

**FINANCE COMMITTEE  
OF THE BOARD OF VISITORS  
EASTERN VIRGINIA MEDICAL SCHOOL  
DECEMBER 13, 2022  
Waitzer Hall Board Room – 11<sup>th</sup> Floor  
11:00 A.M.**

**PRESENT**

Robert J. Bianchi, Rear Adm (Ret), SC, USN, Chair  
G. Robert Aston, Jr.  
Conrad M. Hall  
Hon. Daun S. Hester  
Hon. S. Chris Jones  
W. Ashton Lewis, Sr.  
Bruce D. Waldholtz, MD, Ex-officio (Voting)  
George A. Faatz (Non-Voting)  
Hon. Blythe A. Scott, Esq. (Non-Voting)  
Preston M. White (Non-Voting)

**ABSENT**

Guy R. Friddell, III, Esq.  
T. Richard Litton, Jr., Esq.  
Keith H. Newby, Sr., MD  
Mary C. Rubino, MD

**EX OFFICIO MEMBERS PRESENT (NON-VOTING)**

Alfred Z. Abuhamad, MD  
Seth C. Sharpe

**STAFF PRESENT**

Tammy A. Chrisman  
Brant M. Cox  
Victoria C. Dean  
Helen S. Heselius  
Brian T. Mansfield  
Linda S. Speers  
Joel B. Hilton

**CALL TO ORDER**

Admiral Robert Bianchi, Chair, opened the meeting at 11:04 a.m. Admiral Bianchi introduced and welcomed the newest Board of Visitors member, Mr. Preston White.

**APPROVAL OF MINUTES**

Upon a motion made and seconded, the minutes of the September 20, 2022 Finance Committee meeting were approved as distributed.

**FINANCE REPORT**

**October 2022**

Mrs. Chrisman reported that through October 31, 2022 there is an overall net deficit of \$1.8 million, which is in line with the budget. The Core net excess of \$208,000 is mostly due to \$1.8 million positive variances in salary and fringe savings from vacant positions. This savings is partially offset with negative variances in tuition and fees, Clinical Enterprise 20% support, Foundation

support and facilities and administrative cost recoveries. She reported that the Clinical Enterprises operating margin is \$3.1 million, which is \$2.3 million less than budget. Sponsored Research excess of \$286,000 is due to the timing difference between when revenue is recognized and expenses are incurred on milestone-based contracts. The \$777,000 year-to-date net deficit in Department Reserves is consistent with the budget and is reflective of spending on projects funded from prior years. EVMS Reserves year-to-date bottom line is \$724,000 less than budget mainly due to integration and consulting costs related to integration with ODU. Mrs. Chrisman reported that all bond covenants were met.

### **Budget Adjustment**

Mrs. Chrisman stated that the shortfall in tuition and fees is mostly due to the lower-than-expected enrollment in Health Professions. She stated that Management is adjusting the FY 2023 budget by reducing the expected tuition by \$1.7 million and reducing expenses to have a zero net effect on the budget bottom line. Expense reductions include placing a hiring freeze on some currently vacant Health Professions positions and reducing operating expenses. Dr. Donald Combs, Dean of the School of Health Professions, will be presenting an overview of the Health Professions programs at the Board of Visitors meeting, and will discuss why some of enrollment targets are not being met. Management is also conducting a thorough review of the Health Professions programs over the next calendar year.

### **BOND MODIFICATION – LIBOR Sunset**

Mrs. Helen Heselius stated that EVMS has three bonds, two Series 2010 and a Series 2011 that use the LIBOR benchmark index as the basis of the interest rate. LIBOR is sunsetting in June 2023 and we are required to select another benchmark index. Once LIBOR expires, the benchmark index will transition to “Secured Overnight Financing Rate” (SOFR). The change requires a bond modification but it is administrative and will not affect the rate or have an economic impact.

Mrs. Heselius stated that included in documentation distributed is the Resolution that allows the authorized officials to execute the related documents that will be needed related to the bond modification, as well as the draft of the Twentieth Supplemental Indenture of Trust. Mrs. Heselius stated the Resolution was prepared by Bond Counsel and requires formal approval. Admiral Bianchi asked for a motion to approve the Resolution as it was distributed to the Committee in Boardbooks. Upon a motion made and seconded, the Finance Committee 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 the attached Resolution of the Board of Visitors of the Eastern Virginia Medical School Approving the Modification of Certain Previously Issued General Revenue Bonds. Further, the Committee respectfully requests the Board of Visitors to consider this matter at their next board meeting on December 13, 2022.**

### **EVMS MEDICAL GROUP UPDATE**

Mr. Seth Sharpe reported that through October 31, 2022 year the Medical Group net excess is \$3.1 million which is \$2.3 million under budget. The total revenues is \$26.5 million which is \$6 million less than budget, largely due to growth projection that has not been realized due to faculty recruitment. He noted that even though the revenue is down, the expenses are also down by \$3.6 million due to not having the costs associated with provider salaries. He stated that salaries and wages across health care have increased and to stay competitive they have had to budget both market increases and the on-going merit increases. Mr. Sharpe noted that the \$19.6 million in cash reserves is a new historical high for the Medical Group, up from \$19 million last quarter. The days in AR is down to 49 compared to 57 last year at this time, and 51 last quarter, due to concentrated effort to improve collection.

Dr. Abuhamad pointed out that in addition to faculty growth projection that hasn't materialized, there was a decrease in faculty productivity due to an increase in faculty post-COVID travel which impacted the Medical Group budget. He reported that the Medical Group will be bringing in a consultant to help them move to a more modern structure to where most medical schools are functioning today. Although it will take some resources from the reserves, it is essential for the longevity and success of the Medical Group into the future.

### **ADJOURNMENT**

With no further business to discuss, the meeting was adjourned at 11:30 a.m. The next meeting will be held on Tuesday, March 21, 2023.

***Linda S. Speers***

Linda Speers  
Recording Secretary