November 11, 2011

MEMORANDUM

TO: The Finance Committee:

Mark J. Kington, Chair
A. Macdonald Caputo
The Honorable Alan A. Diamonstein
Glynn D. Key
Randal J. Kirk
Stephen P. Long, M.D.
George Keith Martin
Vincent J. Mastracco Jr.
Edward D. Miller, M.D., Ex Officio
Helen E. Dragas, Ex Officio
Daniel M. Meyers, Consulting Member

and

The Remaining Members of the Board:

Hunter E. Craig          Robert D. Hardie
Allison Cryor DiNardo    John L. Nau III
W. Heywood Fralin        Timothy B. Robertson
Marvin W. Gilliam Jr.    Jonathan B. Overdevest

FROM: Susan G. Harris

SUBJECT: Minutes of the Finance Committee Meeting on
November 11, 2011

The Finance Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 8:45 a.m., Friday, November 11, 2011, in the Board Room of the Rotunda; Mark J. Kington, Chair, presided. Present were A. Macdonald Caputo, The Honorable Alan A. Diamonstein, Ms. Glynn D. Key, Stephen P. Long, M.D., George Keith Martin, Vincent J. Mastracco Jr., Edward D. Miller, M.D., and Ms. Helen E. Dragas, Rector.

Also present were Hunter E. Craig, Ms. Allison Cryor DiNardo, W. Heywood Fralin, Marvin W. Gilliam Jr., Robert D. Hardie, John L. Nau III, Timothy B. Robertson, and Jonathan B. Overdevest.

The Chair asked Mr. Strine, Executive Vice President and Chief Operating Officer, to begin the meeting.

Report on the Internal Financial Model

Mr. Strine introduced Mr. John D. Simon, Executive Vice President and Provost, and together they reported on the development and preparation for the implementation of a new internal financial model.

Mr. Simon said the significance of this undertaking and its capacity to advance the University and allow it to achieve its aspirational goals for quality and contribution cannot be overstated. If done well, it will unleash collective energy and collaborative planning that will transform and be attractive to the best and brightest scholars and teachers, staff and administrative leaders, students and families.

He said they recognize the risks with proceeding along this path. He intended to spend some time talking about and clarifying what will change and what will not.

Mr. Simon said not all academic programs can cover their costs with the tuition and research funds that they generate. That is not likely to change. Right now, we are not as likely to see the inherent subsidies and have a regular opportunity to assess whether those subsidies add sufficient value (as measured by contribution to the excellence of the University) to merit continuing. Under the new model that will change.

As an example, if a dean or faculty member wants to start a degree program, it requires the Provost’s approval and that of the Board. That will not change. Right now, the incentives to put forward innovations in teaching for consideration and approval by deans and Provost and Board are minimal, as the process and the benefit are not proportional to the cost in terms of time. Under the new model that will change.

He said that right now the Board is asked to approve faculty hires at each meeting. That will not change. Right now, the Board has little sense of how each of those hires relate to a more comprehensive strategy for the substantive excellence and direction of the school and whether those hires are consistent with the underlying faculty plan, put forward by the dean and approved by the Chief Academic Officer, that supports the strategy and investments embodied
in the budget and long range financial plan for the school and University. That will change.

He added that the new budget model is not a matter of turning the keys and financial decision making over to deans, faculty or school-based administrators. Instead, it is about aligning incentives, changing the conversation around resources, sharing information and driving decisions from it, and broadening the loop of accountability and awareness for strategic direction, effective use of resources, and outcomes.

Mr. Simon turned to Mr. Strine to answer the question, "what is new about the new internal financial model"? Mr. Strine said the most important changes are three-fold:

1) The flow and incidence of revenues and expenses;
2) The roles, responsibilities, and accountability of key actors in the system; and
3) The structure and timing of the conversation, decision making, and risk management.

He said he has discussed with the Board the importance of change management in this process. Among the best means of practicing sound change management is to begin behaving as one would under the new model.

Mr. Strine explained a year in the budget life under the new financial model, including roles and responsibilities in that process. He said when they use the word budget, they mean many things simultaneously. A budget has just been completed, one is in execution, and one is in development. He said they are learning from the past, managing in the present, and preparing for our future.

At this moment in the cycle, they are beginning the planning process for the FY 2012-2013 budget. He said they do not and will not know the results of the hires that have been made, the progress and migration among the students being taught, the direction of federal and state funding, and other core variables that would drive them to make different decisions. One of the most important reasons for changing the budget conversation is to ensure that those most likely to know or feel these changes are better integrated into the planning.

Some of the most important assumptions for planning cannot be known at this time. The best example is the rate of tuition growth. That said, it is neither possible nor wise to delay planning until these can be known.

In asking the deans to lead their schools through a process of setting priorities that they can resource and execute, it is important to provide them the guidance they need in order to make informed decisions, be aware of the uncertainty and risk in these assumptions, and to suggest ways to plan appropriately given the level of
uncertainty, and given their diverse missions and resource portfolios in which some are more tuition dependent and others less so.

Mr. Strine said they will come to the Board each fall with recommendations for budget guidelines after they have been vetted with deans, vice presidents, associate deans for finance and administration, and key others. Schools will develop their plans from early December through the early spring.

Plans will be assessed on key elements:

1) Is the quality and strategic direction of the school’s academic plan thoughtful, ambitious and consistent with the direction of the University as a whole?
2) Has the school developed a resource plan that effectively and efficiently deploys resources, both existing and incremental, to maximize its chance of success?
3) Has the school identified the risks, programmatically, financially, and otherwise, inherent in the plan?
4) How does the school propose to measure (and have us hold them accountable) for progress toward the goals, if approved?

They will also be working with key non-academic areas like housing, athletics, facilities, IT and others to develop similar budget and long-range plans and metrics. They will be shaping these plans into an integrated plan for the University, gathering key data like those on faculty planning and projected enrollments and presenting those to the Board in the late spring for review and approval.

2012-2013 Academic Division Budget Planning and Preliminary Assumptions

Mr. Strine introduced Ms. Colette Sheehy, Vice President for Management and Budget, to report on the assumptions and decisions that drive budget development, which begins in December for the 2012-2013 fiscal year. Early participation by deans and other unit heads will be necessary in this development. The following budget planning assumptions will help transition to the school-level planning under the new internal financial model:

Revenue Assumptions

1. Tuition: For planning purposes, schools will develop plans using undergraduate tuition and fees from the incumbent Six Year Plan submittal to the State Council of Higher Education for Virginia. Actual tuition and fee charges for 2012-2013 will reflect rates that will be approved by the Board of Visitor in April 2012.

2. Research: Grant and contract revenue will be based on historical spending patterns and known new awards with the presumption of no growth projected in base federal research spending together with a decrease related to one-time ARRA (stimulus) funds.
3. Auxiliary enterprises: Schools will develop plans using student mandatory fees included in the incumbent Six Year Plan submittal to the State Council of Higher Education for Virginia for 2012-2013. Actual revenues and fee charges for 2012-2013 will be based on activity volumes and will reflect rates that will be approved by the Board of Visitors at its April 2012 meeting.

4. State appropriations: the assumption is no growth in the state appropriations.

5. Endowment and Interest Payout: The University’s approved endowment spending policy will govern the endowment distribution for 2012-2013. Return on cash balances invested in the University short-term pool will reflect market-based rates as described in the University’s Internal Investment Program policy.

6. Philanthropy: Estimates for annual giving will be projected for each school and unit based upon estimates developed in consultation between University Development and school officials.

Expenditure Assumptions

1. Enrollment: Schools should assume that planned enrollment growth will be supported by allocating incremental revenue related to enrollment growth to those schools with additional students according to a formula that supports the cost of faculty as well as academic, student, and administrative support.

2. Financial aid: Full funding will be provided for the projected cost of AccessUVa. To the extent that strategies emerge from the Board’s Ad Hoc Committee on AccessUVa that can be implemented for the 2012-2013 fiscal year, the impact of those actions will be incorporated in the projected cost.

3. Compensation:

   a. All budgets will account for the annualized cost of the November 2011 Strategic Salary Action.

   b. State authorized changes, if approved by the 2012 General Assembly, to classified staff compensation, whether permanent changes to base salary or one-time bonuses, will be funded from unit funds (for self-supporting activities) or from central funds (for centrally-funded activities).

   c. The budget contemplates a 2012 Strategic Salary Action to retain and reward top performers. Self-supporting units will reserve a pool of funds equal to X% of their salary base for teaching and research faculty and equal to X% of their salary base for University staff and Administrative and Professional faculty.
d. 2012-2013 fringe benefit rates are estimated at:

<table>
<thead>
<tr>
<th>Pooled Fringe Benefit Rates</th>
<th>Approved 2011-2012</th>
<th>Projected 2012-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time and Part-time Faculty and University Staff-Executive</td>
<td>26.8%</td>
<td>26.8%</td>
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<tr>
<td>Full-time and Part-time Classified Staff, University Staff-</td>
<td>27.8%</td>
<td>35.2%</td>
</tr>
<tr>
<td>Managerial/Professional, and University Staff-</td>
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<td></td>
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<tr>
<td>Operational/Administrative</td>
<td></td>
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<tr>
<td>Part-time employees without benefits</td>
<td>5.5%</td>
<td>5.5%</td>
</tr>
<tr>
<td>Wage employees</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. Academic commitments: Development of the current budget contemplates the funding of prior-year commitments to faculty hiring and strategic priorities.

5. Operations and maintenance costs: The University commits to funding operating and maintenance costs for new facilities and addressing proactively deferred maintenance. Debt service includes principle payments as well as the blended internal borrowing rate of 4.75%.

6. The Darden School and Law School financial self-sufficiency models, and the McIntire School and School of Continuing and Professional Studies revenue-sharing agreements will continue in 2012-2013.

7. Auxiliary enterprises, the Medical Center, and the University Physicians Group should anticipate a general and administrative charge on the adjusted 2010-2011 expenditure base to cover their share of central services.

8. Self-supporting units will continue to comply with the Board of Visitors Capital and Operating Reserves Policy established in April 2006. Schools and units will also plan for appropriate contingency reserves.

Report on the Academic Division Staff Survey

Mr. Strine introduced Ms. Susan A. Carkeek, Vice President and Chief Human Resources Officer, to report on the results of the staff survey conducted in March 2011. President Sullivan commissioned this survey in the fall of 2010 to have an understanding of the level of employee satisfaction. A staff advisory committee provided oversight and advice, along with the University of Virginia Center for Survey
Research (CSR), in developing the questionnaire. All full and part-time Academic Division staff members were surveyed, including School of Medicine and College at Wise staff, but excluding the Darden School and Health System employees. The survey was anonymous, voluntary, and conducted completely on the web, with a 63% response rate.

Ms. Carkeek explained the survey structure, with 15 key topic areas. Each key topic had specific questions, followed by overall ratings and open-ended questions to allow for additional comments. In addition, there were overall satisfaction questions.

Ms. Carkeek said they found very high levels of satisfaction with the University as a place to work, with 85.6% satisfied and 54.6% very and extremely satisfied. These results do not vary significantly from two years ago. Employees gave top ratings to leave benefits, work facilities, technology, integrity of employees, commitment to the University, diversity and equal employment, their immediate supervisor, and education benefits. In terms of safety, 94.5% said the work environment was safe. A large number, 82.4%, said they would be happy to spend their career at the University.

The lowest-rated topic areas were the process for performance evaluation, pay, and opportunities for promotion at the University. Staff rated pay and benefits as the most important concern. She said the three topic areas rated the lowest are areas of high priority for improvement. The survey is a first step in an ongoing process and the staff advisory committee will develop recommendations in these areas. The deans and vice presidents have been provided data specific to their school or unit. She said a similar survey will be developed for faculty.

Action Item: Defined Contribution Retirement Plan Amendments

Ms. Carkeek continued with a discussion on the University’s maintenance of nine qualified retirement plans. Each plan must be amended to provide the University’s Executive Vice President and Chief Operating Officer with delegated authority to amend the plans at any time on behalf of the Board of Visitors in order to respond more quickly to changes in federal or state law. This delegated authority requires prior notification of such amendments to the Rector and Vice Rector.

Two of the nine plans have an additional amendment: The Supplemental Defined Contribution Benefit Plan for employees of the University of Virginia must be amended to add in mandatory employee contributions required by recent legislation. The Medical Center’s Optional Retirement Plan must be amended to incorporate employees of Hematology Oncology Patient Enterprises, P.C. (HOPE) with the right to apply months of service performed on behalf of HOPE toward fulfilling the vesting period requirement.
The appendix to these minutes includes the plan amendments to implement these changes.

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

REVISIONS TO DEFINED CONTRIBUTION RETIREMENT PLANS

RESOLVED, the University’s Executive Vice President and Chief Operating Officer is a designee with delegated authority to amend the “Plans” (Optional Retirement Plan for Employees of the University of Virginia, Defined Contribution Plan for Executive Employees of the University of Virginia, Commonwealth of Virginia Matching Contribution Retirement Plan for Salaried Employees of the University of Virginia, Defined Contribution Plan for Physicians of Community Medicine, Defined Contribution Incentive Plan for Employees of the University of Virginia Investment Management Company, Matching Contribution Retirement Plan for the University of Virginia Medical Center, Supplemental Defined Contribution Benefit Plan for Employees of the University of Virginia, Optional Retirement Plan for Employees of the University of Virginia Medical Center, and Supplemental Defined Contribution Benefit Plan for Employees of the University of Virginia Medical Center) at any time on behalf of the University’s Board of Visitors, when and if such amendment is required to conform a plan to applicable changes in federal or state law, and with prior notification to the Rector and Vice Rector; and

RESOLVED FURTHER, the Supplemental Defined Contribution Plan for Employees of the University of Virginia is amended such that mandatory employee contributions required by recent legislation affecting employees in the Optional Retirement Plan (ORP) hired or rehired on or after July 1, 2010 (“Plan 2” employees) will be an amount equal to 5% of the employee’s compensation; and

RESOLVED FURTHER, the Optional Retirement Plan for employees of the UVa Medical Center is amended to grant employees who became eligible employees as a result of the Medical Center’s stock purchase of Hematology Oncology Patient Enterprises, P.C. (HOPE), effective July 15, 2011, the right to apply months of service performed on behalf of HOPE toward fulfilling the vesting period requirement.

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Action Item: Working Capital Investment Policy

Mr. Strine introduced Ms. Yoke San Reynolds, Vice President and Chief Financial Officer, to discuss the proposed Working Capital Investment Policy. Two suggestions from the Virginia Auditor of Public Accounts to improve the University’s investment policies have been incorporated in the proposed policy, which has been expanded to include intermediate and long-term investment of working capital and
working capital reserves. Also, due to the August 2011 downgrade of U.S. Government debt, there is a need to change the credit rating standards and incorporate language related to split-ratings, along with adding flexibility to allow emergency decisions in a time of significant market stress to protect the safety and/or liquidity of the working capital portfolio.

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

APPROVAL OF WORKING CAPITAL INVESTMENT POLICY

WHEREAS, the Board of Visitors finds it to be in the best interest of the University of Virginia to strengthen the policy guidance provided on the investment of working capital; and

WHEREAS, the existing Short-Term Investment Policy addresses only the investment of working capital in fixed-income vehicles with maturities no greater than two years, and does not provide guidance on intermediate and long-term investments; and

WHEREAS, since the Short-Term Investment Policy was approved by the Board of Visitors in September 2009, several external events have occurred, including the unprecedented downgrade of U.S. Government debt to a split "AA"/"AAA" rating; and

WHEREAS, the 2010 Study of Commonwealth Investment Practices, published by the Auditor of Public Accounts, contains two recommendations for the University of Virginia which should be incorporated into the policy; and

WHEREAS, conditions of significant market instability may require a reallocation of the portfolio in order to protect the safety and/or liquidity of the working capital portfolio;

RESOLVED, the Board of Visitors approves the Working Capital Investment Policy to replace the existing Short-Term Investment Policy.

Action Item: Real Estate Transfer

Ms. Sheehy reported on the need for a property transfer. The University of Virginia Foundation is constructing the Battle Building at the University of Virginia Children’s Hospital. The design of the building has 33 feet of the western facing exterior wall too close to the building owned by the University at 1224 Jefferson Park Avenue (the “JPA Building”), which violates the building code. It is proposed that the boundary line be adjusted to accommodate the Battle Building construction, by transferring approximately 507 square feet from the University of Virginia to the University of Virginia
Foundation. The University will acquire the Battle Building from the University of Virginia Foundation after construction is completed.

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

APPROVAL OF THE RELOCATION OF A PROPERTY LINE AND THE TRANSFER OF 507 SQUARE FEET FROM THE UNIVERSITY OF VIRGINIA TO THE UNIVERSITY OF VIRGINIA FOUNDATION, CITY OF CHARLOTTESVILLE, VIRGINIA

WHEREAS, the University of Virginia has entered into a purchase contract to acquire the Battle Building at the University of Virginia Children’s Hospital (the “Battle Building”) from the University of Virginia Foundation (the “Foundation”); and

WHEREAS, to facilitate the construction of the Battle Building, it is desirable to relocate the shared boundary line with 1224 Jefferson Park Avenue, property owned by The Rector and Visitors of the University of Virginia, and to transfer approximately 507 square feet of land to the Foundation;

RESOLVED, the adjustment of the boundary line and the transfer of 507 square feet of land to the Foundation, consistent with that certain plat entitled “Boundary Adjustment Plat of Tax Map 10 Parcels 60 and 82” dated July 19, 2011, and prepared by Timmons Group (the “Plat”), is approved; and

RESOLVED FURTHER, the Executive Vice President and Chief Operating Officer is authorized, on behalf of the University, to approve and execute transfer agreements, contracts and related documents, to approve revisions to the Plat, to incur reasonable and customary expenses, and to take such other actions as deemed necessary and appropriate to consummate the boundary line adjustment and transfer; 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 boundary line adjustment and transfer, are in all respects approved, ratified, and confirmed.

Action Item: Addition to the Annual Renovation and Infrastructure Project Plan

Ms. Sheehy continued with a request to add the chimney repairs and fire suppression system for Lawn and Range student rooms to the Annual Renovation and Infrastructure Project Plan. The project cost of $3.7 million will be fully funded from gifts.
The project includes remediation of 105 fireplaces and chimneys in the Lawn and Range rooms of the Academical Village. This will involve repairing the hearths, fireboxes, and chimneys, as well as replacing the flue linings. The design and installation of a fire suppression system and improvement to the existing alarm and detection system for these spaces is also included.

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

APPROVAL OF ADDITION TO THE ANNUAL RENOVATION AND INFRASTRUCTURE PROJECT PLAN, LAWN AND RANGE ROOMS - CHIMNEY REPAIRS AND FIRE SUPPRESSION

WHEREAS, the University proposes to repair the hearths, fireboxes, and chimneys, as well as replace the flue linings in the Lawn and Range Rooms, and install a new fire suppression system at an estimated project cost of $3.7 million;

RESOLVED, the Board of Visitors approves the addition of the Lawn and Range Rooms - Chimney Repairs and Fire Suppression project to the University’s Annual Renovation and Infrastructure Project Plan.

Vice President’s Report

Mr. Strine said the UVIMCO investment report is in the materials. Mr. Caputo said Mr. Kochard should be congratulated for last year’s return of 24.1%.

The Chair adjourned the Finance Committee meeting at 10:00 a.m.

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

FIRST AMENDMENT
 TO THE OPTIONAL RETIREMENT PLAN FOR
EMPLOYEES OF THE UNIVERSITY OF VIRGINIA

(As Amended and Restated January 1, 2010)

WHEREAS, the Optional Retirement Plan for Employees of the University of Virginia (the “Plan”) of the University of Virginia (the “University”) was established effective July 1, 1989, and

WHEREAS, Section 7.1 of the Plan permits the University, through affirmative action of the Board or its designee, to amend the Plan at any time;

WHEREAS, the Plan must be formally amended to appoint a designee to act on behalf of the University;

NOW, THEREFORE, in accordance with the foregoing, the Plan is hereby amended as follows effective November 11, 2011:

1. Section 7.1 shall be amended as follows:

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. The Board expressly delegates its authority to the University’s Executive Vice President and Chief Operating Officer for purposes of amending the Plan when and if such amendment is required in order to conform the Plan to applicable federal or state law.

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; or (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 employees. No amendment to the vesting schedule shall deprive a Participant of unforfeitable rights to benefits accrued to the date of the amendment.
IN WITNESS WHEREOF, the undersigned, being an authorized officer of the University, has caused this FIRST AMENDMENT TO THE OPTIONAL RETIREMENT PLAN FOR EMPLOYEES OF THE UNIVERSITY OF VIRGINIA to be executed on behalf of the University this eleventh day of November, 2011.

THE UNIVERSITY OF VIRGINIA

By: ____________________________________________________

Name: ____________________________________________________

Title: ____________________________________________________

FIRST AMENDMENT
TO THE SUPPLEMENTAL DEFINED CONTRIBUTION BENEFIT PLAN FOR EMPLOYEES OF THE UNIVERSITY OF VIRGINIA

(As Amended and Restated January 1, 2010)

WHEREAS, the Supplemental Defined Contribution Benefit Plan for Employees of the University of Virginia (the “Plan”) of the University of Virginia (the “University”) was established effective July 1, 2000;

WHEREAS, the Plan was amended and restated effective January 1, 2010;

WHEREAS, the University wishes to amend the Plan to provide mandatory employee contributions for eligible employees; and

WHEREAS, Section 7.1 of the Plan permits the University to amend the Plan at any time.

NOW, THEREFORE, in accordance with the foregoing, the Plan is hereby amended as follows effective November 11, 2011:

1. Section 1.1 shall be amended to read as follows: “The account of a Participant or a Former Participant that is credited with University Contributions made pursuant to Section 3.1 and/or Mandatory Employee Contributions made pursuant to Section 3.2.”

2. The following section 3.2 shall be added and all remaining sections shall be renumbered accordingly:

3.2 Mandatory Employee Contributions
In the case of a Participant to whom Section 3.1(b) 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 an amount equal to such other rate for optional retirement plans sponsored by institutions of higher education 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).

A Participant to whom Section 3.1(b) applies shall continue to make Mandatory Employee Contributions while on an Educational Leave of Absence subject to the limitation described in Section 3.4.

3. Section 3.3(a) (renumbered to be Section 3.4(a) by this Amendment) shall be amended to read as follows:

   In no event shall a Participant’s University Contributions and/or Mandatory Employee Contributions exceed the lesser of:

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

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

4. Section 3.4(a) (renumbered to be Section 3.5(a) by this Amendment) shall be amended to read as follows:

   b. Retroactive Contributions

   If a Participant is in qualified military service, as that terms 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 Sections 3.1 above that he otherwise would have been entitled to but for his absence due to the military leave and the Participant shall have his salary reduced to make 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. Such contributions shall be treated as paid by the Employer for the purpose of Code section 414(h)(2).

5. The first sentence of Section 5.1 shall be amended to read as follows:

The Participant shall have the option to allocate the University Contributions made pursuant to Section 3.1 and the Mandatory Employee Contributions made pursuant to Section 3.2 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).

6. The first sentence of Section 5.3(a) shall be amended to read as follow: “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 University Contributions made in accordance with Section 3.1 above or Mandatory Employee Contributions made in accordance with Section 3.2 above, that the Participant has designated to be allocated to the Trust pursuant to Section 5.1(b) above.

IN WITNESS WHEREOF, the undersigned, being an authorized officer of the University, has caused this FIRST AMENDMENT TO THE OPTIONAL RETIREMENT PLAN FOR EMPLOYEES OF THE UNIVERSITY OF VIRGINIA to be executed on behalf of the University this eleventh day of November, 2011.

THE UNIVERSITY OF VIRGINIA

By: ____________________________________________________
Name: ____________________________________________________
Title: ____________________________________________________

SECOND AMENDMENT
TO THE SUPPLEMENTAL DEFINED CONTRIBUTION BENEFIT PLAN
FOR EMPLOYEES OF THE UNIVERSITY OF VIRGINIA

(As Amended and Restated January 1, 2010)

WHEREAS, the Supplemental Defined Contribution Benefit Plan for Employees of the University of Virginia (the “Plan”) of the University of Virginia (the “University”) was established effective July 1, 2000; and

WHEREAS, Section 7.1 of the Plan permits the University, through affirmative action of the Board or its designee, to amend the Plan at any time;
WHEREAS, the Plan must be formally amended to appoint a designee to act on behalf of the University;

NOW, THEREFORE, in accordance with the foregoing, the Plan is hereby amended as follows effective November 11, 2011:

2. Section 7.1 shall be amended as follows:

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 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. The Board expressly delegates its authority to the University’s Executive Vice President and Chief Operating Officer for purposes of amending the Plan when and if such amendment is required in order to conform the Plan to applicable federal or state law.

Except as set forth in Section 7.3, no such amendment shall (1) cause any part of the assets of the Plan 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 Administrator without its written consent; or (4) permit any part of the assets of the Plan to be used to pay Premiums or contributions of the University under any other plan maintained by the University for the benefit of employees. No amendment to the vesting schedule shall deprive a Participant of unforfeitable rights to benefits accrued to the date of the amendment.

IN WITNESS WHEREOF, the undersigned, being an authorized officer of the University, has caused this SECOND AMENDMENT TO THE SUPPLEMENTAL DEFINED CONTRIBUTION BENEFIT PLAN FOR EMPLOYEES OF THE UNIVERSITY OF VIRGINIA to be executed on behalf of the University this eleventh day of November, 2011.

THE UNIVERSITY OF VIRGINIA

By: _____________________________________________

Name: _____________________________________________

Title: _____________________________________________
FIRST AMENDMENT
TO THE COMMONWEALTH OF VIRGINIA MATCHING
CONTRIBUTION RETIREMENT PLAN FOR
SALARIED EMPLOYEES OF THE UNIVERSITY OF VIRGINIA

(As Amended and Restated January 1, 2010)

WHEREAS, the Commonwealth of Virginia Matching Contribution Retirement Plan for Salaried Employees of the University of Virginia (the “Plan”) of the University of Virginia (the “University”) was established effective April 1, 2000; and

WHEREAS, Section 7.1 of the Plan permits the University, through affirmative action of the Board or its designee, to amend the Plan at any time;

WHEREAS, the Plan must be formally amended to appoint a designee to act on behalf of the University;

NOW, THEREFORE, in accordance with the foregoing, the Plan is hereby amended as follows effective November 11, 2011:

3. Section 7.1 shall be amended as follows:

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. The Board expressly delegates its authority to the University’s Executive Vice President and Chief Operating Officer for purposes of amending the Plan when and if such amendment is required in order to conform the Plan to applicable federal or state law.

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 the University of Virginia 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 University of Virginia Medical Center under any other plan maintained by the University or University of Virginia Medical Center for the benefit of employees. No amendment to the vesting schedule shall deprive a Participant of unforfeitable rights to benefits accrued to the date of the amendment.
IN WITNESS WHEREOF, the undersigned, being an authorized officer of the University, has caused this FIRST AMENDMENT TO THE COMMONWEALTH OF VIRGINIA MATCHING CONTRIBUTION RETIREMENT PLAN FOR SALARIED EMPLOYEES OF THE UNIVERSITY OF VIRGINIA to be executed on behalf of the University this eleventh day of November, 2011.

THE UNIVERSITY OF VIRGINIA

By: ____________________________________________________

Name: ____________________________________________________

Title: ____________________________________________________

FIRST AMENDMENT
TO THE OPTIONAL RETIREMENT PLAN FOR EMPLOYEES
OF THE UNIVERSITY OF VIRGINIA MEDICAL CENTER

(As Amended and Restated January 1, 2010)

WHEREAS, the Optional Retirement Plan for Employees of the University of Virginia Medical Center (the “Plan”) of the University of Virginia (the “University”) was established effective July 1, 1993; and

WHEREAS, the University of Virginia Medical Center would like to encourage employees who currently work for Hematology Oncology Patient Enterprises, PC (H.O.P.E.) to continue to work at the University of Virginia Medical Center as Medical Center employees by providing service credit in the Medical Center’s retirement plan for time spent employed by H.O.P.E.; and

WHEREAS, the Plan must be formally amended to accomplish the grant of service credit; and

WHEREAS, Section 8.1 of the Plan permits the University, through affirmative action of the Board or its designee, to amend the Plan at any time;

NOW, THEREFORE, in accordance with the foregoing, the Plan is hereby amended as follows effective July 1, 2011:

4. Section 4.1(c) shall be amended as follows:

   (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.

(i) **Participants Previously Employed by Virginia Ambulatory Surgery, Inc.**

Participants who became Eligible Employees as a result of the Medical Center’s assumption of the sole membership interest of Virginia Ambulatory Surgery, Inc., effective July 1, 2004, shall be permitted to apply months of service performed on behalf of the Health Services Foundation at Virginia Ambulatory Surgery, Inc., toward fulfilling the vesting period requirement.

(ii) **Participants Previously Employed by Culpeper Hospital Home Health**

For purposes of calculating years of participation for Participants who became Eligible Employees as a result of their transfer from Culpeper Hospital Home Health to the Medical Center, months of service performed with Culpeper Hospital Home Health shall be counted towards fulfilling the vesting period requirement.

(iii) **Participants Previously Employed by Hematology Oncology Patient Enterprises, P.C. (H.O.P.E.)**

Participants who became Eligible Employees as a result of the Medical Center’s stock purchase of Hematology Oncology Patient Enterprises, P.C. (H.O.P.E), effective July 1, 2011, shall be permitted to apply months of service performed on behalf of H.O.P.E., toward fulfilling the vesting period requirement.

**IN WITNESS WHEREOF**, the undersigned, being an authorized officer of the University, has caused this FIRST AMENDMENT TO THE OPTIONAL RETIREMENT PLAN FOR EMPLOYEES OF THE UNIVERSITY OF VIRGINIA MEDICAL CENTER to be executed on behalf of the University this eleventh day of November, 2011.

**THE UNIVERSITY OF VIRGINIA**

By: 

Name: 

Title: 

A – 8
SECOND AMENDMENT
TO THE OPTIONAL RETIREMENT PLAN FOR EMPLOYEES
OF THE UNIVERSITY OF VIRGINIA MEDICAL CENTER

(As Amended and Restated January 1, 2010)

WHEREAS, the Optional Retirement Plan for Employees of the University of Virginia Medical Center (the “Plan”) of the University of Virginia (the “University”) was established effective July 1, 1993, and amended and restated effective January 1, 1999; and

WHEREAS, Section 8.1 of the Plan permits the University, through affirmative action of the Board or its designee, to amend the Plan at any time;

WHEREAS, the Plan must be formally amended to appoint a designee to act on behalf of the University;

NOW, THEREFORE, in accordance with the foregoing, the Plan is hereby amended as follows effective November 11, 2011:

5. Section 8.1 shall be amended as follows:

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. The Board expressly delegates its authority to the University’s Executive Vice President and Chief Operating Officer for purposes of amending the Plan when and if such amendment is required in order to conform the Plan to applicable federal or state law.

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 employees. No amendment to the vesting schedule shall deprive a Participant of unforfeitable rights to benefits accrued to the date of the amendment.
IN WITNESS WHEREOF, the undersigned, being an authorized officer of the University, has caused this SECOND AMENDMENT TO THE OPTIONAL RETIREMENT PLAN FOR EMPLOYEES OF THE UNIVERSITY OF VIRGINIA MEDICAL CENTER to be executed on behalf of the University this eleventh day of November, 2011.

THE UNIVERSITY OF VIRGINIA

By: ____________________________________________________

Name: ____________________________________________________

Title: ____________________________________________________

FIRST AMENDMENT
TO THE SUPPLEMENTAL DEFINED CONTRIBUTION BENEFIT PLAN FOR EMPLOYEES OF THE UNIVERSITY OF VIRGINIA MEDICAL CENTER

(As Amended and Restated January 1, 2010)

WHEREAS, the Supplemental Defined Contribution Benefit Plan for Employees of the University of Virginia Medical Center (the “Plan”) of the University of Virginia (the “University”) was established effective July 1, 2000; and

WHEREAS, Section 8.1 of the Plan permits the University, through affirmative action of the Board or its designee, to amend the Plan at any time;

WHEREAS, the Plan must be formally amended to appoint a designee to act on behalf of the University;

NOW, THEREFORE, in accordance with the foregoing, the Plan is hereby amended as follows effective November 11, 2011:

6. Section 8.1 shall be amended as follows:

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 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. The Board expressly delegates its authority to the University’s Executive Vice President and Chief Operating Officer for purposes of amending the Plan when and if such amendment is required in order to
conform the Plan to applicable federal or state law.

Except as set forth in Section 8.3, no such amendment shall (1) cause any part of the assets of the Plan to revert to or be recoverable by the University of Virginia 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 Administrator 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 University of Virginia Medical Center under any other plan maintained by the University or University of Virginia Medical Center for the benefit of employees. No amendment to the vesting schedule shall deprive a Participant of unforfeitable rights to benefits accrued to the date of the amendment.

IN WITNESS WHEREOF, the undersigned, being an authorized officer of the University, has caused this FIRST AMENDMENT TO THE SUPPLEMENTAL DEFINED CONTRIBUTION BENEFIT PLAN FOR EMPLOYEES OF THE UNIVERSITY OF VIRGINIA MEDICAL CENTER to be executed on behalf of the University this eleventh day of November, 2011.

THE UNIVERSITY OF VIRGINIA

By: ____________________________________________________
Name: ____________________________________________________
Title: ____________________________________________________

FIRST AMENDMENT TO THE MATCHING CONTRIBUTION RETIREMENT PLAN FOR UNIVERSITY OF VIRGINIA MEDICAL CENTER

(As Amended and Restated January 1, 2010)

WHEREAS, the Matching Contribution Retirement Plan for University of Virginia Medical Center (the “Plan”) of the University of Virginia (the “University”) was established effective October 1, 2002 and

WHEREAS, Section 7.1 of the Plan permits the University, through affirmative action of the Board or its designee, to amend the Plan at any time;

WHEREAS, the Plan must be formally amended to appoint a designee to act on behalf of the University;
NOW, THEREFORE, in accordance with the foregoing, the Plan is hereby amended as follows effective November 11, 2011:

7. Section 7.1 shall be amended as follows:

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. The Board expressly delegates its authority to the University’s Executive Vice President and Chief Operating Officer for purposes of amending the Plan when and if such amendment is required in order to conform the Plan to applicable federal or state law.

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 or the University of Virginia Medical Center under any other plan maintained by the University or the University of Virginia Medical Center for the benefit of employees. No amendment to the vesting schedule shall deprive a Participant of unforfeitable rights to benefits accrued to the date of the amendment.

IN WITNESS WHEREOF, the undersigned, being an authorized officer of the University, has caused this FIRST AMENDMENT TO THE MATCHING CONTRIBUTION RETIREMENT PLAN FOR UNIVERSITY OF VIRGINIA MEDICAL CENTER to be executed on behalf of the University this eleventh day of November, 2011.

THE UNIVERSITY OF VIRGINIA

By: ____________________________________________________

Name: __________________________________________________

Title: __________________________________________________
FIRST AMENDMENT
TO THE DEFINED CONTRIBUTION PLAN FOR
PHYSICIANS OF COMMUNITY MEDICINE, LLC

(As Amended and Restated January 1, 2010)

WHEREAS, the Defined Contribution Plan for Physicians of Community Medicine, LLC (the “Plan”) of the University of Virginia (the “University”) was established effective July 1, 2001; and

WHEREAS, Section 7.1 of the Plan permits the University, through affirmative action of the Board or its designee, to amend the Plan at any time;

WHEREAS, the Plan must be formally amended to appoint a designee to act on behalf of the University;

NOW, THEREFORE, in accordance with the foregoing, the Plan is hereby amended as follows effective November 11, 2011:

8. Section 7.1 shall be amended as follows:

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. The Board expressly delegates its authority to the University’s Executive Vice President and Chief Operating Officer for purposes of amending the Plan when and if such amendment is required in order to conform the Plan to applicable federal or state law.

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 employees. No amendment to the vesting schedule shall deprive a Participant of unforfeitable rights to benefits accrued to the date of the amendment.
IN WITNESS WHEREOF, the undersigned, being an authorized officer of the University, has caused this FIRST AMENDMENT TO THE DEFINED CONTRIBUTION PLAN FOR PHYSICIANS OF COMMUNITY MEDICINE, LLC to be executed on behalf of the University this eleventh day of November, 2011.

THE UNIVERSITY OF VIRGINIA

By: ____________________________________________________
Name: ____________________________________________________
Title:

FIRST AMENDMENT TO THE DEFINED CONTRIBUTION RETIREMENT PLAN FOR EXECUTIVE EMPLOYEES OF THE UNIVERSITY OF VIRGINIA

(As Amended and Restated January 1, 2010)

WHEREAS, the Defined Contribution Retirement Plan for Executive Employees of the University of Virginia (the “Plan”) of the University of Virginia (the “University”) was established effective January 1, 2001, and

WHEREAS, Section 7.1 of the Plan permits the University, through affirmative action of the Board or its designee, to amend the Plan at any time;

WHEREAS, the Plan must be formally amended to appoint a designee to act on behalf of the University;

NOW, THEREFORE, in accordance with the foregoing, the Plan is hereby amended as follows effective November 11, 2011:

9. Section 7.1 shall be amended as follows:

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 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. The Board expressly delegates its authority to the University’s Executive Vice President and Chief Operating Officer for
purposes of amending the Plan when and if such amendment is required in order to conform the Plan to applicable federal or state law.

Except as set forth in Section 7.3, no such amendment shall (1) cause any part of the assets of the Plan 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; or (3) permit any part of the assets of the Plan to be used to pay Premiums or contributions of the University under any other plan maintained by the University for the benefit of employees. No amendment to the vesting schedule shall deprive a Participant of unforfeitable rights to benefits accrued to the date of the amendment.

IN WITNESS WHEREOF, the undersigned, being an authorized officer of the University, has caused this FIRST AMENDMENT TO THE DEFINED CONTRIBUTION RETIREMENT PLAN FOR EXECUTIVE EMPLOYEES OF THE UNIVERSITY OF VIRGINIA to be executed on behalf of the University this eleventh day of November, 2011.

THE UNIVERSITY OF VIRGINIA

By: ____________________________________________________

Name: ____________________________________________________

Title: ____________________________________________________

FIRST AMENDMENT
TO THE DEFINED CONTRIBUTION INCENTIVE PLAN FOR EMPLOYEES OF THE UNIVERSITY OF VIRGINIA INVESTMENT MANAGEMENT COMPANY

(As Amended and Restated January 1, 2010)

WHEREAS, the Defined Contribution Incentive Plan for Employees of the University of Virginia Investment Management Company (the “Plan”) of the University of Virginia (the “University”) was established effective October 1, 2000; and

WHEREAS, Section 7.1 of the Plan permits the University, through affirmative action of the Board or its designee, to amend the Plan at any time;

WHEREAS, the Plan must be formally amended to appoint a designee to act on behalf of the University;
NOW, THEREFORE, in accordance with the foregoing, the Plan is hereby amended as follows effective November 11, 2011:

10. Section 7.1 shall be amended as follows:

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. The Board expressly delegates its authority to the University’s Executive Vice President and Chief Operating Officer for purposes of amending the Plan when and if such amendment is required in order to conform the Plan to applicable federal or state law.

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; or (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 employees. No amendment to the vesting schedule shall deprive a Participant of unforfeitable rights to benefits accrued to the date of the amendment.

IN WITNESS WHEREOF, the undersigned, being an authorized officer of the University, has caused this FIRST AMENDMENT TO THE DEFINED CONTRIBUTION INCENTIVE PLAN FOR EMPLOYEES OF THE UNIVERSITY OF VIRGINIA INVESTMENT MANAGEMENT COMPANY to be executed on behalf of the University this eleventh day of November, 2011.

THE UNIVERSITY OF VIRGINIA

By: ____________________________________________________

Name: ____________________________________________________

Title: ____________________________________________________