DECLARATION OF OFFICIAL INTENT TO REIMBURSE EXPENDITURES WITH PROCEEDS OF A BORROWING

WHEREAS, the University of Virginia (the "University") intends to undertake the project(s) described on Exhibit A hereto (the "Project");

WHEREAS, the University expects to advance its own funds to pay expenditures related to the Project or parts thereof (the "Expenditures") prior to incurring indebtedness for the Project and to receive reimbursement for such Expenditures from the proceeds of tax exempt or taxable debt or a combination thereof; and

WHEREAS, by resolution adopted by the Board of Visitors of the University on February 20, 2014, the University designated its Executive Vice President and Chief Operating Officer and the Chair of its Finance Committee as persons authorized to declare official intent on behalf of the University pursuant to Treasury Regulations Section 1.150.2 of the United States Department of the Treasury.

NOW THEREFORE, the University’s Executive Vice President and Chief Operating Officer and the Chair of the University's Finance Committee both hereby declare as follows:

1. The University intends to utilize the proceeds of tax-exempt bonds or other debt (collectively, "Bonds") to pay the costs of the Project in an amount not currently expected to exceed (See Exhibit A)

2. The University intends that the proceeds of the Bonds be used to reimburse the University for Expenditures with respect to the Project made on or after the date that is no more than 60 days prior to the date of this Declaration. The University reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Bonds.

3. Each Expenditure was or will be, unless otherwise approved by bond counsel, either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Bonds, (c) a nonrecurring item that is not customarily payable from current revenues or (d) a grant to a party that is not related to or an agent of the University so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the University.

4. The University intends to make a reimbursement allocation, which is a written allocation by the University that evidences the University's use of proceeds of the Bonds to reimburse an Expenditure, no later than 18 months after the later of (a) the date on which the Expenditure is paid or (b) the date the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid.

5. The University intends that the making of this declaration confirms the "official intent” of the University within the meaning of Treasury Regulations Section 1.150-2 promulgated under the Internal Revenue Code of 1986, as amended.

6. This declaration shall take effect immediately.
Dated: April 28, 2015

Patrick D. Hogin  
Executive Vice President and  
Chief Operating Officer  
University of Virginia

Victoria D. Harker  
Chair of the Finance Committee  
University of Virginia
DESCRIPTION OF PROJECT

Project: Hospital Emergency Department/Interventional Program/Bed Tower Expansion

BOARD MEETING: March 24, 2015

COMMITTEE: Finance

AGENDA ITEM: I.E.2. Capital Project Approval: University Hospital Emergency Department/Interventional Program/Bed Tower Expansion

Amount Requested: $394,000,000
Cumulative Total: $394,000,000

In keeping with the recently approved strategic plan for the Health System to expand University Hospital to the east, the Medical Center recommends proceeding with expansion and renovation of the Emergency Department, expansion of perioperative and interventional services, and construction of a six-story tower that includes the build out of three stories and core and shell for the remaining three stories. This would enable the Emergency Department (ED) to meet annual growth projections for the foreseeable future, to meet the expectations of our patients for privacy and a better patient experience, and eliminate boarding of patients in the ED. In addition, it would allow the Interventional program to address high utilization of current space, accommodate future demand and growth, consolidate many of our interventional services to one floor allowing for more multidisciplinary work, and to right size pre-operative and recovery areas to allow more space for patients and create greater operational efficiencies. The addition of the six-story bed tower with three floors fitted out would allow the Medical Center to convert the majority of its semi-private rooms to a single patient room model. This action combined with a strategy to shift acuity to the tertiary/quaternary end of the spectrum would allow the Medical Center to mitigate Medicaid expansion risk.

The project is split funded with debt.

Estimated Project Budget $322 - $394 million