

**FINANCE COMMITTEE
OF THE BOARD OF VISITORS
EASTERN VIRGINIA MEDICAL SCHOOL
MARCH 15, 2022
Waitzer Hall Board Room – 11th Floor
11:15 A.M.**

PRESENT

Robert J. Bianchi, Rear Adm (Ret), SC, USN, Chair
Conrad M. Hall
Chester M. Hart, Jr.
Daun S. Hester
W. Ashton Lewis, Sr.
Mary C. Rubino, MD

ABSENT

Sarah M. Bishop
Paul D. Fraim, Esq.
T. Richard Litton, Jr.
Bruce D. Waldholtz, MD

EX OFFICIO MEMBERS PRESENT

Alfred Z. Abuhamad, MD
Tammy A. Chrisman
Helen S. Heselius

STAFF PRESENT

Victoria Dean
Brian T. Mansfield
Linda S. Speers

CALL TO ORDER

Admiral Robert Bianchi, Chair, opened the meeting at 11:18 a.m.

APPROVAL OF MINUTES

Upon a motion made and seconded, the minutes of the December 14, 2021 Finance Committee meeting were approved as distributed.

FINANCE REPORT

January 2022

Mrs. Tammy Chrisman reported that through January 31, 2022 there is an overall net excess of \$11.4 million. The Core net excess is \$1.3 million, mostly due to positive variances in salary and fringe savings from vacant positions. She stated that some positions are funded by EVMS Reserves but because the positions are vacant, the transfers were not done. There was also some general funding budgeted from EVMS Reserves for operations that is not needed due to the salary savings. She noted that the interest income is less than budget due to unrealized losses from market volatility. The Clinical Enterprises year-to-date operating margin is \$10.2 million, which is \$1.2 million better than budget. Department Reserves net excess of \$3.9 million is mostly due to timing of receipts in advance of spending and includes affiliation agreement support, student fees, resident education support, NASA funding, and internal transfers for research, professional development and the capital campaign. She stated that the EVMS Reserves net excess of \$1.9 million is mostly due to timing of expenses on projects and reduced

Finance Committee Meeting
March 15, 2022
Page 2

transfers to Core related to salary savings. Mrs. Chrisman reported that all bond covenants were met.

Mrs. Chrisman was asked to provide a debt amortization schedule to the Finance Committee at a future meeting.

BUDGET TIMELINE – FY 2023

Mrs. Helen Heselius reviewed the timeline for the development of the FY 2023 budget. She stated that this will be a challenging budget year due, in part, to the expiration of the Sentara affiliation agreement. The new agreement is not expected to be finalized until after the budget is completed. In addition, inflation and providing more than 2% merit increases to employees to remain competitive is also a challenge. Management is looking at all expenses closely to determine any and all cost savings, but they may need to use accumulated reserves for this transition year. She advised the Committee that there will be a special Finance Committee meeting on May 24, 2022 at 9:00 a.m., at which time the preliminary budget will be reviewed in detail. Any changes to the budget between that meeting and the June meeting will be discussed at the June 21, 2022 meeting. At that meeting, the Finance Committee will be asked to approve the FY 2023 proposed budget and recommend that the Board of Visitors approve it at their meeting later that day.

CONSTRUCTION UPDATE

Mrs. Heselius reviewed the status of several ongoing campus construction projects. She stated that the renovations to the Hague Club Apartments has encountered substantial unforeseen conditions due to the age of the buildings, resulting in more project costs. She stated that planning for renovations to these apartments that were built in 1985 started back in 2017. In 2021, when Management was doing the bond issue, the budget was increased to \$11 million due to zoning and code issues and other conditions that were discovered. Soon after the project was started in January 2022, Management was alerted to several significant issues related to how the buildings were originally constructed. She stated that the scope of the project has increased to approximately \$16.5 million and will be funded by the bond issue and internal reserves. Management evaluated whether to move forward with the project and it was decided to continue. It would cost about half the amount of the total project to get out at that point. In addition, EVMS would not have housing for students or the revenue stream to fund the costs already incurred. She stated that Management is watching costs closely and is looking at every opportunity to reduce costs. The initial timeline for project completion was August 2022, however that timeline has now been expanded. The timeline for the individual buildings will be staggered starting in August 2022 through February 2023.

EVMS MEDICAL GROUP UPDATE

In Mr. Brant Cox's absence, Mrs. Heselius provided the EVMS Medical Group update. She stated that they are seeing positive trends. The Clinical Enterprises is \$1.2 million better than budget. Although their revenue is less than budget due to decreased providers, there is offsetting expense savings on the salary line. The Medical Group is doing better than the prior year, which was not

Finance Committee Meeting
March 15, 2022
Page 3

expected since last year was so good. Due to the Pediatric Group doing less than budget, the total Clinical Enterprises is slightly less than they were last year.

NEW BUSINESS

Admiral Bianchi reminded the Committee that a special meeting will be held on May 24, 2022 at 9:00 a.m. to review the 2023 Preliminary Operating Budget.

ADJOURNMENT

With no further business to discuss, the meeting was adjourned at 11:50 a.m. The next meeting will be held on Tuesday, May 24, 2022 at 9:00 a.m. in the Waitzer Hall 11th Floor Boardroom.

Linda S. Speers

Linda Speers
Recording Secretary