Board to create risk registers associated with strategic and operational risks. The President formed a working group, with its first meeting this month. Ms. Reynolds asked President Sullivan to comment. Ms. Sullivan said the risk register developed by KPMG has been reviewed by the vice presidents who identified the most significant risks in their areas. A small working group is reviewing those now. The Health System was excluded from the original work on the risk register, but it will be included in the future.
University of Virginia Investment Management Company

After complimenting the University of Virginia Investment Management Company staff on their work in recent months without a CEO at the helm, Mr. Sandridge asked Mr. Caputo to comment on the search for a CEO. Mr. Caputo said the search was very thorough. He said there are three keys: 1. the performance of UVIMCO, which sets a high bar; 2. The UVIMCO team is very strong; and 3. the CEO must understand the University culture. Mr. Caputo said Lawrence Kochard was chosen as the new CEO. He reviewed Mr. Kochard's investment background and said he believes he is the right person at this time for UVIMCO. Mr. Kochard built the investment office at Georgetown, which has done very well. He took a bachelor's degree from William & Mary, an MBA from the University of Rochester, and a Master's and PhD in Economics from the University of Virginia. He will begin at UVIMCO on January 1, 2011.

Mr. Sandridge introduced Michael Aked to present the endowment performance. Mr. Aked said the long term pool has returned $1.36 billion for the period July 1, 2005 through September 30, 2010, with a total value for the pool of $4.7 billion.

Mr. Aked said some asset classes fared better than others, which is the reason for diversification. Real estate was down, whereas others were up significantly. The ten-year return is 7.1% while the policy benchmark for ten years is 3.1%. He reminded the Board that the policy benchmark is made up of 60% equity, 10% REITs, and 30% fixed income. It is a passive index.

In comparison to peers, the closest peer group is the Cambridge $2+ billion, made up of the largest 25 university endowments. The long term pool ten-year return of 7.1% compares favorably to the peer group top quartile performance of 6.3%.

Mr. Aked said allocations among investment strategies have been relatively stable since June, 2009. He turned to liquidity concerns. He said the size of the private portfolio affects liquidity. Unfunded commitments are about 22%, which is a decline. The market value of private investments is 38% of the portfolio, for a total private aggregate (unfunded commitments plus private investments) of 60%, which is within the target range of 50-70%. In terms of liquidity, the portfolio holds 12% in cash and UVIMCO can liquidate up to 45% of the value of the portfolio within a year.

Mr. Aked said the long term expected return for the portfolio is 7%, including a 3% value added beyond the return expected of a passive portfolio. This expected return is lower than in the past. Removing inflation, this is a 5% real return.
The Chair adjourned the Finance Committee meeting at 4:25 p.m.

SGH:lah
These minutes have been posted to the University of Virginia’s Board of Visitors website.
http://www.virginia.edu/bov/financeminutes.html
APPENDICES
APPENDIX A

OPTIONAL RETIREMENT PLAN FOR EMPLOYEES OF THE UNIVERSITY OF VIRGINIA

Amended and Restated January 1, 2010
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PREAMBLE

The University of Virginia (the “University”) established the Optional Retirement Plan for Employees of the University of Virginia (formerly, the “Defined Contribution Plan for the General Faculty of the University of Virginia”) (the “Plan”) effective July 1, 1989. The Plan is a money purchase pension plan and was adopted to replace a defined contribution 403(b) plan that the University had provided general faculty prior to July 1, 1989. The Plan was originally a 403(a) plan funded solely through annuity contracts. However, the Plan was amended and restated effective January 1, 1996 to add the Trust for the Defined Contribution Plan for the General Faculty of the University of Virginia (the “Trust”) to provide an alternative form of funding Participants’ benefits. Various other changes were made in 1996 including amending the employer contribution formula. As a result of the 1996 restatement, the Plan is currently intended to be a qualified plan under 401(a) of the Internal Revenue Code of 1986, as amended (the “Code”), funded by both annuities that qualify under Code section 403(a) and a tax exempt 501(a) trust. The Plan was amended and restated effective January 1, 2010 to reflect technical changes and the establishment of a separate qualified excess benefit arrangement plan and to rename the Plan. The Plan is a governmental plan as described in Code section 414(d).
SECTION 1 - DEFINITIONS

1.1 Accumulation Account

The account of a Participant or Former Participant that is credited with Employer Contributions pursuant to Section 3.1, Mandatory Employee Contributions pursuant to Section 3.2, and transfer contributions pursuant to Section 3.3.

1.2 Administrator

The University.

1.3 Board

The Rector and Visitors of the University of Virginia.

1.4 Code

The Internal Revenue Code of 1986, as amended.

1.5 Commonwealth

The Commonwealth of Virginia.

1.6 Compensation

(a) Generally

Compensation is solely the base salary to be paid to the Participant during the Plan Year (i.e., the nine-month academic year salary for those Participants with academic year assignments or the twelve-month salary for those Participants with twelve-month assignments). Compensation does not include any other form of compensation a Participant may receive during the Plan Year (even if includible in gross income) including, but not limited to, overtime, summer wages, special payments, reimbursements or other expense allowances, moving expenses, fringe benefits (cash and non-cash), deferred compensation, and welfare benefits.

(b) Participants on Educational Leave of Absence

Compensation for a Participant who is on an Educational Leave of Absence shall be Compensation described in (a) when the Participant went out on leave.

(c) Participants in Phased Retirement
Compensation for a Participant who is in Phased Retirement shall be what the Compensation would have been under (a) above if the Participant were working full time as determined by the Administrator in its sole and absolute discretion.

(d) **Limitation**

In addition to other applicable limitations set forth in the Plan and notwithstanding any other provision of the Plan to the contrary, Compensation taken into account under the Plan shall not exceed the dollar limitation of Code section 401(a)(17), which is incorporated herein by reference, as adjusted from time to time. In the event Compensation exceeds the dollar limitation of Code section 401(a)(17), the amount of Compensation in excess of such limit shall be disregarded for purposes of the Plan.

1.7 **Educational Leave of Absence**

A leave of absence by a Participant that is determined by the Employer, in its sole and absolute discretion, to have an educational purpose.

1.8 **Eligible Employee [UVa – please review definition]**

An Eligible Employee shall include a salaried Employee who is classified at the University’s discretion within (a) – (c) below, subject to the limitations in (d) below.

(a) **Faculty.** An Employee who:

   (i) is a member of the “General Faculty of the University,” as that term is described in the *Faculty Handbook* of the University;

   (ii) is a “Senior Scientist” or “Principal Scientist” as determined by the University in its sole and absolute discretion;

   (iii) worked for Agency 209 of the University of Virginia Medical Center and was a Participant in this Plan as of December 31, 1998; or

   (iv) effective September 1, 1998, is a member of the faculty of the University of Virginia’s College at Wise.

(b) **Managerial and Professional Staff.** An Employee on the University staff who manages a division or subdivision of a major academic or administrative unit and/or exercises significant knowledge, discretion and independent judgment gained through advanced education or experience. This category includes coaches and assistant coaches on individually negotiated contracts. Managerial and Professional Staff are typically exempt employees under the provisions of the Fair Labor Standards Act.
Executive and Senior Administrative Staff. An Employee on the University staff on a Limited Term Appointment having significant administrative responsibilities and duties and exercising considerable independent discretion, and having the ability to commit the University to a long-term course of action. This category includes:

(i) University Executive officers including the Vice Presidents and the Athletic Director but excluding academic administrators (whose primary responsibility is administrative but who oversee an academic or academic support unit of the University) such as the Provost, Deans, University Librarian, and VP Research;

(ii) Members of the President’s professional staff (e.g., Chief of Staff, Chief Audit Executive, Director, Equal Opportunity Programs, etc.); and

(iii) Senior administrative officers with a direct reporting line to any of the above-named executives, academic administrators or Presidential professional staff, for example, Associate or Assistant Vice Presidents, Associate or Assistant Deans with administrative responsibilities, Vice Provosts with administrative responsibilities, Executive Directors, Directors, or other key senior staff.

Limitations. Notwithstanding the foregoing, an Employee shall not be an Eligible Employee if he or she is one of the following:

(i) a visiting faculty member, as that designation is determined by the Employer at the commencement of employment;

(ii) a faculty member regularly scheduled to work less than 20 hours per week;

(iii) a faculty member with an appointment of less than six (6) months; or

(iv) an Employee who participates in the Defined Contribution Retirement Plan for Employees of the University of Virginia Medical Center;

(v) a Leased Employee; or

(vi) a person who is classified by the Employer as an independent contractor (regardless of the person’s actual employment status under applicable law).
1.9 Employee

Any individual on the payroll of the Employer whose wages from the Employer are subject to withholding for the purposes of Federal income taxes and the Federal Insurance Contributions Act. If a person is engaged in an independent contractor or similar capacity and is subsequently reclassified by the Employer, the Internal Revenue Service, or a court as an employee, such person, for purposes of this Plan, shall be deemed an Employee from the actual (and not the effective) date of such reclassification, unless expressly provided otherwise by the Employer.

1.10 Employer

The University. [Note to UVA: Should UVA-Wise be listed as a separate employer? Prior plan listed University and Clinch Valley College (Now UVa-Wise).]

1.11 Former Participant

Any individual who is no longer a Participant but who continues to have an Accumulation Account.

1.12 415 Compensation

A Participant’s total annual compensation from the Employer for the Limitation Year, as defined in the Treasury Regulations issued under Code section 415. 415 Compensation includes a Participant’s wages (including any elective deferrals as defined in Code section 402(g)(3)), salaries, fees for professional services and other amounts received for personal services actually rendered in the course of employment with the Employer. 415 Compensation paid or made available during such Limitation Years shall also include any amount that is contributed or deferred by the Employer at the election of the Participant and that is not includible in the gross income of the Participant’s by reason of Code section 125 or 132(f)(4). Effective January 1, 2008, 415 Compensation shall include amounts received after a Participant’s severance from employment with the University but only to the extent such amounts received by the later of 2-1/2 months following such severance from employment or the end of the Plan Year that includes the date of the Participant’s severance from employment and such amounts do not include severance pay or other amounts that would have not been paid to the Participant absent his severance. Effective January 1, 2009, 415 Compensation shall include differential wage payments described in Code section 414(u)(12)(D). 415 Compensation does not include: (a) contributions (other than elective contributions described in Code sections 402(e)(3), 408(k)(6), 408(p)(2)(A)(i), or 457(b)) made by the Employer to a deferred compensation plan which, without regard to Code section 415, are not includible in the employee’s gross income for the taxable year in which contributed (e.g., employee contributions to a
deferred compensation plan “picked-up” by the Employer pursuant to Code section 414(h)(2)); (b) Employer contributions made on behalf of the employee to a simplified employee pension plan described in Code section 408(k) or a simplified retirement account described in Code section 408(p) to the extent not includible in gross income for the taxable year in which contributed; (c) distributions from a deferred compensation plan and (d) other items of remuneration similar to (a) through (c).

1.13 Investment Fund

The funds referred to in Section 5 hereof for the investment and reinvestment of a Participant’s share of contributions and assets held under the Plan, sometimes also referred to as “Fund” or “Funds.”

1.14 Joint and Survivor Annuity

An immediate monthly annuity for the life of the Participant with a survivor annuity for the life of the Participant’s designated beneficiary that is not less than 50% and not more than 100% of the amount of the annuity that is payable during the joint lives of the Participant and the designated beneficiary. The percentages of the survivor annuity under the Plan shall be 50%, 75%, and 100%. The annuity shall be equal to the amount of benefit that can be purchased with the portion of the Participant’s Accumulation Account that has been allocated to the Trust. Notwithstanding the foregoing, any amount to be distributed each year, and the times those amounts are paid, must satisfy the incidental death benefit requirements specified in Code section 401(a)(9)(G) and the regulations thereunder.

1.15 Leased Employee

Any individual who provides services to the Employer if:

(a) such services are provided pursuant to an agreement between the Employer and any other person (“leasing organization”);

(b) such services are performed under the primary direction or control of the Employer; and

(c) the Employer classifies such person as a Leased Employee (regardless of the individual’s employment status under applicable law).

1.16 Life Annuity

An immediate monthly annuity solely for the life of the recipient. The annuity shall be equal to the amount of benefit that can be purchased with the portion of the Participant’s Accumulation Account that has been allocated to the Trust.
1.17  Limitation Year

The Plan Year.

1.18  Limited Term Appointment

A University Executive and Senior Administrative staff position having a defined term reviewable for successive terms, usually ranging from one to three years.

1.19  Participant

Any Employee who has commenced participation in the Plan in accordance with the provisions of Section 2 of the Plan.

1.20  Phased Retirement

The Phased Retirement Option of the University’s Incentive Retirement Program.

1.21  Plan

The Optional Retirement Plan for Employees of the University of Virginia (formerly, the Defined Contribution Plan for the General Faculty of the University of Virginia) as set forth in this document and as amended from time to time.

1.22  Plan Year

The twelve (12) month period commencing each January 1 and ending on each December 31.

1.23  Qualified Governmental Excess Benefit Arrangement

The Qualified Governmental Excess Benefit Arrangement for Employees of the University of Virginia, effective January 1, 2010.

1.24  Trust

The Trust for the Defined Contribution Retirement Plan for the General Faculty of the University of Virginia, created by the Trust Agreement entered into pursuant to Section 10 between the University and the Trustees. [Internal MLB Note: Need to amend name of Trust to correspond to new plan name.]

1.25  Trustees

The person(s) and/or bank or trust company that is named as Trustees in the Trust Agreement described in Section 10.1.
1.26 University

The University of Virginia.

1.27 USERRA

The Uniformed Services Employment and Reemployment Rights Act of 1994, as amended.

1.28 Valuation Date

The last day of each Plan Year and each other interim date during the Plan Year on which the portion of the assets of a Participant’s or Former Participant’s Accumulation Account allocated to the Trust is valued.

1.29 VRS

The Virginia Retirement System.

SECTION 2 - PARTICIPATION

2.1 Election to Participate

(a) New Employees

In the case of an Employee who is not a participant in the VRS at the time he or she becomes an Eligible Employee, such person shall choose within sixty (60) days of becoming an Eligible Employee to participate in either the Plan or the VRS. The Employee shall make the choice by completing the corresponding application of the retirement program in which he or she elects to participate. If an Eligible Employee fails to choose a plan, pursuant to the policy of the Commonwealth he or she shall be required to participate in the VRS and be ever precluded from participating in the Plan. An Eligible Employee who elects to participate in the Plan shall become a Participant in the Plan as of the day he or she becomes an Eligible Employee.

(b) Current Employees Who Become Eligible Employees

In the case of an Employee who is a participant in the VRS at the time he or she becomes an Eligible Employee, such person may make an irrevocable election to participate in the Plan any time on or after becoming an Eligible Employee [Note: Should 60-day election period upon commencement of eligibility apply? Statute not clear.] by completing the Plan application form prescribed by the
Administrator. Such Employee shall become a Participant in the Plan on the first day of the month on or immediately following the date of receipt by the Administrator of such election.

(c) **Transition Provision for Certain Clinch Valley College Faculty** [Note to UVa: Can we remove this provision going forward?]

In the case of an Employee who was participating in the Optional Retirement Plan offered through Clinch Valley College at the time he or she becomes an Eligible Employee, such person may make an irrevocable election to participate in the Plan any time on or after becoming an Eligible Employee by completing the Plan’s application form prescribed by the Administrator. Such Employee shall become a Participant in the Plan on the first day of the month on or immediately following the date of receipt by the Administrator of such election.

2.2 **Obligation of Participant**

When an Employee becomes eligible to participate, and thereafter from time to time, the Administrator may require the Employee to furnish such information and fill out, sign and file such forms and documents as may be reasonably required for the administration of the Plan, including beneficiary designation forms, evidence of age and marital status, etc. If a Participant does not comply with any such reasonable requirements neither the Administrator, the Trustees, nor any other person, shall be obligated to administer the Plan for such Participant until such information is properly furnished, and no such person shall incur liability to such Participant or his or her beneficiary to the extent that any intended Plan benefit has not been obtained or is not available because of the Participant’s or beneficiary’s failure to furnish such information and fill out, sign and file such documents.

2.3 **Termination of Participation**

(a) **General Rule**

Participation in the Plan continues until a Participant is no longer an Eligible Employee.

(b) **Participants in the Plan on December 31, 1998**

Notwithstanding (a) above, any Participant in the Plan on December 31, 1998 who might not otherwise have met the definition of Eligible Employee at that time shall continue to participate in the Plan until employment with the Employer terminates.

(c) **Disabled Participants**
Notwithstanding (a) above, a Participant who is no longer an Eligible Employee but who is receiving benefits from the University’s long term disability plan shall continue to participate in the Plan until he or she ceases to receive benefits from the long term disability plan.

(d) Participants Transferred to Other Entities Controlled by the Board

Notwithstanding (a) above, where a Participant is transferred to another entity controlled by the Board, the University through its Executive Vice President and Chief Financial Officer, may, in its sole and absolute discretion, declare that the affected Participant will not terminate participation in the Plan as a result of the transfer and will remain a Participant in the Plan regardless of the fact that he is no longer an Eligible Employee.

2.4 Reinstatement as an Eligible Employee

A former Eligible Employee who subsequently becomes an Eligible Employee again shall have the right to elect to participate in the Plan as described in Section 2.1 above.

2.5 Prohibition Against Simultaneous Participation

A Participant in this Plan may not at the same time participate in the VRS or be receiving benefits from the VRS.

SECTION 3 - CONTRIBUTIONS

3.1 Employer Contributions

(a) Participants Who Commenced Participation Before January 1, 1991

In the case of a Participant who commenced participation in the Plan before January 1, 1991 and who has had uninterrupted participation since, the Employer shall contribute to such Participant’s Accumulation Account for the Plan Year an amount equal to the greater of:

(i) 10.4 % of Compensation, or

(ii) 11.5% of Compensation with a maximum of $100,000 taken into consideration when calculating the contribution herein.

(b) Participants Who Commenced Participation On or After January 1, 1991, But Before July 1, 2010, and Certain Grandfathered Participants
In the case of a Participant who commenced participation in the Plan on or after January 1, 1991, but before July 1, 2010, the Employer shall contribute to such Participant’s Accumulation Account for the Plan Year an amount equal to 10.4% of such Participant’s Compensation or such other rate that may be established from time to time by the Commonwealth or provided for under section 51.1-126 of the Code of Virginia.

This Section 3.1(b) shall also apply to a Participant who commenced participation in the Plan on or after July 1, 2010, but who either (i) immediately prior to commencing participation in the Plan continuously been a member of a retirement plan sponsored by the Virginia Retirement System, as that term is defined in Section 51.1-124.3 of the Code of Virginia, since June 30, 2010; or (ii) had entered into a written contract for employment as an Eligible Employee or in a “covered position” for retirement purposes under Title 51.1 of the Code of Virginia prior to March 15, 2010. Such Participants also shall be considered to have commenced participation in the Plan before July 1, 2010 for purposes of Section 3.2.

(c) Participants Who Commenced Participation On or After July 1, 2010

In the case of a Participant who commenced participation in the Plan on or after July 1, 2010, the Employer shall contribute to such Participant’s Accumulation Account for the Plan Year an amount equal to 8.9% of such Participant’s Compensation or such other rate that may be permitted from time to time by the Commonwealth or provided for under section 51.1-126 of the Code of Virginia.

(d) Participants on Educational Leaves of Absence

The Employer shall continue to make a contribution under this Section 3.1 on behalf of a Participant who is on an Educational Leave of Absence subject to the limitation described in Section 3.4.

(e) Participants who are receiving Long Term Disability

A Participant who is receiving benefits under the Employer’s long term disability plan shall continue to have contributions made on his behalf into the Plan by the long term disability plan.

(f) Timing of Contributions

Timing of the contributions described in (a) - (d) above shall be determined by the Administrator in its sole and absolute discretion.
3.2 Mandatory Employee Contributions

In the case of a Participant to whom Section 3.1(c) applies, the Employer shall make a Mandatory Employee Contribution to such Participant’s Accumulation Account for the Plan Year of an amount equal to 5% of such Participant’s Compensation or such other rate that may be established from time to time by the Commonwealth or provided for under section 51.1-126 of the Code of Virginia. Mandatory Employee Contributions shall be paid by the Employer in lieu of employee contributions. The source of each Mandatory Employee Contribution paid by the University shall be a corresponding reduction in the salary of the Participant on whose behalf the Employer makes a Mandatory Employee Contribution. A Participant for whom the Employer makes a Mandatory Employee Contribution shall have no cash or deferred election right (within the meaning of section 1.401(k)-1(a)(3) of the Treasury Regulations) with respect to the Mandatory Employee Contributions paid to the Plan by the Employer. The Mandatory Employee Contributions shall be treated as paid by the Employer for the purpose of Code section 414(h)(2), but shall be treated as “member contributions” paid by Participants for the purpose of Virginia Code section 51.1-126.F.1.

A Participant to whom Section 3.1(c) applies shall continue to make the Mandatory Employee Contribution while receiving benefits under the Employer’s long term disability plan and while on a paid Educational Leave of Absence. Mandatory Employee Contributions shall not be made while a Participant is on an unpaid Educational Leave of Absence.

3.3 Transfer Contributions

The Plan shall receive only transfers of accrued benefits from the VRS on behalf of a Participant. It shall accept no other transfers or rollovers of any kind.

The Administrator shall allocate the transferred amounts described in the preceding paragraph among the various investment vehicles permitted under the Plan pursuant to Section 5. The Participant shall provide such instructions in writing on a form prescribed by the Administrator.

3.4 Limitations on Contributions

(a) Annual Limitation on Contributions

In no event shall a Participant’s Employer and Mandatory Employee Contributions under Section 3.1 above for any Limitation Year exceed the lesser of:

(i) $49,000, as adjusted under Code section 415(d); or
(ii) one hundred percent (100%) of the Participant’s 415 Compensation.

(b) Participation In More Than One Plan

If the Employer maintains one or more qualified defined contribution plans, as defined in Code section 414(i), for Employees, some or all of whom may be Participants in this Plan, then the contributions made on behalf of a Participant in such other plans shall be aggregated with the contributions made on behalf of the Participant derived from this Plan for purposes of the limitation in Section 3.4(a) above. In the event that the Participant’s aggregate annual additions exceed the contribution limit in Section 3.4(a) for any Limitation Year, the annual additions under this Plan shall be reduced to the maximum extent necessary and reallocated in accordance with the terms found in the Qualified Governmental Excess Benefit Arrangement.

(c) No Exceeding 415 Limit

In no event shall the amount of any benefit or annuity determined under this Plan Section 3 exceed the maximum benefit permitted under Code section 415.

3.5 Reemployment of Returning Veterans

(a) Retroactive Contributions

If a Participant is in qualified military service, as that term is defined under USERRA, and he returns to employment with the Employer within ninety (90) days of the end of his military leave (or such longer period of time as his reemployment rights are protected by law), the Employer shall make the contributions described in Section 3.1 above on behalf of the Participant that he otherwise would have been entitled to but for his absence due to the military leave and the Participant shall be entitled to make an irrevocable election to have his salary reduced to make the contributions described in Section 3.2 above that he otherwise would have been required to make but for his absence due to the military leave. For each period of qualified military service, the Participant may make only one irrevocable election to reduce his salary to make the contributions described in Section 3.2; such contribution shall be paid by the Employer in lieu of employee contributions and shall be treated as paid by the Employer for the purpose of Code section 414(h)(2).

(b) Limitations

Contributions made pursuant to (a) above shall not be counted for purposes of Section 3.3 during the Plan Year (Limitation Year) when they are made. Rather such contributions shall be counted for purposes of Section 3.3 in the Plan Year to which the contributions relate.
(c) **Compensation**

For purposes of (a) and (b) above, the Administrator shall treat the Participant as receiving Compensation during the period of qualified military service equal to the amount of Compensation the Participant would have received from the Employer during such period, based on the rate of pay the Participant would have received from the Employer but for the absence due to military service, or, if such rate of pay is not reasonably certain, the Participant’s average Compensation during (I) the twelve (12) month period immediately before the qualified military service or, (II) if shorter, the period of employment immediately before the qualified military service.

(d) **Crediting of Earnings**

A Participant who is entitled to a contribution pursuant to (a) above shall not be entitled to receive corresponding retroactive earnings attributable to such contribution.

**SECTION 4 - VESTING**

A Participant shall be fully vested in his Accumulation Account at all times under the Plan.

**SECTION 5 - INVESTMENT OPTIONS**

5.1 **Investment Options**

The Participant shall have the option to allocate the Employer’s contribution made pursuant to Section 3 between the following forms of investment:

(a) an annuity contract that meets the requirements of Code section 403(a), or

(b) a qualified trust as described in Code section 401(a).

When first applying to become a Participant in the Plan, as described in Section 2.1, the Eligible Employee shall also designate on the Plan application form prescribed by the Administrator whether Plan contributions should be invested in an annuity contract or the Trust. A Participant may change the investment allocation at such time or times as the Administrator may prescribe.
5.2 **Annuity Contract**

The Administrator may offer one or more annuity contracts described in Section 5.1(a) above among which a Participant may choose to allocate contributions made to the Participant’s Accumulation Account. The nature and the quality of the investments offered under each of these contracts shall be determined by the Administrator. To the extent a Participant may choose among various investments offered under an annuity contract, any communication regarding such investment shall be between the sponsor of the annuity contract and the Participant. Once a Participant chooses an annuity contract to which to allocate Plan contributions, the University shall have no further responsibility regarding such contributions.

5.3 **Qualified Trust**

(a) **Individual Accounts**

The Administrator shall establish and maintain an Accumulation Account in the name of each Participant to which there shall be credited (or debited) a Participant’s contributions made in accordance with Sections 3.1, 3.2 or 3.3 above that the Participant has designated are to be allocated to the Trust pursuant to Section 5.1(b) above. The Administrator shall adjust, as of each Valuation Date, the balance of each Participant’s account to reflect the current market value of the Investment Funds in which each Accumulation Account was invested. A Participant’s interest in any Investment Fund shall be determined and accounted for based on his beneficial interest in any such Fund, and no Participant shall have any interest in or rights to any specific asset of any Investment Fund.

(b) **Investment of Accounts**

(i) The balance held for the benefit of each Participant in his Accumulation Account shall be invested at the direction of each Participant among one or more of the Plan’s Investment Funds. The nature and the quality of the investments in each of these Funds shall be determined by the Administrator in its sole discretion. There will be at least three Investment Funds to which a Participant may allocate his Accumulation Account and each of these Funds will have a different one of the following primary objectives:

(A) The generation of the highest level of income consistent with the preservation of capital over the long term;

(B) Capital appreciation; and

(C) A balance between capital appreciation and preservation of capital and generation of income.
(ii) The Administrator shall provide Participants with directions as to how to obtain information sufficient to enable Participants to make informed investment directions. Neither the Administrator nor the Trustees, however, shall provide investment advice to a Participant with respect to an investment.

(iii) Each Participant shall be responsible for directing the investment of all contributions in his Accumulation Account. Participant investment directions shall be made in a manner prescribed by the Administrator. Investments shall be made in one (1) or more of the Investment Funds made available under subsection (i) hereof.

(iv) Subject to the terms and limitations of the various Investment Funds, each Participant may direct at such time or times as the Administrator may prescribe that amounts held in one or more of the Investment Funds described in subsection (i) hereof, may be transferred to, from or between such Investment Funds.

(c) **Allocations of Earnings and Losses**

Allocations of earnings and losses to the Participant’s Accumulation Account shall be accomplished as follows:

(i) The dividends, capital gains distributions, and other earnings received on any share or unit of an Investment Fund that is specifically credited or earmarked to a Participant's Accumulation Account under the Plan in accordance with the directed investment provisions of this Section 5.3 shall be allocated to such account and immediately reinvested, to the extent practicable, in additional shares or units of such Investment Fund.

(ii) To the extent not otherwise provided in paragraph (i) above, the assets of each Investment Fund shall be valued by the Trustee at their current fair market value of as each Valuation Date, and the earnings and losses of the Investment Fund since the immediately preceding Valuation Date shall be allocated to the Accumulation Accounts of all Participants with interests in that Investment Fund in the ratio that the fair market value of each such interest as of the immediately preceding Valuation Date, reduced by any distributions or withdrawals therefrom since such preceding Valuation Date, bears to the total fair market value of all such interests as of the immediately preceding Valuation Date, reduced by any distributions or withdrawals therefrom since such preceding Valuation Date.

(d) **Allocation to Individual Accounts**
The Accumulation Account of each Participant shall be adjusted as of each Valuation Date by (I) reducing such accounts by any payments made therefrom since the preceding Valuation Date, and then (II) increasing or reducing such accounts by the Participant’s share of earnings and losses, determined pursuant to (c) above, and the expense of administering the Investment Funds since the preceding Valuation Date, and (III) crediting such accounts with any contributions allocated thereto since the preceding Valuation Date.

(e) **Valuation for Withdrawal and Distribution**

For purposes of paying the amounts to be withdrawn or distributed to a Participant or beneficiary pursuant to Section 6.2 below, the value of the Participant’s Accumulation Account allocated to the Trust shall be determined in accordance with the provisions of this Section 5.3 as of the Valuation Date that is on or immediately preceding the date the distribution is made, except as otherwise determined in accordance with Section 6.3.

5.4 **Reallocation Among Annuity Contracts and the Trust**

A Participant may reallocate all or a portion of his or her Accumulation Account invested in annuity contracts to the Trust, or vice versa, to the extent permitted, if at all, by the sponsor of the annuity and the Administrator.

**SECTION 6 - DISTRIBUTIONS**

6.1 **Distributions of Amounts Allocated to Annuity Contracts**

Distribution of the portion of a Participant’s Accumulation Account allocated to annuity contracts shall be in accordance with the terms of the applicable annuity contract.

6.2 **Distributions of Amounts Allocated to the Trust**

Distribution of the portion of a Participant’s Accumulation Account allocated to the Trust shall be distributed in the following manner:

(a) **Election to Receive Benefits**

(i) **Termination of Employment.** A Participant no longer employed by the Employer may receive his or her benefits any time on or after the day he separates from service. Such distribution shall be made on the later of 60 days from the receipt of request for such distribution or the date the Administrator determines the value of the Participant’s Accumulation Account for purposes of distribution. The amount to be distributed shall be determined based on the value of the portion of the Former
Participant’s Accumulation Account balance allocated to the Trust as determined pursuant to Section 5.3(e). Such request shall be made on a written form prescribed or approved by the Administrator.

Notwithstanding the foregoing, a Participant who is employed by any other entity controlled by the Board and who remains a Participant by virtue of a declaration of the University may receive benefits as described in the preceding paragraph only on or after the day he separates from service with that entity.

(ii) **Phased Retirement.** A Participant in Phased Retirement who is age 59½ or older may elect to receive a distribution from the Plan as described in paragraph (i) above, even if still an Employee.

(b) **Forms of Distribution**

A Participant may elect to receive a distribution of the portion of his or her Accumulation Account allocated to the Trust in one of the following forms:

(i) Lump sum,

(ii) Joint and Survivor Annuity, or

(iii) Life Annuity.

(c) **Failure to Make an Election to Receive Benefits**

If a Participant fails to make an election under Section 6.2(a) above before the date described in Section 6.3 below, the Administrator shall direct the Trustee to distribute the portion of the Participant’s Accumulation Account allocated to the Trust in a lump sum.

**6.3 Minimum Distribution Requirements**

In no event shall distributions commence later than April 1 of the calendar year following the calendar year in which the Participant attains age seventy-and-one-half (70 1/2), except if the Participant is an Employee in the calendar year he or she attains age seventy-and-one-half (70 1/2), in which case the distribution may commence April 1 of the calendar year following the calendar year in which the Participant retires. Distributions in all cases will be made in accordance with Code section 401(a)(9) and the regulations thereunder.

**6.4 Direct Rollover**

(a) **General**
Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee’s election under this Section 6.4, a distributee may elect, at the time and in the manner prescribed by the Administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

(b) Definitions

(i) Eligible Rollover Distributions

An eligible rollover distribution is any distribution or withdrawal of all or any portion of an Accumulation Account balance, other than (1) any payment that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee’s designated beneficiary, or for a specified period of ten years or more; (2) any payment to the extent such payment is required under Code section 401(a)(9); (3) the portion of any payment that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); and (4) any other payment that is treated as ineligible for a direct rollover under Code section 401(a)(31), the related regulations, and other guidance.

(ii) Eligible Retirement Plan

An eligible retirement plan is (1) an individual retirement account described in Code section 408(a); (2) an individual retirement annuity described in Code section 408(b); (3) an individual retirement annuity described in Code section 403(a); (4) a qualified retirement plan described in Code section 401(a) that accepts the distributee’s eligible rollover distribution; (5) an eligible deferred compensation plan described in Code section 457(b) maintained by an eligible employer described in Code section 457(e)(1)(A) that separately accounts for eligible rollover distributions; (6) an annuity contract described in Code section 403(b); or (7) effective January 1, 2008, a Roth IRA described in Code section 408A(b) (subject to the rules and provisions set forth in Code section 408A(e) and any regulations thereunder). For a non-spouse beneficiary described in the last sentence of Section 6.4(b)(iii) an eligible retirement plan shall include only an individual retirement plan or annuity described in (1), (2), or (7) above, that is treated as an inherited IRA of the beneficiary.

(iii) Distributee
A distributee includes a Participant or former Participant. In addition, the Participant’s or former Participant’s surviving spouse and the Participant’s or former Participant’s spouse or former spouse who is the alternate payee under an administrative domestic relations order are distributees with regard to the interest of the spouse or former spouse. Effective January 1, 2010, a Participant or former Participant’s non-spouse beneficiary is a distributee with respect to any otherwise eligible rollover distribution that is paid to the beneficiary.

(iv) Direct Rollover

A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

6.5 Reemployment of Participant

Notwithstanding anything to the contrary in the foregoing, if a Former Participant returns to the service of the Employer as an Eligible Employee after distribution of his or her benefits has begun, such distributions shall immediately cease and no benefits shall be paid until such Participant again becomes entitled to benefits under the terms of this Plan.

6.6 Payments Made Pursuant to an Administrative Domestic Relations Order

Notwithstanding any other provision of this Plan, the Administrator may direct the distribution of any portion of the Participant’s Accumulation Account payable to an alternate payee (as defined in Code section 414(p)(8)) pursuant to an administrative domestic relations order (as determined by the Administrator in accordance with Code section 414(p)(11)) prior to the date on which the Participant attains his or her earliest retirement age (as defined in Code section 414(p)(4)), provided that the Administrator has properly notified the affected Participant and each alternate payee of the order and has determined that the order is an administrative domestic relations order. The alternate payee shall be paid his or her separate accounts or his or her percentage of the Participant’s Accumulation Account in a lump sum payment unless the domestic relations order specifies a different manner of payment permitted by the Plan. The alternate payee shall not be required to consent to such lump sum payment.

SECTION 7 - AMENDMENT AND TERMINATION

7.1 Amendment

The University reserves the right to amend the Plan, through affirmative action by the Board at any time and from time to time, in whole or in part, including, without limitation, retroactive amendments necessary or advisable to qualify the Plan and Trust under the provisions of Code sections 401(a) and 403(a). The Board may delegate its
authority to amend the Plan to one or more officers of the University. Except as set forth in Section 7.3, no such amendment shall (1) cause any part of the assets of the Plan and Trust to revert to or be recoverable by the University or be used for or diverted to purposes other than the exclusive benefit of Participants, Former Participants, and beneficiaries; (2) deprive any Participant, Former Participant, or beneficiary of any benefit already vested; (3) alter, change, or modify the duties, powers, or liabilities of the Trustee without its written consent; or (4) permit any part of the assets of the Plan and the Trust to be used to pay premiums or contributions of the University under any other plan maintained by the University for the benefit of its Employees. No amendment to the vesting schedule shall deprive a Participant of unforfeitable rights to benefits accrued to the date of the amendment.

7.2 Termination, Partial Termination, or Complete Discontinuance of Contributions

Although the Employer has established the Plan with the intention and expectation that it will make contributions indefinitely, nevertheless the Employer shall not be under any obligation or liability to continue its contributions or to maintain the Plan for any given length of time. The Employer may in its sole and absolute discretion through an affirmative action by its Board discontinue contributions or terminate the Plan in whole or in part in accordance with its provisions at any time without any liability for the discontinuance or termination. However, the Trust shall continue until the portions of Participants’ Accumulation Accounts that have been allocated to the Trust have been completely distributed to or for the benefit of such Participants in accordance with the Plan.

7.3 Permissible Reversions

(a) Notwithstanding any other provision of the Plan:

(i) No Participant nor beneficiary shall have any right or claim to any assets of the Trust or to any benefit under the Plan before the Internal Revenue Service determines that the Plan and Trust qualify under the provisions of Code section 401(a), or any statute of similar import, other than any vested rights or benefits accrued represented by any assets transferred from the VRS, to the extent vested upon transfer to this Plan and Trust from the VRS. Upon the distribution to the Participants of any vested amounts or benefits transferred from the VRS and the return of any remaining contributions to the Employer following the denial of initial qualification of the Plan and Trust under the provisions of Code section 401(a), the Trust provided for in this Plan shall be terminated and the Trustees shall be discharged from all obligations hereunder.
(ii) To the extent the Employer's contributions are made by reason of a mistake of fact, they may be returned to the Employer within one (1) year from the date of contribution.

(b) The amounts that may be returned to the Employer under Section 7.3(a)(ii) above shall be the excess of the amounts contributed over the amounts that would have been contributed had there not been a mistake of fact. No earnings on the mistaken contributions may be returned to the Employer and losses sustained by the Trust after the date of contribution shall proportionately reduce the amount that may be returned to the Employer.

SECTION 8 - CLAIMS

8.1 Claims for Benefits Under an Annuity Contract

A Participant’s (or beneficiary’s) claim for benefits for the portion of the Participant's Accumulation Account allocated to an annuity contract shall be resolved by the sponsor of the annuity contract based on procedures it has established.

8.2 Claims for Benefits Under the Trust

A Participant’s (or beneficiary’s) claim for benefits for the portion of the Participant's Accumulation Account invested in the Trust may be presented in writing by the Participant to the Administrator.

If the claim for benefits is wholly or partially denied, the Administrator shall notify the Participant (or beneficiary) in writing of such denial of benefits within sixty (60) days of receipt of the claim.

Any notice of a denial of benefits shall advise the Participant (or beneficiary) of:

(a) the specific reason or reasons for the denial;
(b) the specific provisions of the Plan on which the denial is based;
(c) any additional material or information necessary for the Participant (or beneficiary) to perfect the claim and an explanation of why such material or information is necessary; and
(d) the steps which the Participant (or beneficiary) must take to have the claim reviewed.

A Participant (or beneficiary) whose claim has been denied may file a written request for a review by the Administrator of the denial of this claim. Such written request for review must be filed within sixty (60) days after receipt of written notification of the denial of
this claim. The Administrator shall review the written comments and any submissions of the Participant (or beneficiary) and render its decision regarding the appeal within sixty (60) days of receipt of such appeal. Such decision shall be in writing setting forth the specific reasons and specific Plan provisions on which the Administrator based its decision.

SECTION 9 - ADMINISTRATION

9.1 Plan Administrator

The Administrator shall administer the Plan. The General Counsel of the University is designated as the agent of the Plan for the service of legal process.

The Administrator’s duties shall include, without limitation, powers with respect to the administration of the Trust as may be conferred upon it by the Trust. It shall have the power to take all action and to make all decisions that shall be necessary or proper in order to carry out the provisions of the Plan and, without limiting the generality of the foregoing, it shall have the following powers:

(a) to make (and enforce by suspension or forfeiture) such rules and regulations as it shall deem necessary or proper for the efficient administration of the Plan;

(b) to interpret or construe the Plan;

(c) to decide questions concerning the Plan and the eligibility of any Employee to participate therein and the right of any person to receive benefits thereunder;

(d) to decide any dispute arising under the Plan;

(e) to compute the amount of benefits which shall be payable to any person in accordance with the provisions of the Plan;

(f) to authorize all disbursements by the Trustees;

(g) to prescribe and require the use of such forms as it shall deem necessary or desirable in connection with the administration of the Plan;

(h) to supply any remedies or corrections to omissions in the Plan;

(i) to reconcile and correct any errors or inconsistencies in the Plan; and

(j) to make equitable adjustments for any mistakes or errors made in the administration of the Plan.
The Administrator shall establish rules and regulations and shall take other necessary or proper action to carry out its duties and responsibilities.

9.2 **Actions Conclusive**

Benefits under this Plan will be paid only if the Administrator decides in its discretion that the applicant is entitled to them. All actions and decisions taken by the Administrator on any matter within its authority shall be made in the sole discretion of the Administrator and shall be final and conclusive and binding on all parties, including without limitation, the Employer, Participants, and beneficiaries.

9.3 **Appointment of Agents**

The Administrator may employ or engage such accountants, counsel, other experts, and other persons as it deems necessary in connection with the administration of the Plan to the extent permitted by law.

9.4 **Reliance on Opinions, Etc.**

The Administrator and each member thereof and each person to whom it may delegate any power or duty in connection with administering the Plan shall be entitled to rely conclusively upon, and shall be fully protected in any action taken by them or any of them in good faith reliance upon any valuation, certificate, opinion, or report which shall be furnished to them or any of them by the Trustees or by any accountant, counsel, other expert, or other person who shall be employed or engaged by the Trustees or the Administrator.

9.5 **Records and Accounts**

The Administrator shall keep or cause to be kept all data, records and documents pertaining to the administration of the Plan, and shall execute all documents necessary to carry out the provisions of the Plan. The Administrator shall advise the Trustees of such facts as may be pertinent to the Trustees’ administration of the Trust and shall give proper instruction to the Trustees for carrying out the purposes of the Plan.

9.6 **Payment of Expenses**

(a) Subject to the provisions of paragraph (b) below, expenses in connection with the administration of the Plan and Trust including commissions, taxes, and expenses of the Trustees and of any accountant or other person who shall be employed by the Administrator or Trustees in the administration thereof, shall be paid by the Trust unless paid by the Employer.

(b) In the event of permanent discontinuance of contributions or termination any further payment of expenses which arise or have arisen in connection with the
administration of the Plan and Trust shall be paid by the Trust unless paid by the Employer.

9.7 Liability

The Administrator shall incur no liability for any action taken or not taken in good faith reliance on advice of counsel, who may be counsel for the University or taken or not taken in good faith reliance on a determination as to a matter of fact which has been represented or certified by a person reasonably believed to have knowledge of the fact so represented or certified, or taken or not taken in good faith reliance on a recommendation or opinion expressed by a person reasonably believed to be qualified or expert as to any matter where it is reasonable or customary to seek or rely on such recommendations or opinions. Nor shall any employee of the Administrator be liable for the wrongful or negligent conduct of any other or any person having fiduciary responsibilities with respect to the Plan unless the employee (i) knowingly participates in or undertakes to conceal an act or omission of such other person knowing the act or omission is a breach of fiduciary duty, (ii) by failing to act solely in the interests of Participants and beneficiaries or to exercise the care, skill, prudence and diligence under the circumstances prevailing from time to time that a prudent man acting in a like capacity and familiar with such matters would exercise, has enabled the other fiduciary to commit a breach, or (iii) has knowledge of a breach by the other fiduciary and does not make reasonable efforts under the circumstances to remedy it. The University shall indemnify any employee and hold him or her harmless from loss, liability and expense in respect of the Plan for actions taken within the scope of his or her duties, including the legal cost of defending claims and amounts paid in satisfaction or settlement thereof provided only that no indemnification is intended that would be void as against public policy or the laws of the Commonwealth. [Internal MLB Note: Is this type of indemnification permissible under state law?]

SECTION 10 - TRUST AGREEMENT

10.1 The Trust Agreement

Trust Agreement means the “Trust for the Defined Contribution Retirement Plan for the General Faculty of the University of Virginia.” [Internal MLB Note: Rename trust to correspond to Plan name.] The Trustees are to hold, invest, and distribute the Trust Fund in accordance with the terms and provisions of the Trust Agreement. The duties and rights of the Trustees shall be determined solely by reference to the Trust Agreement.
10.2 No Diversion of Corpus or Income

In no event shall any portion of the corpus or income of the Trust Fund be used for or diverted to purposes other than the exclusive benefit of Participants and their beneficiaries.

SECTION 11 - MISCELLANEOUS

11.1 Limitation of Rights; Employment Relationship

Neither the establishment of the Plan and the Trust nor any modifications of them, nor the creation of any fund or account, nor the payment of any benefits, shall be construed as modifying or affecting in any way the terms of employment of any Employee.

11.2 Merger; Transfer of Assets

(a) If the Employer merges or consolidates with or into another entity, or if substantially all the assets of the Employer are transferred to another entity, the Plan shall terminate on the effective date of the merger, consolidation, or transfer. However, if the surviving entity resulting from the merger or consolidation, or the entity to which the assets have been transferred, adopts this Plan, the Plan shall continue and the successor entity shall succeed to all rights, powers, and duties of the Employer under the Plan, and the employment of any Employee who is continued in the successor entity's employ shall not be deemed to have been terminated for any purpose under the Plan.

(b) This Plan shall not be merged or consolidated with any other employee benefit plan, nor shall there be any transfer of assets or liabilities from this Plan to any other plan, unless, immediately after the merger, consolidation, or transfer, each Participant's benefits, if the other plan were then to terminate, are at least equal to the benefits to which the Participant would have been entitled had this Plan been terminated immediately before the merger, consolidation, or transfer.

11.3 Prohibition Against Assignment

(a) Except as provided below, the benefits provided by this Plan may not be assigned or alienated. Neither the University nor the Trustees shall recognize any transfer, mortgage, pledge, hypothecation, order, or assignment by any Participant or beneficiary of all or part of his or her interest under the Plan, and the interest shall not be subject in any manner to transfer by operation of law and shall be exempt from the claims of creditors or other claimants from all orders, decrees, levies, garnishment, and/or executions, and other legal or equitable process or
proceedings against the Participant or beneficiary to the fullest extent that may be permitted by law.

(b) This provision shall not apply to the extent a Participant or beneficiary is indebted to the Plan, for any reason, under any provision of this Agreement. At the time a distribution is to be made to or for a Participant's or beneficiary's benefit, such proportion of the amount distributed as shall equal such indebtedness, shall be paid by the Trustees to the Trustees or the Administrator, at the direction of the Administrator, to apply against or discharge such indebtedness. Prior to making a payment, however, the Participant or beneficiary must be given written notice by the Administrator that such indebtedness is to be so paid in whole or in part from his account. If the Participant or beneficiary does not agree that the indebtedness is a valid claim against his vested Accounts, he shall be entitled to a review of the validity of the claim in accordance with procedures provided in Section 8.

(c) This provision shall not apply to an administrative domestic relations order defined in Code section 414(p), and those other domestic relations orders permitted to be so treated by the Administrator under the Code. To the extent provided under an administrative domestic relations order, a former spouse of a Participant shall be treated as the spouse or surviving spouse for all purposes under the Plan.

11.4 Applicable Law; Severability

This Plan shall be construed, administered, and governed in all respects in accordance with the laws of the Commonwealth, provided, however, that if any provision is susceptible to more than one interpretation, it shall be interpreted in a manner consistent with the Plan’s being a qualified plan within the meaning of the Code. If any provision of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of the Plan shall continue to be fully effective.

11.5 Reliance Upon Copy of Plan

Any person dealing with the Trustees may rely upon copies of the Plan and the Trust Agreement, and any amendments thereto, certified by the Administrator to be true and correct copies.

11.6 Gender and Number; Captions or Headings

Wherever appropriate to the meaning or interpretation of this Plan, the masculine gender shall include the feminine, and the singular number shall include the plural and vice versa. Captions or headings are inserted and intended for organizational format and convenience of reference only; they are not to be given independent substantive meaning or effect.
IN WITNESS WHEREOF, the undersigned, being an authorized officer of the University, has caused this Plan as restated and amended to be executed this ___ day of ____________, 2010.

Witnesses:

____________________________

UNIVERSITY OF VIRGINIA

____________________________

By: _________________________

[Name]
APPENDIX B

DEFINED CONTRIBUTION RETIREMENT PLAN

FOR EMPLOYEES OF THE UNIVERSITY OF VIRGINIA

MEDICAL CENTER

Amended and Restated January 1, 2010
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PREAMBLE

The University of Virginia Medical Center (the "Medical Center") originally established the Defined Contribution Plan for Health Care Professionals (the "HCP Plan") effective July 1, 1993 to provide retirement benefits to a limited group of Medical Center employees who were not covered by the Defined Contribution Retirement Plan for the General Faculty of the University of Virginia (since renamed the Optional Retirement Plan for Employees of the University of Virginia). Effective January 1, 1999 the Medical Center expanded the coverage of the HCP Plan to generally include all full time salaried employees of the Medical Center. With the expansion of coverage, the HCP Plan was renamed the Defined Contribution Plan for Employees of the University of Virginia Medical Center (the "Plan") and was amended and restated effective January 1, 1999. The Plan is intended to be a qualified plan under section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"), funded by both annuities that qualify under Code section 403(a) and a tax exempt Code section 501(a) trust. The Plan was amended and restated effective January 1, 2010 to reflect technical changes and the establishment of a separate qualified governmental excess benefit arrangement. The Plan is a governmental plan as described in Code section 414(d).
SECTION 1 - DEFINITIONS

1.1 Accumulation Account

The account of a Participant or Former Participant that is credited with Employer Contributions pursuant to Section 3.1 and transfer contributions pursuant to Section 3.3.

1.2 Administrator

The University.

1.3 Board

The Rector and Visitors of the University of Virginia.

1.4 Code

The Internal Revenue Code of 1986, as amended.

1.5 Compensation

(a) Generally

Compensation is solely the base salary to be paid to the Participant during the Plan Year and does not include any other form of compensation a Participant may receive during the Plan Year including, but not limited to, overtime and special payments.

(b) Limitation

In addition to other applicable limitations set forth in the Plan and notwithstanding any other provision of the Plan to the contrary, for Employees who become Participants in Plan Years beginning on or after January 1, 1996, the annual compensation taken into account under the Plan shall not exceed the dollar limitation of Code section 401(a)(17), which is incorporated herein by reference, as adjusted from time to time. In the event Compensation exceeds the dollar limitation of Code section 401(a)(17), the amount of Compensation in excess of such limit shall be disregarded for purposes of the Plan.

1.6 Eligible Employee

Prior to January 1, 1999, any salaried Health Care Professional who worked at least twenty (20) hours per week. On or after January 1, 1999, any full-time salaried Employee, as that status may be determined by the Employer in its sole and absolute discretion, and any part-time salaried employee, as that status may be determined by the Employer in its sole and absolute discretion, who works at least twenty (20) hours per work and has signed a flexible staffing agreement with the Employer.
1.7 Employee

Any individual on the payroll of the Employer whose wages from the Employer are subject to withholding for the purposes of Federal income taxes and the Federal Insurance Contributions Act. Any individual who is not on the payroll of the Employer shall not be an Employee for purposes of the Plan regardless of the individual=s employment status under applicable law.

1.8 Employer

The Medical Center.

1.9 Former Participant

Any individual who is no longer a Participant but who continues to have an Accumulation Account.

1.10 415 Compensation

A Participant’s total annual compensation from the Employer for the Limitation Year, as defined in the Treasury Regulations issued under Code section 415. 415 Compensation includes a Participant’s wages (including any elective deferrals as defined in Code section 402(g)(3)), salaries, fees for professional services and other amounts received for personal services actually rendered in the course of employment with the Employer. 415 Compensation paid or made available during such Limitation Years shall also include any amount that is contributed or deferred by the Employer at the election of the Participant and that is not includible in the gross income of the Participant’s by reason of Code section 125 or 132(f)(4). Effective January 1, 2008, 415 Compensation shall include amounts received after a Participant’s severance from employment with the University but only to the extent such amounts received by the later of 2-1/2 months following such severance from employment or the end of the Plan Year that includes the date of the Participant’s severance from employment and such amounts do not include severance pay or other amounts that would have not been paid to the Participant absent his severance. Effective January 1, 2009, 415 Compensation shall include differential wage payments described in Code section 414(u)(12)(D). 415 Compensation does not include: (a) contributions (other than elective contributions described in Code sections 402(e)(3), 408(k)(6), 408(p)(2)(A)(i), or 457(b)) made by the Employer to a deferred compensation plan which, without regard to Code section 415, are not includible in the employee’s gross income for the taxable year in which contributed (e.g., employee contributions to a deferred compensation plan “picked-up” by the Employer pursuant to Code section 414(h)(2)); (b) Employer contributions made on behalf of the employee to a simplified employee pension plan described in Code section 408(k) or a simplified retirement account described in Code section 408(p) to the extent not includible in gross income for the taxable year in which contributed; (c) distributions from a deferred compensation plan and (d) other items of remuneration similar to (a) through (c).
1.11 Health Care Professional

Any professional who is licensed, certified or registered to practice by a board within the Department of Health Professions or is licensed, certified or registered by a nationally recognized professional organization specified in the regulations of the Board of Health Professions.

1.12 Investment Fund

The funds referred to in Section 5 hereof for the investment and reinvestment of a Participant's share of contributions and assets held under the Plan, sometimes also referred to as "Fund" or "Funds."

1.13 Joint and Survivor Annuity

An immediate monthly annuity for the life of the Participant with a survivor annuity for the life of the Participant's designated beneficiary that is not less than 50% and not more than 100% of the amount of the annuity that is payable during the joint lives of the Participant and the designated beneficiary. The percentages of the survivor annuity under the Plan shall be 50%, 75%, and 100%. The annuity shall be equal to the amount of benefit that can be purchased with the portion of the Participant's Accumulation Account that has been allocated to the Trust. Notwithstanding the foregoing, any amount to be distributed each year, and the times those amounts are paid, must satisfy the incidental death benefit requirements specified in Code section 401(a)(9)(G) and the regulations thereunder.

1.14 Life Annuity

An immediate monthly annuity solely for the life of the recipient. The annuity shall be equal to the amount of benefit that can be purchased with the portion of the Participant's Accumulation Account that has been allocated to the Trust.

1.15 Limitation Year

The Plan Year.

1.16 Medical Center

The University of Virginia Medical Center.

1.17 Optional Retirement Plan for Employees of the University of Virginia

The Optional Retirement Plan for Employees of the University of Virginia, as amended and restated January 1, 2010, and previously named the Defined Contribution Retirement Plan for General Faculty of the University of Virginia.
1.18 Participant

Any Employee who has commenced participation in the Plan in accordance with the provisions of Section 2 of the Plan.

1.19 Plan

The Defined Contribution Retirement Plan for Employees of the Medical Center of the University of Virginia as set forth in this document and as amended from time to time.

1.20 Plan Year

The twelve (12) month period commencing on each January 1 and ending on each December 31. Notwithstanding the foregoing, prior to January 1, 1999, the Plan Year was on the twelve (12) month period commencing on July 1. In 1998, the Plan was converted to a calendar year plan and had a short Plan Year commencing July 1, 1998 and ending December 31, 1998.

1.21 Trust

The Trust for the Defined Contribution Retirement Plan for Employees of the Medical Center of the University of Virginia, created by the Trust Agreement entered into pursuant to Section 10 between the Medical Center and the Trustees.

1.22 Trustees

The persons and/or bank or trust company that is named as Trustees in the Trust Agreement described in Section 10.1.

1.23 University

The University of Virginia.

1.24 USERRA

The Uniformed Services Employment and Reemployment Rights Act of 1994, as amended.

1.25 Valuation Date

The last day of each Plan Year and each other interim date during the Plan Year on which the portion of the assets of a Participant's or Former Participant's Accumulation Account allocated to the Trust is valued.

1.26 VRS

The Virginia Retirement System.
SECTION 2 - PARTICIPATION

2.1 Election to Participate

(a) New Employees

An Employee who becomes an Eligible Employee on or after July 1, 2000 and who is not a participant in the VRS at the time he or she becomes an Eligible Employee, will be a Participant in the Plan as of the day he or she becomes an Eligible Employee.

Prior to July 1, 2000, in the case of an Employee who is not a participant in the VRS or the Optional Retirement Plan for Employees of the University of Virginia at the time he or she becomes an Eligible Employee, such person shall choose within ninety (90) days of becoming an Eligible Employee to participate in either the Plan or the VRS. The Employee shall make the choice by completing the corresponding application of the retirement program in which he or she elects to participate. If an Eligible Employee fails to choose a plan, pursuant to the policy of the Commonwealth he or she shall be required to participate in the VRS and be ever precluded from participating in the Plan. An Eligible Employee who elects to participate in the Plan shall become a Participant in the Plan as of the day he or she becomes an Eligible Employee.

(b) VRS Members Who Become Eligible Employees after July 1, 2000

In the case of an Employee who is a participant in the VRS at the time he or she becomes an Eligible Employee, such person may make an irrevocable election to participate in the Plan within 180 days after becoming an Eligible Employee by completing the Plan application form prescribed by the Administrator. Such Employee shall become a Participant in the Plan on the first day of the month on or immediately following the date of receipt by the Administrator of such election. If an Employee fails to make an election within 180 days, the Employee shall be deemed to have irrevocably elected to participate in the VRS. [confirm election periods]

(c) VRS Members Who Become Eligible Employees before July 1, 2000

In the case of an Employee who is a participant in the VRS and became an Eligible Employee before July 1, 2000, such person may make an irrevocable election to participate in the Plan within 180 days of July 1, 2000 but completing the Plan application form prescribed by the Administrator. Such Employee shall become a Participant in the Plan on the first day of the month on or immediately following the date of receipt by the Administrator of such election. If an Employee fails to make an election within 180 days, the Employee shall be deemed to have irrevocably elected to participate in the VRS.
(d) **Participants in Other Plans**

Notwithstanding the foregoing, Eligible Employees who have not terminated participation in Optional Retirement Plan for Employees of the University of Virginia by virtue of a declaration by the University shall remain participants in the Optional Retirement Plan for Employees of the University of Virginia.

2.2 **Obligation of Participant**

When an Employee becomes eligible to participate, and thereafter from time to time, the Administrator may require the Employee to furnish such information and fill out, sign and file such forms and documents as may be reasonably required for the administration of the Plan, including beneficiary designation forms, evidence of age and marital status, etc. If a Participant does not comply with any such reasonable requirements neither the Administrator, the Trustees, nor any other person, shall be obligated to administer the Plan for such Participant until such information is properly furnished, and no such person shall incur liability to such Participant or his or her beneficiary to the extent that any intended Plan benefit has not been obtained or is not available because of the Participant's or beneficiary's failure to furnish such information and fill out, sign and file such documents.

2.3 **Termination of Participation**

(a) **General Rule**

Participation in the Plan continues until a Participant is no longer an Eligible Employee.

(b) **Participants in the Plan on December 31, 1998**

Notwithstanding (a) above, any Participant in the Plan on December 31, 1998 who might not otherwise have met the definition of Eligible Employee at that time shall continue to participate in the Plan until employment with the Employer terminates.

(c) **Participants Transferred to Other Entities Controlled by the Board**

Notwithstanding (a) above, where a Participant is transferred to another entity controlled by the Board, the University through its Executive Vice President and Chief Financial Officer, may, in its sole and absolute discretion, declare that the affected Participant will not terminate participation in the Plan as a result of the transfer and will remain a Participant in the Plan regardless of the fact that he is no longer an Eligible Employee.
2.4 Reinstatement as an Eligible Employee

A former Eligible Employee who subsequently becomes an Eligible Employee again shall have the right to elect to participate in the Plan as described in Section 2.1 above.

2.5 Prohibition Against Simultaneous Participation

A Participant in this Plan may not at the same time participate in the VRS or the Optional Retirement Plan for Employees of the University of Virginia.

SECTION 3 - CONTRIBUTIONS

3.1 Employer Contributions

(a) Participants Who Commenced Participation Prior to September 30, 2002

For Participants who commenced participation in the Plan prior to September 30, 2002 and who had uninterrupted participation since, the Employer shall make a contribution to each Participant’s Accumulation Account for the Plan Year in an amount equal to 8% of such Participant’s Compensation.

(b) Participants Who Commenced Participation On or After September 30, 2002

In the case of a Participant who commenced participation in the plan on or after September 30, 2002, the Employer shall make a contribution to each Participant’s Accumulation Account for the Plan Year in an amount equal to 4% of such Participant’s Compensation.

(c) Timing of Contributions

The Employer shall have sole and absolute discretion to determine the timing of all contributions made in accordance with the sections 3.1(a) and 3.1(b) of the Plan.

3.2 Transfer Contributions

Prior to July 1, 2000, the Plan shall receive only transfers of accrued benefits from the VRS on behalf of a Participant. Effective July 1, 2000, the Plan may also receive transfers of accrued benefits from the Optional Retirement Plan for Employees of the University of Virginia on behalf of a Participant. It shall accept no other transfers or rollovers of any kind.

The Administrator shall allocate the transferred amounts described in the preceding paragraph among the various investment vehicles permitted under the Plan pursuant to Section 5. The Participant shall provide such instructions in writing on a form prescribed by the Administrator.
3.3 Annual Limitation on Contributions

(a) Defined Contribution Limit

In no event shall a Participant's Employer contribution under Section 3.1 above for any Limitation Year exceed the lesser of:

(i) $49,000, as adjusted under Code section 415(d); or

(ii) one-hundred percent (100%) of the Participant's 415 Compensation.

(b) Participation In More Than One Plan

If the University or the Medical Center maintain another qualified defined contribution plan, as defined in Code section 414(i), for Employees, some or all of whom may be Participants in this Plan, then any such Participant's annual additions in the other Plan shall be aggregated with the Participant's annual additions derived from this Plan for purposes of the limitation in Section 3.3(a) above. In the event that the Participant's aggregate annual additions exceed the contribution limit in Section 3.3(a) for any Limitation Year, the annual additions under this Plan shall be reduced to the maximum extent necessary and reallocated in accordance with Section 3.3(c).

(c) Reallocating Excess Contributions

If the limitation in Section 3.3(a) is exceeded, the excess amounts in the Participant's Accumulation Account shall be used to reduce the Medical Center's contribution for the next Limitation Year (and succeeding Limitation Years, as necessary) for that Participant. However, if that Participant is not covered by the Plan as of the end of a Limitation Year, then the excess amounts must be held unallocated in a suspense account for the Limitation Year and allocated and reallocated in the next Limitation Year to all of the remaining Participants in the Plan in proportion to what each Participant's Compensation for the Plan Year bears to the Compensation for all such Participants for the Plan Year. In no case may excess amounts be distributed to Participants or Former Participants.

(d) No Exceeding 415 Limit

In no event shall the amount of any benefit or annuity determined under this Plan Section 3 exceed the maximum benefit permitted under Code section 415.

3.4 Reemployment of Returning Veterans

(a) Retroactive Contributions
Commencing on October 13, 1996, if a Participant is in qualified military service, as that term is defined under USERRA, and he returns to employment with the Employer within ninety (90) days of the end of his military leave (or such longer period of time as his reemployment rights are protected by law), the Employer shall make the contributions described in Section 3.1 above on behalf of the Participant that he otherwise would have been entitled to but for his absence due to the military leave.

(b) **Limitations**

Contributions made pursuant to (a) above shall not be counted for purposes of Section 3.3 during the Plan Year (Limitation Year) when they are made. Rather such contributions shall be counted for purposes of Section 3.3 in the Plan Year to which the contributions relate.

(c) **Compensation**

For purposes of (a) and (b) above, the Administrator shall treat the Participant as receiving Compensation during the period of qualified military service equal to the amount of Compensation the Participant would have received from the Employer during such period, based on the rate of pay the Participant would have received from the Employer but for the absence due to military service, or, if such rate of pay is not reasonably certain, the Participant's average Compensation during (I) the twelve (12) month period immediately before the qualified military service or, (II) if shorter, the period of employment immediately before the qualified military service.

(d) **Crediting of Earnings**

A Participant who is entitled to a contribution pursuant to (a) above shall not be entitled to receive corresponding retroactive earnings attributable to such contribution.

**SECTION 4 - VESTING**

4.1 **Employer Contributions**

(a) **Participants Hired Prior to September 30, 2002**

A Participant hired prior to September 30, 2002 shall be 50% vested in the portion of his or her Accumulation Account attributable to Employer contributions made pursuant to Section 3.1 starting from the date he commences participation in the Plan and shall be 100% vested after completing one year of participation.

(b) **Participants Hired On or After September 30, 2002**
A Participant hired on or after September 30, 2002 shall be 50% vested in the portion of his or her Accumulation Account attributable to Employer contributions made pursuant to Section 3.1 starting from the date he or she commences participation in the Plan and shall be 100% vested after completing two years of participation.

(c) Measurement of Vesting Period

For purposes of this section, the one- or two-year vesting period shall be the 12- or 24-month period that begins with the Participant’s commencement of participation in the Plan.

(d) Participants Previously Employed by Culpeper Hospital Home Health

A Participant previously employed by Culpeper Hospital Home Health who transferred to the Employer [on or after _______________] shall be credited with his or her prior service with Culpeper Hospital Home Health, measured from his or her most recent hire date, for purposes of this Section 4.1.

4.2 Transfer Contributions

The portion of a Participant’s Accumulation Account attributable to Transfer Contributions pursuant to Section 3.2 shall be fully vested at all times and shall not be subject to forfeiture for any reason.

SECTION 5 - FORFEITURES

5.1 Forfeiture

Any portion of a Participant’s Accumulation Account in which he or she is not vested upon such Participant’s termination of employment.

5.2 Allocation

Any forfeitures shall first be used to pay for Plan expenses and then used to reduce the Employer’s contribution under Section 3.1 for the Plan Year in which the forfeiture occurs. Any remaining forfeitures shall be held unallocated in a suspense account and used to reduce the Employer’s contribution under Section 3.1 in the following Plan Year.

SECTION 6 - INVESTMENT OPTIONS

6.1 Investment Options

The Participant shall have the option to allocate the Employer's contribution made pursuant to Section 3.1 between the following forms of investment:
(a) an annuity contract that meets the requirements of Code section 403(a), or

(b) a qualified trust as described in Code section 401(a).

When first applying to become a Participant in the Plan, as described in Section 2.1, the Eligible Employee shall also designate on the Plan application form prescribed by the Administrator whether Plan contributions should be invested in an annuity contract or the Trust. A Participant may change the investment allocation at such time or times as the Administrator may prescribe.

6.2 Annuity Contract

The University may offer one or more annuity contracts described in Section 6.1(a) above among which a Participant may choose to allocate contributions made to his or her Accumulation Account. The nature and the quality of the investments offered under each of these contracts shall be determined by the Administrator. To the extent a Participant may choose among various investments offered under an annuity contract, any communication regarding such investment shall be between the sponsor of the annuity contract and the Participant. Once a Participant chooses an annuity contract to which to allocate Plan contributions, the University shall have no further responsibility regarding such contributions.

6.3 Qualified Trust

(a) Individual Accounts

The Administrator shall establish and maintain an account in the name of each Participant to which there shall be credited (or debited) a Participant's contributions made in accordance with Section 3.1 or 3.2 above that the Participant has designated are to be allocated to the Trust pursuant to Section 6.1(b) above. The Administrator shall adjust, as of each Valuation Date, the balance of each Participant's account to reflect the current market value of the Investment Funds in which the account was invested. A Participant's interest in any Investment Fund shall be determined and accounted for based on his beneficial interest in any such Fund, and no Participant shall have any interest in or rights to any specific asset of any Investment Fund.

(b) Investment of Accounts

(i) The balance held for the benefit of each Participant in his account shall be invested at the direction of each Participant among one or more of the Plan's Investment Funds. The nature and the quality of the investments in each of these Funds shall be determined by the Administrator in its sole discretion. There will be at least three Investment Funds to which a Participant may allocate his Accounts and each of these Funds will have a different one of the following primary objectives:
(A) The generation of the highest level of income consistent with the preservation of capital over the long term;

(B) Capital appreciation; and

(C) A balance between capital appreciation and preservation of capital and generation of income.

(ii) The Administrator shall provide Participants with directions as to how to obtain information sufficient to enable Participants to make informed investment directions. Neither the Administrator nor the Trustees, however, shall provide investment advice to a Participant with respect to an investment.

(iii) Each Participant shall be responsible for directing the investment of all contributions in his or her account. Participant investment directions shall be made in a manner prescribed by the Administrator. Investments shall be made in one (1) or more of the Investment Funds made available under subsection (i) hereof.

(iv) Subject to the terms and limitations of the various Investment Funds, each Participant may direct at such time or times as the Administrator may prescribe that amounts held in one or more of the Investment Funds described in subsection (i) hereof, may be transferred to, from or between such Investment Funds.

(c) **Allocations of Earnings and Losses**

Allocations of earnings and losses to Participant accounts shall be accomplished as follows:

(i) The dividends, capital gains distributions, and other earnings received on any share or unit of an Investment Fund that is specifically credited or earmarked to a Participant’s account under the Plan in accordance with the directed investment provisions of this Section 6.3 shall be allocated to such account and immediately reinvested, to the extent practicable, in additional shares or units of such Investment Fund.

(ii) To the extent not otherwise provided in paragraph (i) above, the assets of each Investment Fund shall be valued by the Trustee at their current fair market value of as each Valuation Date, and the earnings and losses of the Investment Fund since the immediately preceding Valuation Date shall be allocated to the accounts of all Participants with interests in that Investment Fund in the ratio that the fair market value of each such interest as of the immediately preceding Valuation Date, reduced by any distributions or withdrawals therefrom since such preceding Valuation
Date, bears to the total fair market value of all such interests as of the immediately preceding Valuation Date, reduced by any distributions or withdrawals therefrom since such preceding Valuation Date.

(d) Allocation to Individual Accounts

The accounts of each Participant shall be adjusted as of each Valuation Date by (I) reducing such accounts by any payments made therefrom since the preceding Valuation Date, and then (II) increasing or reducing such accounts by the Participant's share of earnings and losses, determined pursuant to (c) above, and the expense of administering the Investment Funds since the preceding Valuation Date, and (III) crediting such accounts with any contributions allocated thereto since the preceding Valuation Date.

(e) Valuation for Withdrawal and Distribution

For purposes of paying the amounts to be withdrawn or distributed to a Participant or beneficiary pursuant to Section 7.2 below, the value of the Participant's Accumulation Account allocated to the Trust shall be determined in accordance with the provisions of this Section 6.3 as of the Valuation Date that is on or immediately preceding the date the distribution is made.

6.4 Reallocation Among Annuity Contracts and the Trust

A Participant may reallocate all or a portion of his or her Accumulation Account invested in annuity contracts to the Trust, or vice versa, to the extent permitted, if at all, by the sponsor of the annuity and the Administrator.

SECTION 7 - DISTRIBUTIONS

7.1 Distributions of Amounts Allocated to Annuity Contracts

Distribution of the portion of a Participant's Accumulation Account allocated to annuity contracts shall be distributed in accordance with the terms of the applicable annuity contract.

7.2 Distributions of Amounts Allocated to the Trust

Distribution of the portion of a Participant's Accumulation Account allocated to the Trust shall be distributed in the following manner:

(a) Election to Receive Benefits

(i) Termination of Employment

A Participant who is no longer employed by the Employer or any other entity controlled by the Board may elect to receive his or her benefits any
time on or after the day he or she separates from service. Such
distribution shall be made on the later of 60 days from the receipt of
request for such distribution or the date the Administrator determines the
value of the Participant's Accumulation Account for purposes of
distribution. The amount to be distributed shall be determined based on
the value of the portion of theFormer Participant's Accumulation Account
balance allocated to the Trust as determined pursuant to Section 6.3(e).
Such request shall be made on a written form prescribed or approved by
the Administrator.

(ii) **Attainment of Age 62 [Optional Addition to the Plan]**

A Participant who is age 62 or older and remains employed by any other
entity controlled by the Board and who remains a Participant by virtue of a
declaration of the Employer may elect to receive a distribution from the
Plan as described in paragraph (i) above, even if still an Employee.

(b) **Forms of Distribution**

A Participant may elect to receive a distribution of the portion of his or her
Accumulation Account allocated to the Trust in one of the following forms:

(i) Lump sum,

(ii) Joint and Survivor Annuity, or

(iii) Life Annuity.

(c) **Failure to Make an Election to Receive Benefits**

If a Participant fails to make an election under Section 7.2(a) above before the
date described in Section 7.3 below, the Administrator shall direct the Trustee to
distribute the portion of the Participant's Accumulation Account allocated to the
Trust in a lump sum.

### 7.3 Minimum Distribution Requirements

In no event shall distributions commence later than April 1 of the calendar year following
the calendar year in which the Participant attains age seventy-and one-half (70 ½), except
if the Participants is an Employee in the calendar year he or she attains age seventy-and
one-half (70 ½), in which case the distribution may commence April 1 of the calendar
year following the calendar year in which the Participant retires. Distributions in all
cases will be made in accordance with Code section 401(a)(9) and the regulations
thereunder.

### 7.4 Direct Rollover

(a) **General**
Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section 7.4, a distributee may elect, at the time and in the manner prescribed by the Administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

(b) Definitions

(i) Eligible Rollover Distributions

An eligible rollover distribution is any distribution or withdrawal of all or any portion of an Accumulation Account balance, other than (1) any payment that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten (10) years or more; (2) any payment to the extent such payment is required under Code section 401(a)(9); (3) the portion of any payment that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); and (4) any other payment that is treated as ineligible for a direct rollover under Code section 401(a)(31), the related regulations, and other guidance.

(ii) Eligible Retirement Plan

An eligible retirement plan is (1) an individual retirement account described in Code section 408(a); (2) an individual retirement annuity described in Code section 408(b); (3) an individual retirement annuity described in Code section 403(a); (4) a qualified retirement plan described in Code section 401(a) that accepts the distributee’s eligible rollover distribution; (5) an eligible deferred compensation plan described in Code section 457(b) maintained by an eligible employer described in Code section 457(e)(1)(A) that separately accounts for eligible rollover distributions; (6) an annuity contract described in Code section 403(b); or (7) effective January 1, 2008, a Roth IRA described in Code section 408A(b) (subject to the rules and provisions set forth in Code § 408A(e) and any regulations thereunder). For a non-spouse beneficiary described in the last sentence of Section 7.4(b)(iii) an eligible retirement plan shall include only an individual retirement plan or annuity described in (1), (2), or (7) above, that is treated as an inherited IRA of the beneficiary.

(iii) Distributee

A distributee includes a Participant or former Participant. In addition, the Participant's or former Participant's surviving spouse and the Participant's or former Participant's spouse or former spouse who is the alternate payee
under an administrative domestic relations order are distributees with regard to the interest of the spouse or former spouse. Effective January 1, 2010, a Participant or former Participant's non-spouse beneficiary is a distributee with respect to any otherwise eligible rollover distribution that is paid to the beneficiary.

(iv) Direct Rollover

A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

7.5 Reemployment of Participant

Notwithstanding anything to the contrary in the foregoing, if a former Participant returns to the service of the Employer as an Eligible Employee after distribution of his or her benefits has begun, such distributions shall immediately cease and no benefits shall be paid until such Participant again becomes entitled to benefits under the terms of this Plan.

7.6 Payments Made Pursuant to an Administrative Domestic Relations Order

Notwithstanding any other provision of this Plan, the Administrator may direct the distribution of any portion of the Participant’s Accumulation Account payable to an alternate payee (as defined in Code section 414(p)(8)) pursuant to an administrative domestic relations order (as determined by the Administrator in accordance with Code section 414(p)) prior to the date on which the Participant attains his or her earliest retirement age (as defined in Code section 414(p)(4)), provided that the Administrator has properly notified the affected Participant and each alternate payee of the order and has determined that the order is an administrative domestic relations order. The alternate payee shall be paid his or her separate accounts or his or her percentage of the Participant’s Accumulation Account in a lump sum payment unless the domestic relations order specifies a different manner of payment permitted by the Plan. The alternate payee shall not be required to consent to such lump sum payment.

SECTION 8 - AMENDMENT AND TERMINATION

8.1 Amendment

The University reserves the right to amend the Plan, through affirmative action by the Board at any time and from time to time, in whole or in part, including, without limitation, retroactive amendments necessary or advisable to qualify the Plan and Trust under the provisions of Code sections 401(a) and 403(a). However, except as set forth in Section 8.3, no such amendment shall (1) cause any part of the assets of the Plan and Trust to revert to or be recoverable by the Medical Center or be used for or diverted to purposes other than the exclusive benefit of Participants, Former Participants, and beneficiaries; (2) deprive any Participant, Former Participant, or beneficiary of any
benefit already vested; (3) alter, change, or modify the duties, powers, or liabilities of the Trustee without its written consent; or (4) permit any part of the assets of the Plan and the Trust to be used to pay premiums or contributions of the University or the Medical Center under any other plan maintained by the University or the Medical Center for the benefit of its employees. No amendment to the vesting schedule shall deprive a Participant of unforfeitable rights to benefits accrued to the date of the amendment.

8.2 Termination, Partial Termination, or Complete Discontinuance of Contributions

Although the Medical Center has established the Plan with the intention and expectation that it will make contributions indefinitely, nevertheless the Medical Center shall not be under any obligation or liability to continue its contributions or to maintain the Plan for any given length of time. The Medical Center may in its sole and absolute discretion through an affirmative action by its Board discontinue contributions or terminate the Plan in whole or in part in accordance with its provisions at any time without any liability for the discontinuance or termination. Notwithstanding the foregoing, upon termination of the Plan or complete discontinuance of contributions to the Plan, the Accumulation Accounts of all Participants shall thereupon be and become fully vested and nonforfeitable to the extent then funded, and the Trust shall continue until the portions of Participants’ Accumulation Accounts that have been allocated to the Trust have been completely distributed to or for the benefit of such Participants in accordance with the Plan.

8.3 Permissible Reversions

(a) Notwithstanding any other provision of the Plan:

(i) No Participant nor beneficiary shall have any right or claim to any assets of the Trust or to any benefit under the Plan before the Internal Revenue Service determines that the Plan and Trust qualify under the provisions of Code section 401(a), or any statute of similar import, other than any vested rights or benefits accrued represented by any assets transferred from the VRS, to the extent vested upon transfer to this Plan and Trust from the VRS. Upon the distribution to the Participants of any vested amounts or benefits transferred from the VRS and the return of any remaining contributions to the Medical Center following the denial of initial qualification of the Plan and Trust under the provisions of Code section 401(a), the Trust provided for in this Plan shall be terminated and the Trustees shall be discharged from all obligations hereunder.

(ii) To the extent the Medical Center’s contributions are made by reason of a mistake of fact, they may be returned to the Medical Center within one (1) year from the date of contribution.

(b) The amounts that may be returned to the Medical Center under Section 8.3(a)(ii) above shall be the excess of the amounts contributed over the amounts that would
have been contributed had there not been a mistake of fact. No earnings on the mistaken contributions may be returned to the Medical Center and losses sustained by the Trust after the date of contribution shall proportionately reduce the amount that may be returned to the Medical Center.

SECTION 9 - CLAIMS

9.1 Claims for Benefits Under an Annuity Contract

A Participant's (or beneficiary's) claim for benefits for the portion of the Participant's Accumulation Account allocated to an annuity contract shall be resolved by the sponsor of the annuity contract based on procedures it has established.

9.2 Claims for Benefits Under the Trust

A Participant's (or beneficiary's) claim for benefits for the portion of the Participant's Accumulation Account invested in the Trust may be presented in writing by the Participant to the Administrator.

If the claim for benefits is wholly or partially denied, the Administrator shall notify the Participant (or beneficiary) in writing of such denial of benefits within sixty (60) days of receipt of the claim.

Any notice of a denial of benefits shall advise the Participant (or beneficiary) of:

(a) the specific reason or reasons for the denial;
(b) the specific provisions of the Plan on which the denial is based;
(c) any additional material or information necessary for the Participant (or beneficiary) to perfect the claim and an explanation of why such material or information is necessary; and
(d) the steps which the Participant (or beneficiary) must take to have the claim reviewed.

A Participant (or beneficiary) whose claim has been denied may file a written request for a review by the Administrator of the denial of this claim. Such written request for review must be filed within sixty (60) days after receipt of written notification of the denial of this claim. The Administrator shall review the written comments and any submissions of the Participant (or beneficiary) and render its decision regarding the appeal within sixty (60) days of receipt of such appeal. Such decision shall be in writing setting forth the specific reasons and specific Plan provisions on which the Administrator based its decision.
SECTION 10 — ADMINISTRATION

10.1 Plan Administrator

The Administrator shall administer the Plan. The General Counsel of the University is designated as the agent of the Plan for the service of legal process.

The Administrator's duties shall include, without limitation, powers with respect to the administration of the Trust as may be conferred upon it by the Trust. It shall have the power to take all action and to make all decisions that shall be necessary or proper in order to carry out the provisions of the Plan and, without limiting the generality of the foregoing, it shall have the following powers:

(a) to make (and enforce by suspension or forfeiture) such rules and regulations as it shall deem necessary or proper for the efficient administration of the Plan;
(b) to interpret or construe the Plan;
(c) to decide questions concerning the Plan and the eligibility of any Employee to participate therein and the right of any person to receive benefits thereunder;
(d) to decide any dispute arising under the Plan;
(e) to compute the amount of benefits which shall be payable to any person in accordance with the provisions of the Plan;
(f) to authorize all disbursements by the Trustees;
(g) to prescribe and require the use of such forms as it shall deem necessary or desirable in connection with the administration of the Plan;
(h) to supply any omissions in the Plan;
(i) to reconcile and correct any errors or inconsistencies in the Plan; and
(j) to make equitable adjustments for any mistakes or errors made in the administration of the Plan.

The Administrator shall establish rules and regulations and shall take other necessary or proper action to carry out its duties and responsibilities.

10.2 Actions Conclusive

Benefits under this Plan will be paid only if the Administrator decides in its discretion that the applicant is entitled to them. All actions and decisions taken by the Administrator on any matter within its authority shall be made in the sole discretion of the Administrator and shall be final and conclusive and binding on all parties, including without limitation, the Employer, Participants, and beneficiaries.
10.3 Appointment of Agents

The Administrator may employ or engage such accountants, counsel, other experts, and other persons as it deems necessary in connection with the administration of the Plan to the extent permitted by law.

10.4 Reliance on Opinions, Etc.

The Administrator and each member thereof and each person to whom it may delegate any power or duty in connection with administering the Plan shall be entitled to rely conclusively upon, and shall be fully protected in any action taken by them or any of them in good faith reliance upon any valuation, certificate, opinion, or report which shall be furnished to them or any of them by the Trustees or by any accountant, counsel, other expert, or other person who shall be employed or engaged by the Trustees or the Administrator.

10.5 Records and Accounts

The Administrator shall keep or cause to be kept all data, records and documents pertaining to the administration of the Plan, and shall execute all documents necessary to carry out the provisions of the Plan. The Administrator shall advise the Trustees of such facts as may be pertinent to the Trustees' administration of the Trust and shall give proper instruction to the Trustees for carrying out the purposes of the Plan.

10.6 Payment of Expenses

(a) Subject to the provisions of paragraph (b) below, expenses in connection with the administration of the Plan and Trust including commissions, taxes, and expenses of the Trustees and of any accountant or other person who shall be employed by the Administrator or Trustees in the administration thereof, shall be paid by the Trust unless paid by the University or the Medical Center.

(b) In the event of permanent discontinuance of contributions or termination any further payment of expenses which arise or have arisen in connection with the administration of the Plan and Trust shall be paid by the Trust unless paid by the University or the Medical Center.

10.7 Liability

The Administrator shall incur no liability for any action taken or not taken in good faith reliance on advice of counsel, who may be counsel for the University or taken or not taken in good faith reliance on a determination as to a matter of fact which has been represented or certified by a person reasonably believed to have knowledge of the fact so represented or certified, or taken or not taken in good faith reliance on a recommendation or opinion expressed by a person reasonably believed to be qualified or expert as to any matter where it is reasonable or customary to seek or rely on such recommendations or
opinions. Nor shall any employee of the Administrator be liable for the wrongful or negligent conduct of any other or any person having fiduciary responsibilities with respect to the Plan unless the employee (i) knowingly participates in or undertakes to conceal an act or omission of such other person knowing the act or omission is a breach of fiduciary duty, (ii) by failing to act solely in the interests of Participants and beneficiaries or to exercise the care, skill, prudence and diligence under the circumstances prevailing from time to time that a prudent man acting in a like capacity and familiar with such matters would exercise, has enabled the other fiduciary to commit a breach, or (iii) has knowledge of a breach by the other fiduciary and does not make reasonable efforts under the circumstances to remedy it. The University and/or the Medical Center shall jointly and severally indemnify any employee and hold them harmless from loss, liability and expense in respect of the Plan for actions taken within the scope of their duties, including the legal cost of defending claims and amounts paid in satisfaction or settlement thereof provided only that no indemnification is intended that would be void as against public policy or the laws of the Commonwealth of Virginia.

SECTION 11 - TRUST AGREEMENT

11.1 The Trust Agreement

The Trust Agreement means the Trust for the Defined Contribution Plan for Employees of the Medical Center of the University of Virginia. The Trustees are to hold, invest, and distribute the Trust Fund in accordance with the terms and provisions of the Trust Agreement. The duties and rights of the Trustees shall be determined solely by reference to the Trust Agreement.

11.2 No Diversion of Corpus or Income

In no event shall any portion of the corpus or income of the Trust Fund be used for or diverted to purposes other than the exclusive benefit of Participants and their beneficiaries.

SECTION 12 - MISCELLANEOUS

12.1 Limitation of Rights; Employment Relationship

Neither the establishment of the Plan and the Trust nor any modifications of them, nor the creation of any fund or account, nor the payment of any benefits, shall be construed as modifying or affecting in any way the terms of employment of any Employee.

12.2 Merger; Transfer of Assets

This Plan shall not be merged or consolidated with any other employee benefit plan, nor shall there be any transfer of assets or liabilities from this Plan to any other plan, unless, immediately after the merger, consolidation, or transfer, each Participant's benefits, if the other plan were then to terminate, are at least equal to the benefits to which the
Participant would have been entitled had this Plan been terminated immediately before the merger, consolidation, or transfer.

12.3 Prohibition Against Assignment

(a) Except as provided below, the benefits provided by this Plan may not be assigned or alienated. Neither the Administrator nor the Trustees shall recognize any transfer, mortgage, pledge, hypothecation, order, or assignment by any Participant or beneficiary of all or part of his or her interest under the Plan, and the interest shall not be subject in any manner to transfer by operation of law and shall be exempt from the claims of creditors or other claimants from all orders, decrees, levies, garnishment, and/or executions, and other legal or equitable process or proceedings against the Participant or beneficiary to the fullest extent that may be permitted by law.

(b) This provision shall not apply to the extent a Participant or beneficiary is indebted to the Plan, for any reason, under any provision of this Agreement. At the time a distribution is to be made to or for a Participant's or beneficiary's benefit, such proportion of the amount distributed as shall equal such indebtedness, shall be paid by the Trustees to the Trustees or the Administrator, at the direction of the Administrator, to apply against or discharge such indebtedness. Prior to making a payment, however, the Participant or beneficiary must be given written notice by the Administrator that such indebtedness is to be so paid in whole or in part from his account. If the Participant or beneficiary does not agree that the indebtedness is a valid claim against his vested Accounts, he shall be entitled to a review of the validity of the claim in accordance with procedures provided in Section 9.

(c) This provision shall not apply to an administrative domestic relations order and those other domestic relations orders permitted to be so treated by the Administrator under the Code. To the extent provided under an administrative domestic relations order, a former spouse of a Participant shall be treated as the spouse or surviving spouse for all purposes under the Plan.

12.4 Applicable Law; Severability

This Plan shall be construed, administered, and governed in all respects in accordance with the laws of the Commonwealth of Virginia, provided, however, that if any provision is susceptible to more than one interpretation, it shall be interpreted in a manner consistent with the Plan's being a qualified plan within the meaning of the Internal Revenue Code. If any provision of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of the Plan shall continue to be fully effective.
12.5 **Reliance Upon Copy of Plan**

Any person dealing with the Trustees may rely upon copies of the Plan and the Trust Agreement, and any amendments thereto, certified by the Administrator to be true and correct copies.

12.6 **Gender and Number; Captions or Headings**

Wherever appropriate to the meaning or interpretation of this Plan, the masculine gender shall include the feminine, and the singular number shall include the plural and vice versa. Captions or headings are inserted and intended for organizational format and convenience of reference only; they are not to be given independent substantive meaning or effect.

IN WITNESS WHEREOF, the undersigned, being an authorized officer of the University, has caused this Plan to be executed on behalf of the Medical Center this______ day of___________________, 2010.

By:______________________________
APPENDIX C

CAPITAL IMPROVEMENT PROJECTS CONSIDERED FOR FINANCING

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<th>Project Description</th>
<th>Cost</th>
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<tbody>
<tr>
<td>AFC Chiller Expansion</td>
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<tr>
<td>Blake Center</td>
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<tr>
<td>CAS Research Building</td>
<td>4,510,404.13</td>
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<tr>
<td>Fontaine Clinics</td>
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<tr>
<td>Heart Center</td>
<td>374,749.01</td>
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<td>Hospital Bed Expansion</td>
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<td>Hospital Bed Remodeling</td>
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<td>Hospital Expansion</td>
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<tr>
<td>Jordan HVAC</td>
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<tr>
<td>UVAW Culbertson Residence Hall</td>
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$28,511,646.28

OUTSTANDING INDEBTEDNESS CONSIDERED FOR REFUNDING

The Rector and Visitors of the University of Virginia Commercial Paper General Revenue Pledge Notes, Series A (Tax-Exempt) and Series B (Taxable), General Revenue Pledge Bonds, Series 2003.
THE RECTOR AND VISITORS OF THE
UNIVERSITY OF VIRGINIA

____________________________________

BOND RESOLUTION

____________________________________

AUTHORIZING AND SECURING
$145,000,000
GENERAL REVENUE PLEDGE REFUNDING BONDS
SERIES 2010

ADOPTED NOVEMBER __, 2010
BOND RESOLUTION

ADOPTED ON NOVEMBER __, 2010

THE RECTOR AND VISITORS OF
THE UNIVERSITY OF VIRGINIA
GENERAL REVENUE PLEDGE REFUNDING BONDS
SERIES 2010

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Exhibit A - Form of the Series 2010 Bonds

RECITALS

A. By Chapter 9, Title 23 of the Code of Virginia of 1950, as amended, there is created a corporation under the name and style of The Rector and Visitors of the University of Virginia (the "University"); which is governed by a Board of Visitors (the "Board" or the "Board of Visitors"), which is vested with the supervision, management and control of the University.

B. Pursuant to Title 23 of the Code of Virginia of 1950, as amended, the University is classified as an educational institution of the Commonwealth.

C. By Chapter 4.10, Title 23 of the Code of Virginia of 1950, as amended (the "Act"), the University entered into a management agreement with the Commonwealth of Virginia which was enacted as Chapter 3 of Chapter 933 of the 2006 Virginia Acts of Assembly, as amended, pursuant to which the University is classified as a public institution of higher education and the University is empowered with the authority to undertake and implement the acquisition of any interest in land, including improvements on the acquired land at the time of acquisition, new construction, improvements or renovations and to borrow money and make, issue and sell bonds of the University for such purposes, including the refinancing of any such facilities.

D. Pursuant to a resolution adopted on November __, 2010 (the "Authorizing Resolution"), the Board determined to refinance capital improvements to the University's educational facilities located in the City of Charlottesville, Albemarle County and Wise County, Virginia, including certain capital improvements identified therein and including the refunding of all or a portion of the outstanding principal amount of the University's Commercial Paper General Revenue Pledge Notes, Series A (Tax-Exempt) and Series B (Taxable) (the "Refunded Commercial Paper") issued to finance a portion of such capital improvements, and to refund all or a portion of the outstanding principal amount of the University's General Revenue Pledge Bonds, Series 2003B (the "Refunded Bonds" and together with the Refunded Commercial Paper, the "Refunded Indebtedness") (collectively, the "Project"), and delegated to certain officers of the University pursuant to the University's Board-approved debt and interest rate risk management policies the power to approve the final terms of such financing, within certain stated parameters.

E. For the purpose of financing capital improvements and other projects for the University, the University previously issued the Refunded Commercial Paper in a program dated June 15, 2006, pursuant to various resolutions adopted by the Board, including an Amended and Restated Resolution adopted February 9, 2007.
F. For the purposes of financing or refinancing capital improvements and other projects of the University, the University previously issued the Refunded Bonds pursuant to resolutions adopted by the Board on February 1, 2003 and by the Executive Committee of the Board on March 5, 2003.

G. For the purpose of providing funds, together with other available funds, to refund the Refunded Indebtedness, the Board, pursuant to the powers granted it under Section 23-75 of the Code of Virginia of 1950, as amended, has determined to adopt this resolution authorizing the issues of general revenue pledge refunding bonds of the University as Series 2010 Bonds (the "Series 2010 Bonds").

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. In addition to words and terms elsewhere defined in this Bond Resolution, the following words and terms as used in this Bond Resolution shall have the following meanings, unless some other meaning is plainly intended:

"Act" means Chapter 4.10, Title 23 of the Code of Virginia of 1950, as amended.

"Authorized Officer" means (i) in the case of the University, the Chief Operating Officer of the University, the Chief Financial Officer of the University or the President of the University 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 (if not the State Treasurer), 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.

"Authorizing Resolution" means the resolution of the Board adopted November __, 2010, authorizing general revenue pledge bonds in one or more series in an aggregate amount not to exceed $145,000,000, approving certain capital improvements to be financed or refinanced with such bonds, identifying certain outstanding indebtedness of the University to be considered for refunding and establishing certain other parameters related to such bonds.

"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.

"Bond Counsel" means any firm of attorneys selected by the University and experienced in the issuance of municipal bonds and matters relating to the exclusion of the interest thereon from gross income for federal income tax purposes, which may be an attorney or firm regularly providing services to the University, the Paying Agent, the Underwriters or any Bondholder.
"Bond Purchase Agreement" means the Bond Purchase Agreement, dated as of the date of its execution and delivery, between the University and the Underwriters.

"Bondholder" or "Holder" means the registered owner of any Bond.

"Bond Resolution" or "Resolution" means this bond resolution adopted by the Board on November __, 2010, related to the issuance of the Series 2010 Bonds, as completed and amended pursuant to Section 11.7 hereof.

"Business Day" 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 Vice President and 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.

"Code" means the Internal Revenue Code of 1986, as amended. Each citation to a Code section shall include the applicable temporary and permanent regulations (and including only such proposed regulations which have proposed effective dates prior to the date the applicable opinion or determination is to be made), revenue rulings and revenue procedures.

"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 the Chief Operating Officer or the Chief Financial 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 this Resolution.

"Debt Service Fund" means The Rector and Visitors of the University of Virginia General Revenue Pledge Bonds, Series 2010, Debt Service Fund, a special fund created and designated by Section 5.1.
"Designated Office" means, when used in reference to the Paying Agent, the corporate trust office of the Paying Agent designated as such, which shall initially be Richmond, Virginia.

"DTC" means The Depository Trust Company and any successor company.

"Favorable Opinion of Bond Counsel" means, with respect to any action the occurrence of which requires such an opinion, an unqualified opinion of counsel, which shall be a Bond Counsel, unless specified otherwise herein, to the effect that such action is permitted under the Act and the Resolution and will not have an adverse effect on the exclusion of interest on the Series 2010 Bonds from gross income for purposes of federal income taxation or the exemption of interest on the Series 2010 Bonds from income taxation under the laws of the Commonwealth (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the Series 2010 Bonds).

"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.

"Fitch" means Fitch Ratings, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency selected by the University.

"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.

"Interest Payment Dates" means the dates interest is due on the Series 2010 Bonds as described in Section 2.2.

"Moody's" means Moody's Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the University.

"Parity Credit Obligation" means any Credit Obligation of the University which may be incurred in accordance with the terms of this Bond Resolution or has been incurred that is secured on a parity with the pledge of Pledged Revenues herein.
"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 Section 11.2 of this Bond Resolution.

"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 this Bond Resolution or by the provisions of any Qualifying Senior Obligation to be devoted to some other purpose, and shall 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 the payment of such Qualifying Senior Obligation.

"Project" or "Projects" means collectively the capital improvements to the University's educational facilities that were financed and/or refinanced with proceeds of the Refunded Indebtedness, as more fully described in the Recitals to this Bond Resolution and the Authorizing Resolution.

"Qualifying Senior Obligation" means any existing Credit Obligation other than a Parity Credit Obligation secured by a pledge of any portion of the University's revenues, and any additional Credit Obligation issued pursuant to Section 6.3(b) or 6.3(c) or to refund any Qualifying Senior Obligation as described in Section 6.3(e).

"Rating Agency" means Moody's, S&P and/or Fitch, if any or all of such rating agencies have provided a rating for the Series 2010 Bonds. If any such corporation ceases to act as a securities rating agency, the University may appoint any nationally recognized securities rating agency as a replacement.

"Record Date" means the 15th day of the month preceding the applicable Interest Payment Date.

"Refunded Commercial Paper" means that portion of the outstanding principal amount of the University's General Revenue Pledge Notes, Series A (Tax-Exempt) and Series B (Taxable) issued to finance a portion of the costs of the Projects and refunded with proceeds of the Series 2010 Bonds as more fully described in the University's Instructions to the Paying Agent dated the date of the issuance of the Series 2010 Bonds.

"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 Section 11.2.

"Securities Depository" means The Depository Trust Company, a limited purpose trust corporation organized and existing under the laws of the State of New York, and any other securities depository for the Bonds appointed pursuant to Section 2.11.

"Series 2010 Bonds" or "Bonds" means the general revenue pledge bonds of the University issued pursuant to the Series 2010 Resolutions.
"Series 2010 Resolutions" means this Bond Resolution, adopted by the Board on November __, 2010, with respect to the Series 2010 Bonds, the Authorizing Resolution and any other resolutions supplemental to such resolutions.

"State Treasurer" means the State Treasurer of the Commonwealth.

"S&P" means Standard & Poor's, a Division of The McGraw-Hill Companies, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such division shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the University.

"Underwriters" mean a group of underwriters managed by J.P. Morgan Securities LLC and Merrill Lynch, Pierce Fenner & Smith Incorporated.

"University" means The Rector and Visitors of the University of Virginia, an educational institution and a public body and governmental instrumentality for the dissemination of education, and its successor or successors.

Section 1.2 Rules of Construction/Use of Words and Phrases. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the word "person" shall include corporations and associations, including public bodies, as well as natural persons. Singular words shall connote the plural number as well as the singular and vice versa.

All references in this Bond Resolution to particular Articles or Sections are references to Articles or Sections of this Bond Resolution unless otherwise indicated.

The headings and table of contents as used in this Bond Resolution are solely for convenience of reference and shall not constitute a part of this Bond Resolution nor shall they affect its meaning, construction or effect.

ARTICLE II

AUTHORIZATION, FORM, EXECUTION, DELIVERY, REGISTRATION AND PAYMENT OF THE SERIES 2010 BONDS

Section 2.1 Authorization of the Series 2010 Bonds. For the purpose of providing funds, together with other available funds, to refund the Refunded Indebtedness, there shall be issued, under the authority of the Act, Bonds of the University in the aggregate principal amount of ONE HUNDRED FORTY-FIVE MILLION DOLLARS ($145,000,000). The Bonds shall be designated "The Rector and Visitors of The University of Virginia General Revenue Pledge Refunding Bonds, Series 2010."

Section 2.2 Details of the Series 2010 Bonds. The Series 2010 Bonds authorized in Section 2.1 shall be issued initially in book-entry form only in denominations of $5,000 or any
multiple thereof, shall be dated the date of their delivery, shall be numbered from R-1 upward, and shall mature on March 1 in each of the years, in the amounts and shall bear interest, payable on September 1, 2011 and semi-annually thereafter on March 1 and September 1 in each year (each an "Interest Payment Date"), at the rate shown below:

<table>
<thead>
<tr>
<th>Year of Maturity</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>____</td>
<td>$__________</td>
<td>____%</td>
</tr>
</tbody>
</table>

All the Series 2010 Bonds shall bear interest (a) from their dated date, if authenticated prior to March 1, 2011, or (b) otherwise from the September 1 or March 1 that is, or that immediately precedes, the date on which such Bond is authenticated (unless payment of interest is in default, in which case such Bond shall bear interest from the date of which interest has been paid).

Both principal of and interest on the Series 2010 Bonds shall be payable in lawful money of the United States of America, but only from the revenues lawfully available therefor pursuant to the Act and pledged to the payment thereof as hereinafter provided. Principal of the Series 2010 Bonds shall be payable upon presentation and surrender of the Series 2010 Bonds as they become due at the designated office of the Paying Agent. Interest on the Series 2010 Bonds shall be payable to the registered owners of the Series 2010 Bonds by check or draft mailed on the applicable Interest Payment Date to such owners at their addresses as they appear on the Record Date on registration books kept by the Registrar, or upon the written request of any Holder of at least $1,000,000 in aggregate principal amount of Series 2010 Bonds by wire transfer in immediately available funds to an account within the United States designated by such Holder at least three business days before the Record Date for the applicable Interest Payment Date.

Nothing herein shall be construed as prohibiting the University from issuing any maturity of the Series 2010 Bonds as one fully registered bond for the purpose of qualifying such Bonds for book entry registration by a Securities Depository or any similar arrangement whereby investors may hold a participation interest in such maturity of the Series 2010 Bonds.

Section 2.3 Form of the Series 2010 Bonds. The Series 2010 Bonds shall be substantially in the form set forth in Exhibit A, with such appropriate variations, omissions and insertions as permitted or required by this Bond Resolution.

Section 2.4 Execution of the Series 2010 Bonds. The Series 2010 Bonds shall be executed in the name and on behalf of the University by its Chief Operating Officer or its Chief Financial Officer and the official seal of the University shall be impressed, imprinted, reproduced or lithographed on the Series 2010 Bonds. The signatures on the Series 2010 Bonds may be by facsimile. In case any of the officers who shall have signed or attested any of the Series 2010 Bonds shall cease to be such officer or officers of the University before the Series 2010 Bonds so signed or attested shall have been issued by the University, such Series 2010 Bonds may nevertheless be delivered and issued and, upon such delivery and issue, shall be as binding upon the University as though those who signed and attested the same had continued to be such officers of the University. Any Series 2010 Bonds may be signed and attested on behalf
of the University by such persons as at the actual date of execution of such Series 2010 Bonds shall be the proper officers of the University although at the nominal date of such Series 2010 Bonds any such person shall not have been such officer of the University.

Only such of the Series 2010 Bonds as shall bear thereon a certificate of authentication, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Bond Resolution, and such certificate of the Registrar shall be conclusive evidence that the Series 2010 Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Bond Resolution.

**Section 2.5 Transfer of the Series 2010 Bonds.** Any Series 2010 Bonds may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.7, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2010 Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Registrar. The Registrar shall not be required to transfer or exchange any Series 2010 Bond selected or called for redemption pursuant to the provisions therein or from a Record Date through the next succeeding Interest Payment Date.

Whenever any Series 2010 Bonds shall be surrendered for registration of transfer, the University shall execute and the Registrar shall authenticate and deliver a new Series 2010 Bonds, of authorized denominations of the same maturity and interest rate and for a like aggregate principal amount. Such transfer shall be without charge to the Bondholder, except that the Registrar shall require the Bondholder requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

**Section 2.6 Exchange of the Series 2010 Bonds.** The Series 2010 Bonds may be exchanged at the office of the Registrar for a like aggregate principal amount of the Series 2010 Bonds of other authorized denominations of the same maturity and interest rate. Such exchange shall be without charge to the Bondholder, except that the Registrar shall require the Bondholder requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

**Section 2.7 Bond Register; Notices; Persons Treated as Owners.** The Registrar will keep or cause to be kept, at its office in Richmond, Virginia, sufficient books for the registration and transfer of the Series 2010 Bonds, which shall at all times during regular business hours upon reasonable prior written notice be open to inspection by the University; and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register or cause to be registered, on such books, the transfer or exchange of the Series 2010 Bonds as hereinbefore provided. Notices sent to Bondholders pursuant to this Bond Resolution shall be sent to the addresses shown on the registration books maintained by the Registrar or such other address as may be filed with the Registrar for such purpose. All notices required to be given by mail shall be given by first class mail, postage prepaid.
In addition to the other obligations imposed on the Registrar hereunder, the Registrar shall agree to deliver upon request a list of the names and addresses of the registered owners of the Series 2010 Bonds, as follows:

(i) to any Bondholder, if an Event of Default (as hereinafter defined) shall have occurred and be continuing; and

(ii) to the Holders of 25% or more in aggregate principal amount of the Series 2010 Bonds then outstanding, at any time.

Prior to due presentment for registration of transfer of any Bond, the Registrar shall treat the registered owner as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the owner, except that interest payments shall be made to the person registered as owner on the registration books of the Registrar as of the Record Date.

Section 2.8 Temporary Series 2010 Bonds. The Series 2010 Bonds may be issued in temporary form exchangeable for definitive Series 2010 Bonds when ready for delivery. Any temporary Bond may be printed, lithographed or typewritten, shall be of such denomination as may be determined by the University and may contain such reference to any of the provisions of this Bond Resolution as may be appropriate. A temporary Bond may be in the form of a single Bond payable in installments, each on the date, in the amount and at the rate of interest established for the Series 2010 Bonds maturing on such date. Every temporary Bond shall be executed by the University and be authenticated by the Registrar upon the same conditions and in substantially the same manner as the definitive Series 2010 Bonds. If the University issues temporary Series 2010 Bonds it will execute and deliver definitive Series 2010 Bonds as promptly thereafter as practicable, and thereupon the temporary Series 2010 Bonds may be surrendered, for cancellation, in exchange therefor at the designated office of the Registrar and the Registrar shall authenticate and deliver in exchange for such temporary Series 2010 Bonds an equal aggregate principal amount of definitive Series 2010 Bonds of authorized denominations of the same maturity or maturities and interest rate. Until so exchanged, the temporary Series 2010 Bonds shall be entitled to the same benefits under this Bond Resolution as definitive Series 2010 Bonds authenticated and delivered hereunder.

Section 2.9 Series 2010 Bonds Mutilated, Lost, Destroyed or Stolen. If any Series 2010 Bond shall become mutilated, the University, at the expense of the Bondholder of such Series 2010 Bond, shall execute, and the Registrar shall thereupon authenticate and deliver, a new Series 2010 Bond of like tenor bearing a different number in exchange and substitution for the Series 2010 Bond so mutilated, but only upon surrender to the Registrar of the Series 2010 Bond so mutilated. Every mutilated Series 2010 Bond so surrendered to the Registrar shall be canceled by it and shall be delivered to, or upon the order of, the University. If any Series 2010 Bond shall be lost, destroyed or stolen, evidence of the ownership thereof and of such loss, destruction or theft may be submitted to the University, and the Registrar and, if such evidence be satisfactory to both of them and indemnity satisfactory to them shall be given, the University, at the expense of the Bondholder, shall execute, and the Registrar shall thereupon authenticate and deliver, a new Series 2010 Bond of like tenor bearing a different number in lieu of and in
substitution for the Series 2010 Bond so lost, destroyed or stolen (or if any such Series 2010 Bond shall have matured or shall be about to mature, instead of issuing a substitute Series 2010 Bond, the Paying Agent may pay the same without surrender thereof). The University may require payment of a sum not exceeding the actual cost of preparing each new Series 2010 Bond issued under this Section and of the related expenses which may be incurred by the University, the Registrar, and the Paying Agent. Any Series 2010 Bond issued under the provisions of this Section in lieu of any Series 2010 Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the University whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Bond Resolution with all other Series 2010 Bonds secured by this Bond Resolution.

Section 2.10 Terms and Conditions for Issuance and Delivery of the Series 2010 Bonds. The Series 2010 Bonds authorized by this Bond Resolution shall be executed in the form and manner hereinabove set forth and shall be deposited with the Registrar for delivery to the Underwriters pursuant to the Bond Purchase Agreement, but before the Series 2010 Bonds shall be delivered by the Registrar, there shall be filed with the Registrar the following:

(a) a copy, certified by the Secretary of the Board, of this Bond Resolution;

(b) an opinion of Bond Counsel stating that the Series 2010 Bonds have been duly authorized, executed and delivered in accordance with the Act and this Resolution and constitute valid and binding limited obligations of the University, payable solely from the Pledged Revenues and other property pledged therefor under this Resolution.

When the documents mentioned above in this Section shall have been filed with the Registrar and when the Series 2010 Bonds shall have been executed as required by this Bond Resolution, the Registrar shall deliver such Bonds to or upon the order of the Underwriters pursuant to the Bond Purchase Agreement, but only upon payment to the Custodian of the purchase price of such Bonds. The Registrar shall be entitled to rely upon such Bond Purchase Agreement as to the names of the purchasers and the amount of such purchase price.

The proceeds of such Bonds shall be deposited as described by the Custodian in Section 4.1.

Section 2.11 Book Entry Provisions. The provisions of this Section 2.11 shall apply to the Series 2010 Bonds so long as all of the Series 2010 Bonds shall be maintained in book-entry form with a Securities Depository, any other provisions of this Bond Resolution to the contrary notwithstanding.

(a) The principal or redemption price of and interest on the Series 2010 Bonds shall be payable to the Securities Depository, or registered assigns, as the registered owner of the Series 2010 Bonds, in same day funds on each date on which the principal of, and premium, if any, or interest on the Series 2010 Bonds is due as set forth in this Bond Resolution and in the Series 2010 Bonds. Such payments shall be made to the offices of the Securities Depository specified by the Securities Depository to the University and Paying Agent in writing. Without
notice to or the consent of the beneficial owners of the Series 2010 Bonds, the University and the Securities Depository may agree in writing to make payments of principal and interest in a manner different from that set out herein. If such different manner of payment is agreed upon, the University shall give the Paying Agent written notice thereof, and the Paying Agent shall make payments as if set forth herein. Neither the University nor the Paying Agent shall have any obligation with respect to the transfer or crediting of the appropriate principal, premium, if any, and interest payments to participants of the Securities Depository or the beneficial owners of the Series 2010 Bonds or their nominees.

(b) The Paying Agent at the written direction of the University may replace any Securities Depository as the depository for the Series 2010 Bonds with another qualified securities depository or discontinue the maintenance of the Series 2010 Bonds in book-entry form at any time if the University determines to do so. Notice of any determination above shall be given to such Securities Depository at least 30 days prior to any such discontinuation (or such fewer number of days as shall be acceptable to such Securities Depository). The University may undertake to locate a qualified replacement Securities Depository and/or may discontinue the book-entry system of evidencing ownership of the Series 2010 Bonds.

(c) If the University discontinues the maintenance of the Series 2010 Bonds in book-entry form, the University will issue replacement Series 2010 Bonds directly to the participants in the former Securities Depository or, to the extent requested by any such participant, to the beneficial owners of the Series 2010 Bonds as further described in this Section. At the written direction of the University, the Paying Agent shall notify participants and the beneficial owners of the Series 2010 Bonds, by mailing an appropriate notice to the Securities Depository, or by other means deemed appropriate by either the Securities Depository or the Paying Agent, that the University will issue replacement Series 2010 Bonds directly to the participants shown on the records of the Securities Depository or, to the extent requested by any participant, to beneficial owners of the Series 2010 Bonds shown on the records of such participant, as of a date set forth in such notice, which shall be a date at least 10 days after receipt of such notice by the Securities Depository (or such fewer number of days as shall be acceptable to the Securities Depository).

In the event that replacement Series 2010 Bonds are to be issued to participants in the Securities Depository or to beneficial owners of the Series 2010 Bonds, the University shall promptly have prepared replacement Series 2010 Bonds registered in the names of the participants as shown on the records of the former Securities Depository or, to the extent requested by any participant, in the names of the beneficial owners of Series 2010 Bonds shown on the records of such participant, as of the date set forth in the notice delivered in accordance with the immediately preceding paragraph. Replacement Series 2010 Bonds issued to participants in the Securities Depository or to beneficial owners shall be in fully registered form substantially in the form of Exhibit A. The form set forth in Exhibit A may be modified to include any variations, omissions or insertions that are necessary or desirable in the delivery of replacement certificates in printed form. In delivering replacement certificates, the Paying Agent shall be entitled to rely, without independent investigation, on the records of the former Securities Depository as to its participants and the records of the participants acting on behalf of the beneficial owners. The Series 2010 Bonds will thereafter be registrable and exchangeable as set forth in Sections 2.6 and 2.7.
(d) So long as there is a Securities Depository for the Series 2010 Bonds, (1) such Securities Depository shall be the registered owner of the Series 2010 Bonds, (2) transfers of ownership and exchanges shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by such Securities Depository and its participants, and (3) references in this Bond Resolution to Bondholders, Holders or registered owners of the Series 2010 Bonds shall mean the Securities Depository and shall not mean the beneficial owners of the Series 2010 Bonds.

(e) If the University replaces any Securities Depository as the depository for the Series 2010 Bonds with another qualified Securities Depository, replacement Series 2010 Bonds issued to such replacement Securities Depository shall have the same terms, form and content as the Series 2010 Bonds initially registered in the name of the predecessor Securities Depository or its nominee except for the name of the registered owner.

(f) Each Securities Depository and the participants thereof and the beneficial owners of the Series 2010 Bonds, by their acceptance of the Series 2010 Bonds, agree that the University and the Paying Agent shall have no liability or responsibility with respect to (1) the accuracy of any records maintained by such Securities Depository or any Securities Depository participant; (2) the payment by such Securities Depository to any Securities Depository participant or by any Securities Depository participant to any beneficial owner of any amount due in respect of the principal or premium, if any, and interest on the Series 2010 Bonds; (3) the delivery or timeliness of delivery by such Securities Depository to any Securities Depository participant or by any Securities Depository participant to any beneficial owner of any notice which is given to Bondholders; (4) the selection of the beneficial owners to receive payment in the event of any partial redemption of the Series 2010 Bonds; or (5) any consent given or other action taken by such Securities Depository or any nominee of such Securities Depository, as Bondholder.

ARTICLE III

REDEMPTION OF THE SERIES 2010 BONDS

Section 3.1 Redemption of the Series 2010 Bonds. (a) The Series 2010 Bonds shall not be subject to prior redemption except as provided in this Article III.

(b) The Series 2010 Bonds that are stated to mature on or after March 1, ____ are subject to redemption, at the option of the University, in whole or in part on any date not earlier than March 1, ____, upon payment of a redemption price equal to 100% of the principal amount of the Series 2010 Bonds to be redeemed, plus interest accrued to the redemption date.

(c) The Series 2010 Bonds that are stated to mature on March ____, ____ shall be subject to mandatory redemption by the University at a redemption price of 100% of the principal amount thereof plus accrued interest, on March 1 in the following years and in the following amounts:

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<thead>
<tr>
<th>Year</th>
<th>Amount</th>
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<td>____</td>
<td>$______</td>
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On or before the 70th day next preceding any mandatory sinking fund redemption date, the University may apply as a credit against its mandatory sinking fund redemption obligation for any Series 2010 Bonds maturing on such date, any Series 2010 Bonds that previously have been optionally redeemed or purchased and canceled or surrendered for cancellation by the University and not previously applied as a credit against any mandatory sinking fund redemption obligation for such Series 2010 Bonds. Each such Series 2010 Bond so purchased, delivered or previously redeemed shall be credited at 100% of the principal amount thereof against the principal amount of the Series 2010 Bonds required to be redeemed on such mandatory sinking fund redemption date. Any principal amount of Series 2010 Bonds so purchased, delivered or previously redeemed in excess of the principal amount required to be redeemed on such mandatory sinking fund redemption date shall similarly reduce the principal amount of the Series 2010 Bonds to be redeemed on future mandatory sinking fund redemption dates, as selected by the Chief Operating Officer or the Chief Financial Officer.

(d) The Series 2010 Bonds shall also be subject to redemption in whole or in part on any date, at the option of the University, from the proceeds of casualty insurance or condemnation awards, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, plus accrued interest to the redemption date, if all or any part of the Project financed or refinanced with the Series 2010 Bonds is damaged or destroyed or taken through the exercise of the power of eminent domain and the Chief Operating Officer or Chief Financial Officer has delivered a certificate to the Custodian to the effect that the University has determined not to use such proceeds to replace or rebuild the damaged, destroyed or taken property. In the event of a redemption in part pursuant to this paragraph, the University shall redeem the Series 2010 Bonds from each maturity then outstanding, to the extent practicable, in the proportion that the principal amount of the Series 2010 Bonds of such maturity bears to the total principal amount of the Series 2010 Bonds then outstanding.

(e) Subject to applicable procedures of the Securities Depository while the Series 2010 Bonds are held in book-entry only form by the Securities Depository, if less than all of the Series 2010 Bonds are to be called for redemption, the Series 2010 Bonds to be redeemed shall be selected by the University in such manner as the University in its discretion may determine.

Section 3.2 Notice of Redemption. (a) Whenever the Series 2010 Bonds are to be redeemed under the provisions of this Bond Resolution, the Paying Agent shall, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, mail notice of redemption to all registered owners of all Series 2010 Bonds to be redeemed at their registered addresses. The Paying Agent shall also mail a copy of any such notice of redemption to any Rating Agency. Any such notice of redemption shall identify the Series 2010 Bonds to be redeemed, shall specify the redemption date and the redemption price, and shall state that on the redemption date the Series 2010 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. The Paying Agent may use "CUSIP"
numbers in notices of redemption as a convenience to Bondholders, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Series 2010 Bonds or as contained in any such notice.

(b) 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 2010 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. Failure by the Paying Agent to give any notice of redemption or any defect in such notice as to any particular Bonds shall not affect the validity of the call for redemption of any Bonds in respect of which no such failure or defect has occurred. Any notice mailed as provided in this Bond Resolution shall be conclusively presumed to have been given whether or not actually received by any Holder.

Section 3.3 Effect of Calling for Redemption. On the date designated for redemption, notice having been mailed in the manner and under the conditions hereinabove provided and moneys for payment of the redemption price being held in separate accounts by the Paying Agent in trust for the Holders of the Series 2010 Bonds to be redeemed, all as provided in this Bond Resolution, the Series 2010 Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date, interest on the Series 2010 Bonds so called for redemption shall cease to accrue, such Bonds shall cease to be entitled to any benefit or security under this Bond Resolution and the Holders or registered owners of such Bonds shall have no rights with respect thereto except to receive payment of the redemption price.

Section 3.4 The Series 2010 Bonds Redeemed Not Deemed Outstanding. The Series 2010 Bonds which have been duly called for redemption under the provisions of this Article, or with respect to which irrevocable instructions to call for redemption have been given by the Board to the Paying Agent in form satisfactory to him or her, and for the payment of the redemption price of which moneys shall be held in separate accounts by the Paying Agent in trust for the Holders of the Series 2010 Bonds to be redeemed, all as provided in this Bond Resolution, shall not thereafter be deemed to be outstanding under the provisions of this Bond Resolution.

ARTICLE IV

CUSTODY AND APPLICATION OF PROCEEDS OF THE SERIES 2010 BONDS

Section 4.1 Custody and Application of Proceeds of the Series 2010 Bonds. The proceeds of the Series 2010 Bonds shall be deposited as follows:

(a) $__________ shall be transferred to the Paying Agent, as successor paying agent for the Refunded Bonds, to provide for refunding the Refunded Bonds per the instructions of the University.
(b) $\ldots$ shall be transferred to the Paying Agent, as paying agent for the Refunded Commercial Paper, to provide for refunding the Refunded Commercial Paper per the instructions of the University.

(c) $\ldots$ shall be deposited into a special account created with the Custodian for the payment of expenses incident to the issuance of the Series 2010 Bonds. Any amounts remaining in the special account on that date which is one year from the date the Series 2010 Bonds are issued shall be deposited in the Debt Service Fund and applied to pay interest on such Series 2010 Bonds on the next Interest Payment Date.

**ARTICLE V**

**REVENUES AND FUNDS**

**Section 5.1 Debt Service Fund.** A fund shall be created by the Paying Agent designated "The Rector and Visitors of the University of Virginia General Revenue Pledge Refunding Bonds, Series 2010, Debt Service Fund" (the "Debt Service Fund"). All accrued interest, if any, received from the purchasers of the Series 2010 Bonds, as provided in Section 4.1, shall be transferred to the Paying Agent to the credit of the Debt Service Fund. On or before the day preceding each date on which payments of interest, premium or principal shall be due and payable on the Series 2010 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 2010 Bonds on such Payment Date. The Paying Agent shall cause payment of the amounts due on the Series 2010 Bonds on each such Payment Date.

**Section 5.2 Payments to Bondholders.** 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 2010 Bonds and shall pay or cause the same to be paid to the Bondholders as such principal, premium and interest become due and payable.

**Section 5.3 Pledge of Funds and Accounts.** The moneys in the Debt Service Fund shall be held in trust and applied as herein provided and, pending such application, shall be pledged to, and subject to a lien and charge in favor, of the Holders of the Series 2010 Bonds issued and outstanding under this Bond Resolution and for the further security of such Holders until paid out or transferred as herein provided.

**Section 5.4 Moneys Held in Trust.** All moneys from the funds of the University or that the University shall have received from any other source and set aside or deposited with any Paying Agent for the purpose of paying any of the Series 2010 Bonds hereby secured, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective Holders of such Bonds. Any moneys which shall be so set aside or deposited and which shall remain unclaimed by the Holders of such Bonds for the period of five (5) 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 "Unclaimed Property Act"). The Paying Agent shall be entitled to act in good faith in reliance on written direction from the University or its counsel in complying with the Unclaimed Property Act, absent the Paying Agent's negligence or willful misconduct.

Section 5.5 Cancellation of the Series 2010 Bonds Upon Payment. All Series 2010 Bonds paid, redeemed or purchased by the University, either at or before maturity, shall be canceled upon the payment, redemption or purchase of such Bonds and shall be delivered to the University when such payment, redemption or purchase is made. All Series 2010 Bonds canceled under any of the provisions of this Bond Resolution may be cremated or otherwise destroyed by the University or its designee.

Section 5.6 No Risk to Paying Agent Funds. No provision herein shall require the Paying Agent to expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers unless the Paying Agent shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is reasonably assured to it.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.1 Payment of Principal and Interest; Pledge of Pledged Revenues. The University covenants that it will promptly pay or cause to be paid from the sources described herein the principal of and the interest on every Bond issued under the provisions of this Bond Resolution at the place or places, on the dates and in the manner provided herein and in such Bonds, and any premium required for the retirement of such Bonds by purchase or redemption, according to the true intent and meaning thereof. Except as otherwise provided in this Bond Resolution, such principal, interest and premium are payable solely from Pledged Revenues, which Pledged Revenues are hereby pledged to the payment thereof and to the payment of any Parity Credit Obligations issued by the University which may include any interest rate swaps or other hedge mechanisms and any dedicated line of credit, standby bond purchase agreement or other liquidity facility related to the Series 2010 Bonds.

Section 6.2  **Reserved.**

Section 6.3  **Additional Indebtedness and Encumbrances.** Except as otherwise provided in this Section, nothing in this Bond Resolution shall be construed as prohibiting or limiting in any way the right of the University to incur other Credit Obligations. Notwithstanding the foregoing, however, the University may only incur the following types of Credit Obligations in the event the conditions set forth below are met in each instance:

(a)  **Limitation on Parity Credit Obligations.** The University may incur, assume, guarantee or otherwise become liable on any Parity Credit Obligation, but only if, prior to the incurrence of each such Parity Credit Obligation, an Authorized Officer of the University certifies in writing that (1) taking into account the incurrence of such proposed Parity Credit Obligation (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 the later of (A) the issuance of such proposed Parity Credit Obligation and (B) the completion of any facility financed with the proceeds of such Parity Credit Obligation, 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 during the term of such proposed Parity Credit Obligation, and (2) to the best of his or her knowledge, the University is not in default in the performance and observance of any of the provisions of this Bond Resolution. Any such Parity Credit Obligation shall be secured by a pledge of Pledged Revenues on a parity with the pledge of Pledged Revenues herein, unless expressly subordinated to the pledge hereof.

(b)  **Limitation on Section 9(c) Credit Obligations.** The University may incur, assume, guarantee or otherwise become liable on any Credit Obligation pursuant to the provisions of Article X, Section 9(c) of the Constitution of Virginia, as such section may be amended from time to time, and may pledge and apply such portion of the Pledged Revenues as may be necessary to provide for the payment of any such Credit Obligation, the funding of reasonable reserves therefor, or 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 Series 2010 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 (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 the later of (A) the issuance of such proposed Credit Obligation and (B) the completion of any facility financed with the proceeds of such proposed Credit Obligation, 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 during the term of such proposed Credit Obligation, (2) to the best of his or her knowledge, the University is not in default in the performance and observance of any of the provisions of this Bond Resolution, and (3) in connection with the issuance of such proposed Credit Obligation, the University has received an opinion of Bond Counsel to the effect that such
proposed Credit Obligation has been validly issued under Article X, Section 9(c) of the Constitution of Virginia.

(c) **Limitation on Other Credit Obligations, Including Section 9(d) Credit Obligations.** The University may incur, assume, guarantee or otherwise become liable on any Credit Obligation not described elsewhere in this Section 6.3, including any Credit Obligation incurred pursuant to the provisions of Article X, Section 9(d) of the Constitution of Virginia, as such section may be amended from time to time, and may pledge and apply such portion of the Pledged Revenues as may be necessary for the payment of any such Credit Obligation, the funding of reasonable reserves therefor, or 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 Series 2010 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 (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 the later of (A) the issuance of such proposed Credit Obligation and (B) the completion of any facility financed with the proceeds of such proposed Credit Obligation, 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 during the term of such proposed Credit Obligation, (2) to the best of his or her knowledge, the University is not in default in the performance and observance of any of the provisions of this Bond Resolution, and (3) the University has received an opinion of Bond Counsel to the effect that such proposed Credit Obligation has been validly issued under the relevant provisions of the Constitution of Virginia.

(d) **Limitation on Issuance of Indebtedness on a Parity with Qualifying Senior Obligations.** Except for Credit Obligations issued pursuant to subsections (b) or (c) above or to refund any Qualifying Senior Obligation as described in subsection (e) below, no additional bonds or other obligations may be issued or incurred by the University on a parity with any Qualifying Senior Obligation.

(e) **Limitation on Additional Encumbrances.** The University shall not encumber the Pledged Revenues in any manner (except as permitted in connection with Credit Obligations issued pursuant to subsections (a), (b) or (c) above or to refund any Qualifying Senior Obligation as described below), unless any such encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants and agreements of this Bond Resolution. Notwithstanding anything to the contrary herein, however, the University may issue bonds to refund any Qualifying Senior Obligation and to secure such refunding bonds with the same source of revenues securing the Qualifying Senior Obligation being refunded. Upon the defeasance of the refunded Qualifying Senior Obligation pursuant to any such refunding, the refunding bonds will be considered Qualifying Senior Obligations for all purposes.

**Section 6.4 Disposition of Assets.** The University may convey, sell or otherwise dispose of any property of the University as long as (1) such conveyance, sale or encumbrance is
in the ordinary course of business, or (2) 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.

Section 6.5 Insurance. 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.

Section 6.6 Rights of Bondholders Not to Be Impaired. Except as otherwise set forth herein, the University covenants that no contract or contracts will be entered into or any action taken which might impair or diminish the rights of the Bondholders.

Section 6.7 Further Instruments and Actions. The University covenants that it will, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of this Bond Resolution.

Section 6.8 Accurate Records and Accounts. The University covenants that it will keep accurate records and accounts of all items of cost and of all expenditures relating to Pledged Revenues collected and the application of such Pledged Revenues.

Section 6.9 Recognized Accounting Principles. The University covenants that all of the accounts and records of the University will be kept according to generally accepted accounting principles consistently applied.

Section 6.10 Tax Covenants. (a) The University shall not use or permit the use of any proceeds of Series 2010 Bonds or any other funds of the University, directly or indirectly, to acquire any securities or obligation, and shall not use or permit the use of any amounts received by the University or the Custodian with respect to the Series 2010 Bonds in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code. If at any time the University is of the opinion that for purposes of this subsection it is necessary to restrict or limit the yield on the investment of any moneys held under this Bond Resolution the University shall so instruct the Custodian, any trustee or the Paying Agent in writing, and such Custodian, trustee or Paying Agent shall take such action as may be reasonably necessary in accordance with such issuance.

(b) The University shall not use or permit the use of any proceeds of Series 2010 Bonds or any other funds of the University, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in any of the Series 2010 Bonds being treated as an obligation not described in Section 103(a) of the Code by reason
of classification of such Bond as a "private activity bond" (except for those Series 2010 Bonds which the University has designated or allocated as "private activity bonds" benefiting a 501(c)(3) organization) or an "arbitrage bond" or "bond not in registered form" within the meaning of Section 103(b) of the Code.

(c) The University shall at all times do and perform all acts and things permitted by law and this Bond Resolution which are necessary or desirable in order to ensure that interest paid on the Series 2010 Bonds or any of them will be excludable from gross income for federal income tax purposes and shall take no action that would result in such interest not being excludable from gross income for federal income tax purposes.

(d) The University covenants that it shall file the information report with respect to the Series 2010 Bonds required by Section 149(e) of the Code (currently Form 8038-G) within the time period provided in such Section.

(e) Notwithstanding the foregoing, the University may amend this section or alter or eliminate any actions or restrictions allowed or required by this section, if it receives an opinion of Bond Counsel that such amendments, alterations or eliminations would not alter the Bondholders' U.S. federal income tax treatment of principal and interest payments on the Series 2010 Bonds.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default. Each of the following events is hereby declared to be an "Event of Default" under this Bond Resolution:

(a) due and punctual payment of the principal, purchase price or redemption premium, if any, of any of the Series 2010 Bonds is not made when the same become due and payable, either at maturity or by proceedings for redemption or otherwise;

(b) due and punctual payment of any interest on any of the Series 2010 Bonds is not made when the same becomes due and payable;

(c) the University, for any reason, is rendered incapable of fulfilling its obligations hereunder;

(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 sixty (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 the Series 2010 Bonds or in this Bond Resolution on the part of the University to be performed, and such default continues for thirty (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 thirty (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.

Section 7.2 Remedies. (a) Upon the happening and continuance of an Event of Default, hereunder, the Holders of not less than 25% in aggregate principal amount of the Series 2010 Bonds, 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 Holders of the Series 2010 Bonds for the purposes herein, 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 Holders of not less than 25% in principal amount of the Series 2010 Bonds then outstanding shall, in its own name:

(1) by mandamus or other suit, action or proceeding at law or in equity enforce all rights of the Holders of the Series 2010 Bonds, including the right to require the University and its Board to collect fees, rents, charges or other revenues adequate to carry out an agreement as to, or pledge of, such revenues, and to require the University and Board to carry out any other agreements with the Holders of the Series 2010 Bonds and to perform it and their duties under the Act;

(2) bring suit upon the Series 2010 Bonds;

(3) by action or suit in equity, require the University to account as if it were the trustee of an express trust for the Holders of the Series 2010 Bonds; or

(4) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Series 2010 Bonds.

(b) Any such trustee, whether or not all such Series 2010 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 Series 2010 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 Series 2010 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 herein or incident to the general representation of the Holders of the Series 2010 Bonds in the enforcement and protection of their rights.

(c) To the extent permitted by law, upon the happening and continuance of any Event of Default, then and in every such case any Bondholder may proceed, subject to the provisions of Section 7.5, to protect and enforce the rights of the Bondholders by a suit, action or special proceeding in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy as such Bondholder shall deem most effectual to protect and enforce such rights.

Section 7.3 Pro Rata Application of Funds. Anything in this Bond Resolution to the contrary notwithstanding, if at any time the moneys available in the Debt Service Fund shall not be sufficient to pay the interest on or the principal of the Series 2010 Bonds as the same shall become due and payable, such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied as follows:

(a) If the principal of all the Series 2010 Bonds shall not have become due and payable, all such moneys shall be applied:

first: to the payment to the persons entitled thereto of all installments of interest then due and payable in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Series 2010 Bonds; and

second: to the payment to the persons entitled thereto of the unpaid principal of any of the Series 2010 Bonds which shall have become due and payable (other than Series 2010 Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Bond Resolution), in the order of their due dates, with interest on the principal amount of such Series 2010 Bonds at the respective rates specified therein from the respective dates upon which such Series 2010 Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Series 2010 Bonds due and payable on any particular date, together with such interest, then to the payment first of such interest, ratably, according to the amount of such interest due on such date, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference.
(b) If the principal of all the Series 2010 Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid on the Series 2010 Bonds, without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due, respectively, for principal and interest, to the persons entitled thereto, without any discrimination or preference.

Whenever moneys are to be applied by the trustee pursuant to the provisions of this Section, such moneys shall be applied by the trustee at such times, and from time to time, as the trustee in his or her sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the deposit of such moneys with any Paying Agent, or otherwise setting aside such moneys, in trust for the proper purpose shall constitute proper application by the trustee; and the trustee shall incur no liability whatsoever to the Board, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Bond Resolution as may be applicable at the time of application by the trustee. Whenever the trustee shall exercise such discretion in applying such moneys, he or she shall fix the date (which shall be an Interest Payment Date unless the trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The trustee shall give such notice (or shall cause the Paying Agent to give such notice) as he or she may deem appropriate of the fixing of any such date and shall not be required to make payment to the Holder of any Bond until such Bond shall be surrendered to the trustee or any Paying Agent for appropriate endorsement, or for cancellation if fully paid.

Notwithstanding anything in this Bond Resolution to the contrary, this Section 7.3 shall be interpreted so that term "Series 2010 Bonds" or "Bonds" shall include the Series 2010 Bonds and any Parity Credit Obligations. In each resolution authorizing the issuance of any Parity Credit Obligation, the University agrees to provide for the trustee or paying agent thereunder to be the same entity as under this Bond Resolution, and further agrees to include provisions substantially identical to those contained in this Section 7.3.

Section 7.4 Effect of Discontinuance of Proceedings. In case any proceeding taken by any Bondholder on account of any Event of Default shall have been discontinued or abandoned for any reason, then and in every such case the University and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights and remedies of the Bondholders shall continue as though no such proceeding had been taken.

Section 7.5 Proceedings for Equal Benefit of All Bondholders. No Bondholder shall have any right in any manner whatever to affect, disturb or prejudice the security of this Bond Resolution or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Bondholders.
Section 7.6  **No Remedy Exclusive.** No remedy herein conferred on the Bondholders is intended to be exclusive of any other remedy or remedies, and each and every remedy conferred shall be cumulative and shall be in addition to every other remedy given hereunder and under the Act or now or hereafter existing at law or in equity or by statute.

Section 7.7  **No Delay or Omission Construed to Be a Waiver.** No delay or omission of any Bondholder to exercise any right or power accruing upon any Event of Default occurring and continuing as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Article to the Bondholders may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VIII

EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF THE SERIES 2010 BONDS

Section 8.1  **Execution of Instruments; Proof of Ownership.** Any request, direction, consent or other instrument in writing required or permitted by this Bond Resolution to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of the Series 2010 Bonds shall be sufficient for any purpose of this Bond Resolution and shall be conclusive in favor of the University and the Paying Agent with regard to any action taken by them under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him or her, or by an affidavit of a witness to such execution. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership such verification or affidavit shall also constitute sufficient proof of his or her authority.

(b) The fact of the holding of the Series 2010 Bonds hereunder by any Bondholder and the amount and the numbers of such Series 2010 Bonds and the date of its holding the same shall be proved by the registration books kept under the provisions of Section 2.7.

ARTICLE IX

SUPPLEMENTAL RESOLUTIONS

Section 9.1  **Supplemental Resolutions.** The University may, from time to time and at any time, without the consent of any Holders of the Series 2010 Bonds, adopt such resolutions supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental resolutions shall thereafter form a part hereof), as follows:
(a) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Bond Resolution or in any supplemental resolutions;

(b) to provide for the issuance of certificated Series 2010 Bonds pursuant to Section 2.11 of this Bond Resolution, or to obtain or maintain a rating for the Series 2010 Bonds;

(c) to grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders;

(d) to add new conditions, limitations and restrictions on the issuance of other Credit Obligations by the University;

(e) to add to the covenants and agreements of the Board in this Bond Resolution other covenants and agreements thereafter to be observed by the Board or to surrender any right or power herein reserved to or conferred upon the Board;

(f) to comply with any proposed, temporary or permanent regulations regarding the arbitrage rebate requirements of the Code; or

(g) to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this Bond 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 resolution shall not adversely affect or prejudice the interests of the Bondholders.

At least thirty (30) days prior to the adoption of any supplemental resolution for any of the purposes of this Section, the Secretary of the Board shall cause a notice of the proposed adoption of such supplemental resolution to be mailed, postage prepaid, to all registered owners of Series 2010 Bonds at their addresses as they appear on the registration books. 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. A failure on the part of the Secretary of the Board to mail the notice required by this Section shall not affect the validity of such supplemental resolution.

**Section 9.2 Modification of Resolution with Consent of Holders.** Subject to the terms and provisions contained in this Section, and not otherwise, the Holders of not less than a majority in aggregate outstanding principal amount of the Series 2010 Bonds then outstanding shall have the right, from time to time, anything contained in this Bond Resolution to the contrary notwithstanding, to consent to and approve the adoption of such resolution or resolutions supplemental hereto 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 this Bond Resolution or in any supplemental resolution; provided, however, that nothing herein contained shall permit, or be construed as permitting, (a) without the approval of all of the Series 2010 Bondholders, (i) an extension of the maturity of the principal of or the interest on any Series 2010 Bond, (ii) a reduction in the principal amount of any Series 2010 Bond or the redemption premium or the rate of interest thereon, (iii) except as
otherwise provided herein, a preference or priority of any Series 2010 Bond or Bonds over any other Series 2010 Bond or Bonds, or (iv) except as otherwise provided herein, the release of the lien created by this Bond Resolution with respect to any Pledged Revenues, or (b) without the approval of all of the Series 2010 Bondholders, a reduction in the aggregate principal amount of the Series 2010 Bonds required for consent to such supplemental resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the adoption of any supplemental resolution as authorized in Section 9.1 of this Article.

If at any time the Board shall determine that it is necessary or desirable to adopt any supplemental resolution for any of the purposes of this Section, the Secretary of the Board shall cause notice of the proposed adoption of such supplemental resolution to be mailed, not less than thirty (30) nor more than sixty (60) days prior to the date of such adoption, postage prepaid, to all registered owners of the Series 2010 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 the notice required by this Section to be mailed and any such failure shall not affect the validity of such supplemental resolution when consented to and approved as provided in this Section.

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 Holders of not less than a majority or all, as appropriate, in aggregate principal amount of the Series 2010 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 Holder of any Series 2010 Bond, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority or all, as appropriate, in aggregate principal amount of the Series 2010 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 of this Section, this Bond Resolution shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Bond Resolution of the University, the Board, and all Holders of Series 2010 Bonds then outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Bond Resolution as so modified and amended.
Section 9.3 Supplemental Resolutions Part of this Bond Resolution. Any supplemental resolution adopted in accordance with the provisions of this Article shall thereafter form a part of this Bond Resolution, and all of the terms and conditions contained in any such supplemental resolution as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Bond Resolution for any and all purposes. In case of the adoption and approval of any supplemental resolution, express reference may be made thereto in the text of any Series 2010 Bonds issued thereafter, if deemed necessary or desirable by the Board.

ARTICLE X

DEFEASANCE

Section 10.1 Defeasance. If the University shall pay or provide for the payment of the entire indebtedness on all Series 2010 Bonds outstanding in any one or more of the following ways:

(i) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on all Series 2010 Bonds outstanding, as and when the same become due and payable;

(ii) by depositing with the Paying Agent, in trust, at or before maturity, moneys in an amount sufficient to pay or redeem (when redeemable) all Series 2010 Bonds outstanding (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 all Series 2010 Bonds outstanding at or before their respective maturity dates; it being understood that the investment income on such Government Obligations may be used for any other lawful purpose;

(iii) by delivering to the Paying Agent, for cancellation by it, all Series 2010 Bonds outstanding; or

(iv) by depositing with the Paying Agent, in trust, noncallable Government Obligations in such amounts 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 all Series 2010 Bonds outstanding 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 hereunder by the University, and, if any of the Series 2010 Bonds are to be redeemed before their maturity, notice of such redemption shall have been given as in Section 3.2 provided or provisions satisfactory to the Paying Agent shall have been made for the giving of such notice, this Bond Resolution and the estate and rights granted hereunder 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 the Chief Operating Officer or the Chief Financial Officer, each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of this Bond Resolution have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging this Bond Resolution and the lien hereof.

The University may at any time surrender to the Paying Agent for cancellation by it any Series 2010 Bonds previously authenticated and delivered, which the University may have acquired in any manner whatsoever, and such Series 2010 Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 10.2 Liability of University Not Discharged. Upon the 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 Series 2010 Bonds outstanding (whether upon or before their maturity or the redemption date of such Series 2010 Bonds) and compliance with the other payment requirements of Section 10.1, provided that if such Series 2010 Bonds are to be redeemed before their maturity, notice of such redemption shall have been given as in Section 3.2 provided, or provisions satisfactory to the Paying Agent shall have been made for the giving of such notice, this Bond Resolution may be discharged in accordance with the provisions hereof but the University's liability in respect of the Series 2010 Bonds shall continue provided that the Holders thereof shall thereafter be entitled to payment only out of the moneys or the Government Obligations deposited with the Paying Agent as aforesaid.

Section 10.3 Provision for Payment of Particular Bonds. If the University shall pay or provide for the payment of the entire indebtedness on particular Series 2010 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 Series 2010 Bonds, as and when the same shall 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 Series 2010 Bonds (including the payment of premium, if any, and interest payable on such Series 2010 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 Series 2010 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 by it, such Series 2010 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, and
any uninvested cash, without consideration of any reinvestment thereof, be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Series 2010 Bonds at or before their respective maturity dates, as an independent certified public accountant shall certify to Paying Agent's satisfaction;

and if the University shall also pay or cause to be paid all other sums payable hereunder by the University with respect to such Series 2010 Bonds, and, if such Series 2010 Bonds are to be redeemed before their maturity, notice of such redemption shall have been given as in Section 3.2 provided or provisions satisfactory to the Paying Agent shall have been made for the giving of such notice, such Series 2010 Bonds shall cease to be entitled to any lien, benefit or security under this Bond Resolution. The University's liability in respect of such Series 2010 Bonds, if any, shall continue but the Holders thereof 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.

ARTICLE XI

MISCELLANEOUS PROVISIONS

Section 11.1 Effect of Covenants. All covenants, stipulations, obligations and agreements of the University and the Board contained in this Bond Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the University and the Board to the full extent authorized by the Act or permitted by the Constitution of Virginia. All such covenants, stipulations, obligations and agreements shall be binding upon the successor or successors thereof from time to time and upon any officer, board, body or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future director, member, agent or employee of the University or the Board in his or her individual capacity, and no agency of the Commonwealth nor any officer thereof or of the University, present or future, executing the Series 2010 Bonds shall be liable personally on the Series 2010 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 11.2 Successor Paying Agents or Registrars. Any bank or trust company authorized to do business in the Commonwealth may be appointed by the University as successor Paying Agent or Registrar hereunder and immediately upon acceptance of such appointment shall be deemed the successor of the Paying Agent or Registrar for the purposes of this Bond Resolution. The University shall give notice to any Rating Agency of its appointment of any successor Paying Agent or Registrar. The reasonable fees and expenses of any such successor Paying Agent or Registrar shall be the sole obligation of the University and shall constitute a pledge of the Pledged Revenues prior to the Series 2010 Bonds, to the extent such fees and expenses are unpaid.
Section 11.3 Manner of Giving Notice. (a) Any notice, demand, direction, request or other instrument authorized or required by this Bond Resolution to be given to or filed with the University, the Paying Agent, the Registrar, the Custodian or the Rating Agencies shall be deemed to have been sufficiently given or filed for all purposes of this Bond Resolution if and when sent by registered or certified mail, return receipt requested:

1. to the University, if addressed to the University of Virginia, P. O. Box 400210, Charlottesville, Virginia 22904-4210 (Attention: Vice President and Chief Financial Officer);

2. [intentionally omitted];

3. to the Custodian, Paying Agent and/or Registrar, if addressed to The Bank of New York Mellon Trust Company, N.A., 919 East Main Street, Richmond, Virginia 23219, Attention: Corporate Trust Administration;

4. to Moody's, if addressed to Moody's Investor Services, 99 Church Street, New York, New York 10007-2796, Attention: Structured Finance Group, Telecopier: (212) 553-4919;

5. to S&P, if addressed to Standard & Poor's, at 55 Water Street, 38th Floor, New York, New York 10041, Attention: Public Finance Department (Surveillance), Telecopier: (212) 438-2152; and

6. to Fitch, if addressed to Fitch Ratings, One State Street Plaza, New York, New York 10004, Attention: Municipal Structured Finance Group, Telecopier: (212) 635-0466.

(b) Except for any notices required to be received by them under Article VII, if any, the Paying Agent and Registrar may accept and act upon facsimile or electronic transmission of written instructions or directions from the University or the Custodian, provided, however, that (a) the University or Custodian, as the case may be, subsequent to such facsimile or electronic transmission of written instructions, shall provide the originally executed instructions or directions to the Paying Agent and/or Registrar in a timely manner, and (b) such originally executed instructions or directions shall be signed by a person as may be designated and authorized to sign for the University or the Custodian, as the case may be, or in the name of the University or the Custodian, as the case may be, by an Authorized Officer of the University or authorized representative of the Custodian, and (c) the University or the Custodian, as the case may be, shall provide to the Paying Agent and/or Registrar an incumbency certificate listing such designated persons, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing.

Section 11.4 Alternative Notice. If, because of the temporary or permanent suspension of publication of any newspaper or financial journal or suspension of the mails or for any other reason, the University, the Board or the Custodian shall be unable to give any notice required to be published or mailed by the provisions of this Bond Resolution, the University or the
Custodian, as the case may be, shall give such notice in such other manner as in the judgment of the University or the Custodian shall most effectively approximate such publication thereof, and the giving of such notice in such manner shall for all purposes of this Bond Resolution be deemed to be compliance with the requirement for the publication thereof.

Section 11.5  Effect of Partial Invalidity.  In case any one or more of the provisions of this Bond Resolution or of the Series 2010 Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Bond Resolution or of the Series 2010 Bonds, but this Bond Resolution and the Series 2010 Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein.  In case any covenant, stipulation, obligation or agreement contained in the Series 2010 Bonds or in this Bond Resolution shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the University to the full extent permitted by law.

Section 11.6  Governing Law.  This Bond Resolution is adopted with the intent that the laws of the Commonwealth shall govern its construction without regard to conflict of law principles.

Section 11.7  Completion of and Amendments to Bond Resolution; Approval, Execution and Delivery of Necessary and Appropriate Documents.

(a) Prior to the delivery of the Series 2010 Bonds, in accordance with the University's debt policy, the Chief Financial Officer with the Chair of the Board's Finance Committee may authorize completion of and any revisions to this Bond Resolution which are not in conflict with the Authorizing Resolution or any future resolution by the Board, as shall be necessary to accurately reflect negotiations among the University, the Paying Agent, the Registrar, Moody's, S&P, Fitch and the Underwriters, with respect to the Series 2010 Bonds, the refinancing of the Project and the refunding of the Refunded Indebtedness, including, specifically and without limitation, the Refunded Indebtedness to be refunded, the terms and provisions of the Series 2010 Bonds, including without limitation, the original principal amount(s), their maturity dates and amounts, redemption provisions, prices, interest rates and interest provisions and any elections under the federal tax code.  Certification of this Bond Resolution by the Secretary of the Board shall be conclusive evidence that the Chief Financial Officer and the Chair of the Board's Finance Committee have finally completed this Bond Resolution.

(b) Each of the Chief Operating Officer and/or the Chief Financial Officer is authorized to negotiate, execute and deliver, in necessary and appropriate form, the following documents:

(1) one or more Official Statement(s) in preliminary and final forms relating to the offering of the Series 2010 Bonds for sale;

(2) the Bond Purchase Agreement relating to the purchase of the Series 2010 Bonds; and
such other documents and instruments as he or she deems necessary or appropriate in connection with the issuance of the Series 2010 Bonds, including without limitation any interest rate swaps or other hedge mechanisms and any dedicated line of credit, standby bond purchase agreement or other liquidity facility related to the Series 2010 Bonds, so long as such documents and instruments do not conflict with the intent of this Bond Resolution.

The distribution of any Official Statement, in preliminary and final forms, by the Underwriters is hereby authorized and approved.

Section 11.8 Bond Delivery. All directors, officers and employees of the University are hereby authorized to take all actions necessary to accomplish the delivery of the Series 2010 Bonds to purchasers thereof.

Section 11.9 Repeal of Inconsistent Provisions. Any prior resolutions or provisions of resolutions of the Board inconsistent with any provisions of this Bond Resolution are hereby repealed.

Section 11.10 Paying Agent/Registrar/Custodian Reliance and Other Matters. For purposes of this Section 11.10 only, the term "Paying Agent" shall refer to the Paying Agent, the Registrar and the Custodian. The Paying Agent undertakes to perform only such duties as are expressly set forth herein. The duties and responsibilities of the Paying Agent hereunder shall be determined solely by the express provisions of this Bond Resolution, and no further duties or responsibilities shall be implied. The Paying Agent shall not have any liability under, nor duty to inquire into the terms and provisions of, any agreement or instructions, other than as outlined in the Series 2010 Resolutions. The Paying Agent may consult with counsel and may rely conclusively and shall be protected in acting or refraining from acting upon any written notice, electronically transmitted communication, instruction or request furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper party or parties. The Paying Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document. The Paying Agent shall have no duty to solicit any payments that may be due it hereunder. The Paying Agent shall not be liable for any action taken or omitted by it in good faith unless a court of competent jurisdiction determines that any loss to the University was the result of the Paying Agent's negligent or willful misconduct. The Paying Agent shall not incur any liability for following the instructions herein contained or expressly provided for, or written instructions given by the University. In the administration of its duties under this Bond Resolution, the Paying Agent may execute any of its powers and perform its duties hereunder directly or through agents or attorneys and may, consult with counsel, accountants and other skilled persons to be selected and retained by it. The Paying Agent shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled persons. The Paying Agent may resign and be discharged of its duties and obligations hereunder by giving notice in writing of such resignation specifying a date when such resignation shall take effect. Any corporation or association into which the Paying Agent in its individual capacity may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Paying Agent in its individual capacity shall be a party, or any
corporation or association to which all or substantially all the corporate trust business of the Paying Agent in its individual capacity may be sold or otherwise transferred, shall be the Paying Agent hereunder without further act. The University covenants and agrees to pay the Paying Agent its fees and expenses (including reasonable attorney's fees, costs and expenses) as agreed upon by the University and the Paying Agent. Furthermore, the University shall pay the Paying Agent for any extraordinary services or expenses performed or incurred by the Paying Agent in connection with its duties under this Bond Resolution provided the University consents in writing prior to the performance of such services or the incurring of such expenses.

The Paying Agent shall not be responsible or liable for any failure or delay in the performance of its obligation under this Bond Resolution arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God, earthquakes, fire, flood, hurricanes or other storms; wars, terrorism, similar military disturbances; sabotage; epidemic, riots, interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Paying Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances. If the University or Custodian elects to give notice to the Paying Agent pursuant to Sections 11.3 or 11.4 hereof by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, the Paying Agent agrees to accept and act upon instructions or directions sent by the University or Custodian, as the case may be, by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods as provided in Section 11.3. If the University or Custodian, as applicable, elects to give the Paying Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Paying Agent in its discretion reasonably elects to act upon such instructions, the Paying Agent's understanding of such instructions shall be deemed controlling. The Paying Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Paying Agent's reasonable reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction.
No. R-1

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA

THE RECTOR AND VISITORS OF THE UNIVERSITY OF VIRGINIA

GENERAL REVENUE PLEDGE BOND
SERIES 2010

INTEREST RATE: ______
MATURITY DATE: March 1, _____
DATED DATE: _______ __, ____
CUSIP: 915217 ___

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED FORTY-FIVE MILLION DOLLARS ($145,000,000)

The Rector and Visitors of the University of Virginia (the "University"), an educational institution established by the Commonwealth of Virginia, for value received, hereby promises to pay, solely from the revenues provided therefor, as hereinafter set forth, to the registered owner named above, on the maturity date set forth above (or earlier as hereinafter set forth), upon the presentation and surrender hereof, the principal sum set forth above and to pay, solely from such revenues, interest thereon from the date hereof at the rate per annum set forth above, until payment of said principal sum. Both the principal of and the interest on this Series 2010 Bond are payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal or redemption price of this Series 2010 Bond shall be payable, upon surrender of this Series 2010 Bond, at the office of The Bank of New York Mellon Trust Company, N.A., Richmond, Virginia, as Paying Agent, or at the designated corporate trust office of any successor Paying Agent appointed pursuant to the Series 2010 Resolutions (hereinafter defined). Payment of interest on this Series 2010 Bond shall be made by check or draft mailed on the applicable Interest Payment Date to the registered owner as of the close of business on the 15th date of the month immediately preceding such Interest Payment Date (a "Record Date") at its address as it appears in the registration books of the Registrar appointed pursuant to the Series 2010 Resolutions. The term "Interest Payment Date" with respect to the Series 2010 Bonds means each March 1 and September 1, commencing March 1, 2011.

This Series 2010 Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated, unless this Series 2010 Bond is (a) authenticated before the first Interest Payment Date following the initial delivery of the Series 2010 Bonds, in which case
it shall bear interest from its dated date, or (b) authenticated upon an Interest Payment Date, in which case it shall bear interest from such Interest Payment Date; provided, however, that if at the time of authentication of this Series 2010 Bond interest is in default, this Series 2010 Bond shall bear interest from the date to which interest has been paid. Interest on this Series 2010 Bond shall be computed on the basis of a 360-day year of twelve 30-day months.

The University shall not be obligated to pay the principal of or interest on this Series 2010 Bond except from the Pledged Revenues of the University and other legally available moneys, all as provided in the Series 2010 Resolutions. "Pledged Revenues" are all of the revenues now or hereafter lawfully available to the University which are not required by law, by binding contract entered into prior to the adoption of the Series 2010 Resolutions or, in certain circumstances described in the Series 2010 Resolutions, by binding contract entered into subsequent to the date of the Series 2010 Resolutions, to be devoted to some other purpose. This Series 2010 Bond and the interest hereon 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 this Series 2010 Bond or other costs incident hereto except from the sources noted above, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia are pledged to the payment of the principal of or interest on this Series 2010 Bond or other costs incident hereto.

This Series 2010 Bond is one of a duly authorized issue of Bonds of the University aggregating ONE HUNDRED FORTY-FIVE MILLION DOLLARS ($145,000,000) in principal amount, known as "General Revenue Pledge Bonds, Series 2010" (the "Series 2010 Bonds"), issued pursuant to resolutions adopted by the Board of Visitors of the University (the "Board") on November __, 2010 (the "Series 2010 Resolutions"). This Series 2010 Bond is issued and the Series 2010 Resolutions were adopted under and pursuant to the Constitution and laws of the Commonwealth of Virginia, particularly Chapter 4.10, Title 23, Code of Virginia of 1950, as amended (the "Act") to refinance the costs of certain capital improvements at the University and to refund certain outstanding indebtedness of the University. Reference is hereby made to the Series 2010 Resolutions for the provisions, among others, with respect to the custody and application of the proceeds of Bonds issued under the Series 2010 Resolutions, the funds charged with and pledged to the payment of the interest on and the principal of the Series 2010 Bonds, the nature and extent of the security, the terms and conditions on which the Series 2010 Bonds are or may be issued, the rights, duties and obligations of the University and the rights of the holders of the Series 2010 Bonds. Capitalized terms not defined herein shall be as defined in the Series 2010 Resolutions. By the acceptance of this Series 2010 Bond, the Holder hereof assents to all of the provisions of the Series 2010 Resolutions.

The Series 2010 Bonds maturing on or after March 1, ____, are subject to optional redemption by the University on or after March 1, ____, in whole or in part at any time (in any integral multiple of $5,000) at a redemption price equal to 100% of the principal amount of Series 2010 Bonds to be redeemed plus accrued interest to the redemption date.

The Series 2010 Bonds maturing on March 1, ____, are subject to mandatory redemption by the University at a redemption price of 100% of the principal amount of Series 2010 Bonds to
be redeemed, plus accrued interest, on March 1 in the following years and in the following amounts:

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<th>Year</th>
<th>Amount</th>
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* Final Maturity

This Series 2010 Bond is also subject to redemption in whole or in part on any date, at the option of the University, from the proceeds of casualty insurance or condemnation awards, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, plus accrued interest to the redemption date, if all or any part of the Project is damaged, destroyed or taken through the exercise of the power of eminent domain and the University has determined not to use such proceeds to replace or rebuild the damaged, destroyed or taken property.

Subject to applicable procedures of the Securities Depository while the Series 2010 Bonds are held in book-entry only form by the Securities Depository, if less than all of the Series 2010 Bonds are to be called for redemption, the Series 2010 Bonds to be redeemed shall be selected by the University in such manner as the University in its discretion may determine.

If any of the Series 2010 Bonds or portions thereof are called for redemption, the Paying Agent shall mail a notice of the call for redemption, identifying the Series 2010 Bonds or portions thereof to be redeemed, not less than 30 nor more than 60 days prior to the redemption date, to the registered owner of each Series 2010 Bond to be redeemed, at its address as it appears on the registration books kept by the Registrar. Provided funds for their redemption are on deposit at the place of payment on the redemption date, all Series 2010 Bonds so called for redemption shall cease to bear interest on such date, shall no longer be secured by the Pledged Revenues and shall not be deemed to be outstanding under the terms of the Series 2010 Resolutions. If a portion of this Series 2010 Bond is called for redemption, a new Series 2010 Bond in principal amount equal to the unredeemed portion hereof will be issued to the registered owner upon the surrender hereof.

This Series 2010 Bond is transferable by the registered owner, in person or by its attorney duly authorized in writing, at the designated office of the Registrar, upon presentation of a written instrument of transfer and surrender of this Series 2010 Bond to the Registrar for cancellation. Upon the transfer, a new Series 2010 Bond or Bonds of the same aggregate principal amount, maturity date and interest rate will be issued to the transferee. No transfer will be effective unless represented by such surrender and reissue. This Series 2010 Bond may also be exchanged at the designated office of the Registrar for a new Series 2010 Bond or Bonds of the same aggregate principal amount, maturity date and interest rate without transfer to a new registered owner. Exchanges and transfers will be without expense to the holder except for applicable taxes or other governmental charges, if any. The Registrar shall not be required to transfer or exchange any Series 2010 Bond selected or called for redemption pursuant to the
provisions hereof or from a Record Date through the next succeeding Interest Payment Date. All Bonds delivered in exchange or transfer shall be dated so that neither gain nor loss results from the transfer or exchange.

The University, the Paying Agent and the Registrar may treat the registered owner as the absolute owner of this Series 2010 Bond for all purposes, notwithstanding any notice to the contrary.

Neither the members of the Board nor any person executing this Series 2010 Bond are liable personally hereon or subject to any personal liability or accountability by reason of the issuance hereof.

This Series 2010 Bond will not be valid until the Certificate of Authentication has been signed by the Registrar.

The holder of this Series 2010 Bond shall have no right to enforce the provisions of the Series 2010 Resolutions or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Series 2010 Resolutions, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Series 2010 Resolutions.

All acts, conditions and things required by the Constitution and laws of the Commonwealth of Virginia and by the rules and regulations of the Board to happen, exist and be performed precedent to and in the issuance of this Series 2010 Bond have happened, exist and have been performed as so required.
IN WITNESS WHEREOF, The Rector and Visitors of the University of Virginia has caused this Series 2010 Bond to be issued and caused this Series 2010 Bond to bear the manual or facsimile signatures of its Executive Vice President and Chief Operating Officer and its official seal to be impressed, imprinted, reproduced or lithographed hereon, all as of the dated date hereof.

[SEAL]

________________________________________
Executive Vice President and
Chief Operating Officer of
the University of Virginia

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CERTIFICATE OF AUTHENTICATION

This Series 2010 Bond is one of the Bonds described in the within mentioned Series 2010 Resolutions.

Date of Authentication: __________, ____

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Registrar

________________________________________
Authorized Signatory
FORM OF ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

____________________________________________________________________________

____________________________________________________________________________

____________________________________________________________________________

[Please print or typewrite name and address, including zip code, of Transferee]

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBERS OF TRANSFEREE

____________________________________________________________________________

____________________________________________________________________________

the within Bond and all rights, thereunder, and hereby irrevocably constitutes and appoints
______________________________________________________________________________ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: ______________________

Registered Owner

The signature above must correspond to the name of the Registered Owner as it appears on the front of this Series 2010 Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

Notice: Signature(s) must be guaranteed by an approved eligible guarantor institution, an institution which is a participant in a Securities Transfer Association recognized signature guarantee program