



THE RECTOR AND VISITORS OF THE
UNIVERSITY OF VIRGINIA

December 11, 2020

MEMORANDUM

TO: The Finance Committee:

Robert M. Blue, Chair
C. Evans Poston Jr., Vice Chair
Frank M. Conner III
Thomas A. DePasquale
John A. Griffin
Louis S. Haddad

Robert D. Hardie
Maurice A. Jones
James V. Reyes
James B. Murray Jr., Ex Officio
Ellen M. Bassett, Faculty Member

and

The Remaining Members of the Board:

Mark T. Bowles
L.D. Britt, M.D.
Whittington W. Clement
Elizabeth M. Cranwell

Barbara J. Fried
Babur B. Lateef, M.D.
Angela Hucles Mangano
Mazzen S. Shalaby, Student Member

FROM: Susan G. Harris

SUBJECT: Minutes of the Meeting of the Finance Committee on December 11, 2020

The Finance Committee of the Board of Visitors of the University of Virginia met, in open session, by electronic means at 10:10 a.m. on Friday, December 11, 2020. C. Evans Poston Jr., Vice Chair, presided.

Committee Members Present: James B. Murray Jr., Frank M. Conner III, Thomas A. DePasquale, John A. Griffin, Louis S. Haddad, Robert D. Hardie, Maurice A. Jones, James V. Reyes, and Ellen M. Bassett

Committee Member Absent: Robert M. Blue

Mark T. Bowles, Whittington W. Clement, Elizabeth M. Cranwell, Barbara J. Fried, Dr. Babur B. Lateef, and Mazzen S. Shalaby also attended.

Present as well were James E. Ryan, Jennifer Wagner Davis, K. Craig Kent, M.D., M. Elizabeth Magill, Margaret S. Grundy, Susan G. Harris, Timothy J. Heaphy, Donna P. Henry, Michael J. Citro, John C. Jeffries Jr., Megan K. Lowe, David W. Martel, Clark "Chip" L. Murray, and Debra D. Rinker.

Presenters: Colette Sheehy and Melody Bianchetto

Mr. Poston opened the meeting. The tuition discussion will be deferred to the spring. Over the next several weeks, Mr. Blue and Mr. Poston will work with Ms. Davis and her team on a tuition proposal, which will be the main focus of the March Finance Committee meeting. Mr. Poston thanked the administration for a successful fall semester in light of the pandemic. After reviewing the agenda, he called on Ms. Davis to present the action items.

Action Item: Operating Amendments to the 2020-2022 Biennial Budget

Ms. Davis said the Commonwealth initially declined to allow UVA to submit operating requests but at the last minute they were afforded a very limited opportunity. They looked more towards one-time items. The University is seeking incremental funding to cover the state's general fund share of operations and maintenance (O&M) for new buildings. In addition, they are seeking incremental funding to cover the state's general fund share of the increases in employer premiums for employees participating in the UVA Health Plan, and to cover the state's general fund share of the increase in Dominion Energy's transmission rider effective September 2020. The College at Wise is seeking 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. The Medical Center is requesting state support to cover the impact of proposed modifications to expand care for the Commonwealth's indigent population and FY2020 COVID-related expenses incurred but not covered by the FY2020 Coronavirus Relief Fund Allocation.

On motion, the committee approved the following resolution and recommended it for full Board approval:

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.

Major Capital Project Financing Plans

Ms. Davis and Ms. Sheehy walked through financial plans for three approved capital projects on the University's multi-year capital plan: Smith Hall Renovation, School of Data Science, and the McIntire Academic Facility.

On motion, the committee approved the following resolution and recommended it for full Board approval:

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.

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

The Board of Visitors is required to approve execution of any contract where annual spending exceeds \$5M. These three contracts exceed \$5M in spend per year, and thus, exceed the signatory authority of the Executive Vice President for Health Affairs: Cardinal Health (pharmaceutical products), CDW Government LLC (computing equipment hardware, software & services), and Qualivis, LLC (nurse travelers).

On motion, the committee approved the following resolution and recommended it for full Board approval:

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.

Executive Vice President's Remarks

Ms. Davis said she was grateful for the commitment of employees during this time of COVID. She also shared an update on the financial impact. In terms of expenditures, testing, quarantine, isolation space and services, and necessary changes to the physical environment, have cost about \$55M. Combine that with lost revenue due to housing, dining, January term which was provided at no additional cost to students, summer term tuition also provided at no additional charge, and athletics, will cost approximately \$75M to \$125M for the fiscal year. In order to manage this significant financial impact, they have sought federal and state recovery resources through the Medical Center, the Academic Division, and the College at Wise.

Financial levers that have been pulled to cover the costs enumerated above include spending reductions, compensation reductions, hiring freezes, and reductions in discretionary spending. They issued \$600M in 30-year taxable debt at the lowest higher education or corporate rate. Ms. Davis said she was thankful they were able to issue the debt, and she thanked President Ryan and the Board for allowing the Finance team to be creative and flexible.

Ms. Davis said enrollment is steady which is a positive. She complimented the long-term outlook of her predecessors because they positioned UVA well to weather this situation. She plans to give a more detailed update at the March meeting.

Ms. Davis said the 2019-20 Audited Financial Report is online and on the Board portal. She said despite the economic challenges presented by COVID-19, the University remains in a strong financial position.

On motion, the chair adjourned the meeting at 10:45 a.m.

SGH:ddr

These minutes have been posted to the University of Virginia's Board of Visitors website:

<http://bov.virginia.edu/committees/205>