

**FINANCE COMMITTEE
OF THE BOARD OF VISITORS
EASTERN VIRGINIA MEDICAL SCHOOL
SEPTEMBER 15, 2020
ELECTRONIC MEETING VIA BLUEJEANS
VIDEOCONFERENCING PLATFORM
12:00 P.M.**

Due to the COVID-19 pandemic, the meeting was held by electronic communication means in accordance with Va. Code § 2.2-3708.2, Chapter 1283 of the 2020 Acts of the Virginia General Assembly, and Governor Northam’s Executive Order 51 dated March 12, 2020.

PARTICIPATED VIA BLUEJEANS

ABSENT

Robert J. Bianchi, Rear Adm (Ret), SC, USN, Chair
Betty B. Bibbins, MD
Sarah M. Bishop
Theresa S. Emory, MD
Chester M. Hart, Jr.
Frank A. Lattanzio, PhD
W. Ashton Lewis, Sr.
T. Richard Litton, Jr.
Tina L. Mohr, JD
Alan L. Wagner, MD
Mark R. Babashanian (EX OFFICIO)
Kurt E. Stauder, DPH (EX OFFICIO)
Helen S. Heselius (STAFF)
Linda S. Speers, Committee Secretary (STAFF)
Marcus L. Martin, MD (NON-VOTING)

EX OFFICIO/STAFF MEMBERS PRESENT AT EVMS

Brant M. Cox (EX OFFICIO)
Richard V. Homan, MD (EX OFFICIO)
Tammy A. Chrisman (STAFF)
David E. Huband (STAFF)

CALL TO ORDER

Admiral Robert Bianchi, Chair, opened the electronic meeting of the Finance Committee at 12:00 p.m. He announced that the Committee is meeting by electronic means as permitted by a recent change to Virginia law that allows public bodies to hold electronic meetings to transact its business during a declared state of emergency that makes it impracticable and unsafe to assemble a quorum in a single location.

Admiral Bianchi introduced and welcomed two new members, Dr. Betty Bibbins and Dr. Theresa Emory, to the Finance Committee.

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APPROVAL OF MINUTES

The minutes from the June 9, 2020 meeting were approved as distributed by a roll call vote: Bianchi: YES, Bibbins: ABSTAIN, Bishop: YES, Emory: YES, Hart: YES, Lattanzio: YES, Lewis: YES, Litton: YES, Mohr: YES, Wagner: YES. The motion passed (9-0-1).

FINANCE REPORT

Proposed Use of FY 2020 Projected Core Net Excess

Mrs. Helen Heselius started with the Proposed Use of the Projected Core Net Excess schedule as it provides a good snapshot of what was projected in May and June and how we ended the year. She stated that prior to COVID-19, EVMS was projecting about \$5.7 million net excess. In May and June, it was projected EVMS would have an impact from COVID-19 of about \$4.1 million for a bottom line of \$1.5 million. She stated that due to operations being ramped up earlier than projected, net expenses ended up only being \$1.5 million, leaving a bottom line of \$4.2 million. She stated that Management transferred \$3.85 million to EVMS Reserves to be available for the President's use in future periods. The Core net excess after the transfer is \$529,000. She reminded that Committee that at the end of the year Management tries to keep approximately \$500,000 in Core operations and transfers any excess to EVMS Reserves. She stated that the uncommitted reserves after the transfer are estimated to be \$44.7 million.

June 2020 (Unaudited)

Mrs. Heselius stated that the June 2020 Financial Statements are unaudited and subject to change as they move through the audit process. She reported that through June 30, 2020 there was an overall net excess of \$20.2 million. The Core net excess is \$529,000 million mostly due to positive variances in salary and fringe savings from vacant positions, offset by negative variances in tuition and fees due to lower enrollment in various Health Professions programs. Core direct COVID-19 expenses were \$1.2 million and partially offset by savings in travel and catering. Management was able to transfer year-end net excess of \$3.85 million to EVMS Reserves to be available to support future initiatives.

Mrs. Heselius highlighted the year-end results of clinical operations reporting the EVMS Medical Group operating margin was \$3.1 million over budget and \$2.8 million better than previous year. This is due to their efforts to improve operational efficiencies prior to COVID-19, which helped sustain them through the pandemic crisis. They were also able to implement telemedicine in a short period, which help offset some losses from to the COVID restrictions.

Mrs. Heselius reported a net excess of \$13.2 million in Department Reserves mostly due to \$9 million from EVMS Reserves for various commitments and year-end adjustments of \$1.0 million in health insurance reserves and \$800,000 transfer from the State of Virginia Coronavirus Relief Fund for PPE. She reported an EVMS Reserves net excess of \$2.2 million after the \$3.85 million transfer from Core. This includes an unbudgeted \$3 million transfer from EVMS Reserves to Department Reserves to replenish funds appropriated from the President's fund to several chairs and the Vice Dean of Academic Affairs.

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Mrs. Heselius reported a strong cash position and an increase of \$17.6 million mostly due to the increase in cash from operations, offset by construction costs that have been incurred during the year.

Mrs. Heselius reported all bond covenants were met for June.

July 2020

Mrs. Heselius stated that July is the first month in the fiscal year so it is hard to project any trends. She reported a \$1.8 million overall net excess through July 31, 2020. The Core net excess is \$825,000, mostly due to positive variances in salary and fringe savings from vacant positions. She stated the Clinical Enterprise is showing a negative margin for the month, mostly due to the timing of third party managed care revenues they receive. In addition, due to staff shortages, some practices are behind in their billing. She stated that management will continue to closely monitor to identify any potential impacts COVID-19 is having on clinical operations.

CONSTRUCTION/RENOVATION PROJECTS

Mrs. Heselius gave an update on the renovation projects on campus:

Waitzer Hall: Mrs. Heselius stated that the 3-story podium that will house student classrooms and study space partially opened last week. She stated that due to COVID-19, the physical distancing requirements and the fact that the classes are continuing to be virtual, they are not opening up the classrooms at this point. The much needed student space is open and available to the students to use. The 11-story tower component of the building is expected to be completed by the end of October. The staff will move into the building at the end of November through February.

Brickell Library 4th Floor: This space is being renovated to make space for the new Fine Academy of Educators. This project started at the beginning of September and is expected to be completed at the end of December.

Andrews Hall 5th Floor: Once the 5th floor is vacated by the current staff who will be moving into Waitzer Hall, renovations will begin to allow for the Office of Development to move onto Campus. Currently they are located off campus in Fort Norfolk. That project will start in January 2021 and will be completed in June 2021.

Hague Club Apartments: There are 81 student apartments that were built in 1986 that are in need of renovation. This project will start in June 2021 and is expected to be completed at the end of August 2021.

EVMS MEDICAL GROUP UPDATE

Dr. Kurt Stauder recognized and thanked the faculty and staff for their hard work during COVID-19. He stated that during July there were some accounting and timing issues that resulted in a negative budget variance as previously reported by Mrs. Heselius. Dr. Stauder stated the biggest hurdle the Medical Group now faces is staffing shortages due to families having multiple children in school. He stated this has had an impact in their workforce. They have attempted to contract temporary services to back-fill positions and even these services have limited resources.

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In addition, he is concerned with ongoing staffing issues causing staff burn out because of the heavy workload.

Dr. Homan reiterated the need to thank all the faculty, staff and residents. Due to their efforts, EVMS was able to immediately calibrate down at the beginning of the pandemic and then quickly ramp operations back up, which had a significant positive impact on the finances, especially compared to other schools across the country. Admiral Bianchi also recognized the EVMS team and Dr. Homan's leadership that allowed EVMS to end the fiscal year in a strong financial position.

NEW BUSINESS

Special Meeting

Admiral Bianchi stated that a special meeting of the Finance Committee is needed in May 2021 to review the preliminary FY 2022 operating budget. This meeting will be held on Tuesday, May 18, 2021 at 9:00 a.m.

ADJOURNMENT

With no further business to discuss, Admiral Bianchi adjourned the meeting at 12:40 p.m.

The next meeting of the Finance Committee will be on **Tuesday, December 15, 2020. The time and location will be determined at a later date.**

Linda S. Speers

Linda Speers
Recording Secretary