

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

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 ZOOM

Robert J. Bianchi, Rear Adm (Ret), SC, USN, Chair
Betty B. Bibbins, MD
Sarah M. Bishop
Theresa S. Emory, MD
Frank A. Lattanzio, Ph.D.
T. Richard Litton, Jr.
Tina L. Mohr, JD
Alan L. Wagner, MD
Marcus L. Martin, MD (NON-VOTING)
Camille L. Endres (STAFF)
Kurt E. Stauder, DPH (EX OFFICIO)

ABSENT

W. Ashton Lewis, Sr.
Chester M. Hart, Jr.

EX OFFICIO/STAFF MEMBERS PRESENT – Waitzer 11th Floor Board Room, EVMS

Brant M. Cox (EX OFFICIO)
Helen S. Heselius (EX OFFICIO)
Richard V. Homan, MD (EX OFFICIO)
Linda S. Speers (STAFF)

CALL TO ORDER

Admiral Robert Bianchi, Chair, opened the electronic meeting of the Finance Committee at 12:02 p.m. after noting a quorum was present.

APPROVAL OF MINUTES

Upon a motion made and seconded, the minutes of the September 15, 2020 meeting were approved by roll call vote from the following Committee Members: Rear Admiral Robert Bianchi, Dr. Betty Bibbins, Ms. Sarah Bishop, Dr. Terri Emory, Dr. Frank Lattanzio, Ms. Tina Mohr, and Dr. Alan Wagner.

FINANCE REPORT

October 2020

Ms. Camille Endres reported the October net excess is \$7.3 million. The Core net excess is \$2.6 million, mostly due to positive variances in salary and fringe savings from vacant positions, offset by transfers from EVMS Reserves for unfilled positions. Other positive variances include clinical enterprises 20%, facilities and administrative cost recoveries, and travel expenses offset by a negative variance in standardized patient revenues and investment income. She reported that Sponsored Research has an unfavorable variance of \$.5 million due to new revenue recognition standard on milestone-based awards. Revenue is now recognized as the donor-imposed conditions are met for revenue to be released versus when cost-matching expenses are incurred, which can cause timing variances from one year to the next. Ms. Endres stated that the Clinical Enterprises operating margin is \$2.1 million more than budget and \$3.1 million greater than this time last year. The Department Reserves has a \$3.2 million positive variance, mostly due to salary and fringe savings, operating expenses, and lower than budgeted transfers from EVMS Reserves. EVMS Reserves net excess of \$.9 million is mainly due to less than budgeted spending on various projects. She reported that Property, Plant and Equipment has a net excess of \$1.1 million mostly due to a timing issue of equipment approved last year and purchased this year.

All bond covenants were met for October.

2021 BOND ISSUE

Ms. Helen Heselius stated that in March 2020, the Board of Visitors approved a \$10 million bond issue to include a portion of the Hague Club Apartments renovations, renovations to Brickell Library for the Academy of Educators and renovations to Andrews Hall. This borrowing is expected to occur in 2021 (Series 2021). In addition, EVMS had borrowed \$10 million in the Series 2018 debt to fund Waitzer Hall, renovations to labs in Lewis Hall and to start Hague Club Apartments renovations. She reported that to date, EVMS has only drawn a little over \$6 million on the Series 2018 debt. The interest on the 2018 debt is 3.46%. The rates are now estimated to be about 2.75%. Due to the interest savings, management, working with financial advisors, elected to roll over the almost \$4 million from the Series 2018 debt to achieve interest savings due to decreased interest rates. In addition, Ms. Heselius explained that the cost of the Series 2021 projects have increased mostly due to the Hague Club Apartments project and unforeseen conditions. The additional amount needed is \$4 million. Even with the additional debt, management expects to save over \$400,000 in interest costs as compared to the original projections for the Series 2021 debt, which was estimated using a 4% interest rate. She stated that management is seeking approval to borrow the additional funds needed for the 2021 projects.

Admiral Bianchi asked for a recommendation giving EVMS management permission to move forward working with the bank to structure this bond issuance. He stated another vote would be taken when management is ready to execute the final issuance. Upon a motion duly made and seconded, the Committee, by roll call vote from the following Committee members: Rear Admiral Robert Bianchi, Dr. Betty Bibbins, Ms. Sarah Bishop, Dr. Terri Emory, Dr. Frank Lattanzio, Mr. T. Richard Litton, Ms. Tina Mohr, and Dr. Alan Wagner, recommends the following:

ACTION: Upon recommendation of staff, the Finance Committee does hereby recommend to the Board of Visitors of the Eastern Virginia Medical School approval of an increase in the 2021 calendar year bond issuance to a total of \$18 million, which includes:

1. **\$10,000,000 approved March 10, 2020 bond issuance,**
2. **\$3,975,429 not incurred from the Series 2018 bond issuance and carried over in order to achieve interest savings, and**
3. **\$4,024,571 of additional debt.**

Further, the Committee respectfully requests the Board of Visitors to consider this matter at their next board meeting on December 15, 2020.

EVMS MEDICAL GROUP UPDATE

Dr. Kurt Stauder reported the Clinical Enterprise net excess is \$5.4 million, which is \$2 million better than budget and \$3 million better than the prior year. He stated that both patient revenue and contractual revenue are doing better than budget in prior years, and gross charges are performing better by about 2% over the prior year. He stated the year to date positive variance is largely attributed to lower expenses and a change in the accrual method for the recording PSPP revenue. Prior to this, the PSPP revenue was not recorded until received, but they are now projecting the PSPP on an accrual method. He stated they also are receiving higher PSPP payments, so that is contributing to the better than budget and better than prior year performance. Dr. Stauder stated they had initiated a ramp-up plan for coming out of COVID and that has contributed to a quicker rebound. He wanted to give credit to the faculty and staff who managed expenses and increased their volume to close to where they were prior to COVID.

NEW BUSINESS

Admiral Bianchi announced it would be necessary to hold a Closed Session as permitted under Code of Virginia Section 2.2-3712(A) to discuss and consider the disposition of real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body as permitted by the Code of Virginia §2.2-3711(A)(3). Accordingly, upon a motion made and seconded, the Committee voted unanimously to adjourn the regular session and convene the Closed Session.

All approvals were obtained by roll call vote from the following Committee members: Rear Admiral Robert Bianchi, Dr. Betty Bibbins, Ms. Sarah Bishop, Dr. Terri Emory, Dr. Frank Lattanzio, Mr. T. Richard Litton, Ms. Tina Mohr, and Dr. Alan Wagner.

ADJOURNMENT

The meeting was adjourned at 12:25 p.m.

Linda S. Speers

Linda Speers
Recording Secretary

**FINANCE COMMITTEE
OF THE BOARD OF VISITORS
EASTERN VIRGINIA MEDICAL SCHOOL
CLOSED SESSION
ELECTRONIC MEETING VIA ZOOM
VIDEOCONFERENCING PLATFORM
DECEMBER 15, 2020**

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PARTICIPATED VIA ZOOM

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Marcus L. Martin, MD (NON-VOTING)

ABSENT

W. Ashton Lewis, Sr.
Chester M. Hart, Jr.

EX OFFICIO/STAFF MEMBERS PRESENT – Waitzer 11th Floor Board Room, EVMS

Brant M. Cox (EX OFFICIO)
Helen S. Heselius (EX OFFICIO)
Richard V. Homan, MD (EX OFFICIO)
Linda S. Speers (STAFF)

Admiral Robert Bianchi, Chair, opened the Closed Session at 12:26 p.m. This Closed Session is permitted under Code of Virginia Section 2.2-3712(A) to discuss and consider the disposition of real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body as permitted by the Code of Virginia §2.2-3711(A)(3).

The Closed Session adjourned at 12:50 p.m.

Linda S. Speers

Linda Speers
Recording Secretary

**FINANCE COMMITTEE
OF THE BOARD OF VISITORS
EASTERN VIRGINIA MEDICAL SCHOOL
RETURN TO REGULAR SESSION
VIRTUAL MEETING VIA ZOOM
VIDEOCONFERENCING PLATFORM
DECEMBER 15, 2020**

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PARTICIPATED VIA ZOOM

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EX OFFICIO/STAFF MEMBERS PRESENT – Waitzer 11th Floor Board Room, EVMS

Brant M. Cox (EX OFFICIO)
Helen S. Heselius (EX OFFICIO)
Richard V. Homan, MD (EX OFFICIO)
Linda S. Speers (STAFF)

Admiral Robert Bianchi, Chair, opened this Return to Regular session at 12:50 p.m.

Upon a motion duly made and seconded, the Committee certified by roll call vote that to the best of their knowledge, only such matters as were identified in the motion convening the Closed Session were heard, discussed and considered by the Committee.

All approvals were obtained by roll call vote from the following Committee members: Rear Admiral Robert Bianchi, Dr. Betty Bibbins, Ms. Sarah Bishop, Dr. Terri Emory, Dr. Frank Lattanzio, Mr. T. Richard Litton, Ms. Tina Mohr, and Dr. Alan Wagner.

With no further business to discuss, Admiral Bianchi adjourned the meeting at 12:51 p.m.

The next meeting of the Finance Committee will be on **Tuesday, March 16, 2021. The time and location will be determined at a later date.**

Linda S. Speers

Linda Speers
Recording Secretary