

**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS**

**Meeting of the  
Finance Committee**

**December 11, 2020**

**FINANCE COMMITTEE**

**Friday, December 11, 2020**

**10:00 - 11:15 a.m.**

**Pavilion Ballroom, Boar's Head Resort**

**Committee Members:**

Robert M. Blue, Chair	Robert D. Hardie
C. Evans Poston Jr., Vice Chair	Maurice A. Jones
Frank M. Conner III	James V. Reyes
Thomas A. DePasquale	James B. Murray Jr., Ex-officio
John A. Griffin	Ellen M. Bassett, Faculty Member
Louis S. Haddad	

**AGENDA**

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**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY**

**BOARD MEETING:** December 11, 2020

**COMMITTEE:** Finance

**AGENDA ITEM:** I.A. Operating Amendments to the 2020-2022 Biennial Budget

**BACKGROUND:** In even-numbered years, the University submits requested amendments to the biennial budget to the Department of Planning and Budget for review by the Governor for inclusion in the amended budget proposal which is presented to the General Assembly in December.

**DISCUSSION:** On October 26, 2020, the University received instructions from the Commonwealth regarding guidelines and deadlines for the submission of proposed amendments to the 2020-22 budget. The deadline to submit the proposed amendments was November 6, 2020. In anticipation of Board of Visitors approval, we submitted the following proposed general fund amendments related to unavoidable cost increases. We anticipate that cross-cutting issues, such as faculty and staff salary increases, operational support, and financial aid will be addressed by the state for all institutions. We seek your authorization for the following General Fund budget amendments submitted to the Commonwealth on November 6, 2020.

Depending on the outcome of the Governor's budget, to be presented in December, the University may want to submit the following amendments to the General Assembly in January 2021. Any requests not included on this list that might be submitted to the General Assembly will be communicated to the Board of Visitors in advance of the due date. Formal approval will be sought at the March 2021 meeting.

***Academic Division:***

**Operations & Maintenance (O&M) for New Facilities:** The University seeks incremental funding to cover the state's general fund share of O&M for new buildings – Kinesiology Space Assignment within Student Health, Ivy Mountain Central Utility Plant, and the Clinical Department Wing Space (West Complex). FY2021 - \$146,239; FY2022 - \$261,471

**UVA Health Plan:** The University seeks incremental funding to cover the state's general fund share of the increases in employer premiums for employees participating in the UVA Health Plan. FY2021 - \$439,085; FY2022 - \$875,481

**Utilities:** The University seeks incremental funding to cover the state's general fund share of the increase in Dominion Energy's transmission rider effective September 2020. FY2021: \$1,101,600; FY2022: \$2,203,200

***College at Wise:***

**Support for COVID-19 Impact:** The College seeks state support for COVID-19 related expenses anticipated for FY2022, including testing, case management for students in quarantine and isolation, and technology to support remote learning. FY2022 - \$1,000,000

***University Medical Center:***

**Changes to Indigent Care Guidelines:** The Medical Center seeks to update outdated Indigent Care Guidelines for state teaching hospitals, including modifications to asset and income criteria for financial assistance. The Medical Center requests state support to cover the impact of proposed modifications to expand care for the Commonwealth's indigent population. FY2021 - \$5,000,000; FY2022 - \$5,000,000

**Support for Fiscal Year 2020 COVID Expenses:** The Medical Center seeks state support for unreimbursed FY2020 COVID-related expenses incurred but not covered by the FY2020 Coronavirus Relief Fund Allocation. COVID expenses include supplies, payroll, and administrative expenses that supported the preparation, response, and tracking effort of the COVID-19 pandemic. FY2021 - \$3,200,000

**ACTION REQUIRED:** Approval by the Finance Committee and by the Board of Visitors

**OPERATING AMENDMENTS TO THE 2020-2022 BIENNIAL BUDGET FOR THE ACADEMIC DIVISION AND THE UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE**

WHEREAS, the Academic Division, The University of Virginia's College at Wise, and the University of Virginia Medical Center have the opportunity to propose budget amendments to the 2020-2022 Biennial Budget for consideration by the Governor;

RESOLVED, the Board of Visitors of the University of Virginia approves the 2020-2022 General Fund operating amendments; and

RESOLVED FURTHER, the Board of Visitors understands that to the extent these requests are not included in the Governor's 2020-2022 amended budget, the University may want to pursue a similar request to the General Assembly.

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**BOARD MEETING:** December 11, 2020

**COMMITTEE:** Finance

**AGENDA ITEM:** I.B. Major Capital Project Financing Plans: Smith Hall Renovation, School of Data Science (revised), McIntire Academic Facility (revised), Ivy Corridor Landscape and Infrastructure Phase I (revised)

**BACKGROUND:** When the administration recommends a capital project, there are two major considerations to be evaluated by the Board of Visitors. The Buildings and Grounds Committee determines whether to add the project to the Multi-Year Major Capital Plan, and the Finance Committee evaluates whether there is a sound financing plan to pay for the estimated project cost and additional operating costs expected once the project is complete.

**DISCUSSION:**

**(1) Smith Hall Renovation:** Approved by the Board of Visitors in June 2020, the renovation of Smith Hall will repurpose the facility for academic, administrative, and programmatic spaces. Executive education, lifelong learning, and alumni engagement are critical areas that will be housed in Smith Hall to support Darden’s global brand and influence. The project budget, estimated at \$14M, will be funded via a \$7.2M lead gift and remaining amount in debt that will be repaid as further philanthropic commitments are collected. Debt service and any associated incremental operating costs will be the responsibility of the Darden School Foundation.

**(2) School of Data Science:** Located at the southeast corner of the Ivy Corridor precinct, the, approximately 61,000 GSF School of Data Science (SDS) facility, approved by the Board of Visitors in June 2019, will be the first academic building constructed as part of the Ivy Corridor master plan. The four-story facility will include four “smart” classrooms, faculty offices, and a variety of meeting and research areas that will provide essential learning, research, and administrative spaces to support the SDS. Additional planning efforts since the approval of the initial financing plan have resulted in a revised total project budget of \$48M to be funded by \$5.5M in gifts and \$42.5M in debt. The revised budget allows the project to retain significant functional, programmatic, sustainable, and aesthetic features identified during the design process; and includes robust audio/visual equipment and furniture necessary to create collaborative workspaces. Debt service will be repaid by gifts and interest earnings on the quasi-endowment established when the initial portion of the gift was received.

**(3) McIntire Academic Facility:** In support of the McIntire School’s long-term growth plan to expand current graduate and executive programs, develop research and study centers,

and enhance the portfolio of undergraduate programs, the renovation of the multi-story Cobb Hall and new addition and will provide just over 100,000 additional GSF and will contain a mix of spaces for students, faculty, and staff that will support innovation, emerging technology, media production, data analytics, and visualization. Additional planning efforts since the original approval by the Board in 2017 have resulted in a revised project budget including furniture, fixtures, and equipment of \$101M to be 100% funded by philanthropic gifts over time. In the interim, debt of no more than \$101M will be used to bridge the collection of cash payments on the committed gifts. Debt service, as well as incremental operating costs, will be the responsibility of the McIntire School of Commerce and will be repaid as gifts are collected in accordance with its established fundraising schedule.

***(4) Ivy Corridor Landscape and Infrastructure Phase I:*** Since originally approved by the Board in June 2017, the scope of the first phase of the Ivy Corridor Landscape and Infrastructure project has evolved to include a larger footprint based on the location of the UVA Hotel and Conference Center (HCC); full site development and utility design; coordination with the City and with the School of Data Science and UVA HCC projects; stream and stormwater remediation plans; and the demolition of the Dynamics Building. The current budget is estimated at \$60M and will be funded by \$4M in cash, \$47M in bond proceeds, and \$9M in debt to be repaid by the Utilities Infrastructure Account (UIA).

**ACTION REQUIRED:** Approval by the Finance Committee and by the Board of Visitors

**FINANCING PLANS FOR THE SMITH HALL RENOVATION, SCHOOL OF DATA SCIENCE, MCINTIRE ACADEMIC FACILITY, IVY CORRIDOR LANDSCAPE AND INFRASTRUCTURE PHASE I**

WHEREAS, the financing plan for the renovation of Smith Hall calls for the use of gifts in the amount of \$7.2M and debt in the amount of \$6.8M; and

WHEREAS, the revised financing plan for the School of Data Science facility calls for the use of gifts in the amount of \$5.5M and debt in the amount of \$42.5M; and

WHEREAS, the revised financing plan for the McIntire Academic Facility calls for the use of gifts in the amount of \$7.5M and debt in the amount of \$93.5M; and

WHEREAS, the revised financing plan for the Ivy Corridor Landscape and Infrastructure Phase I calls for the use of cash in the amount of \$4M, bond proceeds in the amount of \$47M, and debt in the amount of \$9M;

RESOLVED, the Board of Visitors approves the financing plans for the renovation of Smith Hall, School of Data Science Facility, McIntire Academic Facility, and Ivy Corridor Landscape and Infrastructure Phase I.

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**BOARD MEETING:** December 11, 2020

**COMMITTEE:** Finance Committee

**AGENDA ITEM:** I.C. Signatory Authority for Medical Center Contracts  
Exceeding \$5M Per Year

**BACKGROUND:** The Board of Visitors is required to approve the execution of any contract where the amount per year is in excess of \$5M.

**DISCUSSION:** In accordance with Medical Center procurement policy and its group purchasing organization affiliation with Premier Healthcare Alliance, LP, the three contracts listed below exceed \$5M in spend per year, and thus, exceed the signatory authority of the Executive Vice President for Health Affairs.

- Cardinal Health 108, LLC, Cardinal Health 110, LLC, Cardinal Health 112, LLC, and affiliates (collectively “Cardinal Health”) for pharmacy distribution services
- CDW Government LLC for computing equipment hardware, software & services
- Qualivis, LLC for interim clinical staffing (nurse travelers)

The expense for goods and services purchased through these contracts is reflected in the Medical Center’s Operating and Capital Budgets.

**ACTION REQUIRED:** Approval by the Health System Board, the Finance Committee, and by the Board of Visitors

**SIGNATORY AUTHORITY FOR CERTAIN MEDICAL CENTER CONTRACTS  
EXCEEDING \$5M PER YEAR**

RESOLVED, the Board of Visitors authorizes the Executive Vice President for Health Affairs to execute contracts on behalf of the Medical Center with Cardinal Health, CDW Government LLC & Qualivis, LLC.

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**BOARD MEETING:** December 11, 2020

**COMMITTEE:** Finance

**AGENDA ITEM:** II. Executive Vice President's Remarks

**ACTION REQUIRED:** None

**BACKGROUND:** The Executive Vice President and Chief Operating Officer will inform the Board of Visitors of other recent events that do not require formal action, but of which it should be made aware.