

Date: _____ Approved: _____

VIRGINIA MUSEUM OF FINE ARTS
Minutes of the Fiscal Oversight Committee Meeting
Held, pursuant to due notice, in the Conference Suite Room #2
Richmond, Virginia
Wednesday, February 15, 2012, 10:30 am

Presiding: John R. Staelin, Vice-Chair
Secretary: Ms. Suzanne Broyles

There were present:

John R. Staelin, Vice-Chair
Alfonso L. Carney, Jr.
W. Birch Douglass III
Ms. Eva Teig Hardy
Agustin E. Rodriguez
Michael J. Schewel
Thurston R. Moore, Ex-Officio

By Invitation:

Alex Nyerges, Director
Stephen D. Bonadies
Ms. Suzanne Broyles
Ms. Anne Kenny-Urban
Ms. Linda Lipscomb
Ms. Joan W. Murphy
Robin Nicholson
Charles H. Seilheimer, Jr.
Ms. Fern Spencer

Absent:

John A. Luke, Jr., Chair
James C. Cherry
G. Moffett Cochran
H. Eugene Lockhart
Mrs. Stanley F. Pauley
William A. Royall, Jr.
Ranjit K. Sen
Mrs. Suzanne T. Mastracco, Ex-Officio

I. CALL TO ORDER

Mr. John R. Staelin, Vice-Chair, called the meeting to order at 10:31 am and welcomed the group. He introduced new Trustee Charles H. Seilheimer, Jr. of Orange who was present for the Committee meeting.

II. MINUTES

Motion: proposed by Mr. Staelin and seconded by Mr. Carney that the minutes of the last meeting of the Fiscal Oversight Committee held on the 17th of November 2011 be approved as distributed on the 28th of December 2011.
Motion carried.

III. DIRECTOR'S REMARKS

Director, Alex Nyerges informed the group of the struggle we have had with the administration in getting permission to hire vacant positions during an extended hiring freeze. The Governor's office is only making exceptions for positions they feel are essential. For example, we received approval to replace our sous-chef as that was considered a critical position for a restaurant, but our membership vacancies have not yet been approved. Fern Spencer noted that every state agency is facing this problem.

IV. QUESTIONS ON DISTRIBUTED FINANCIAL DOCUMENTS – Fern Spencer

Chief Financial Officer, Fern Spencer, asked for questions on the distributed financials which reflected activity through December 2011. She reviewed the Museum Operations Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance document, and provided an explanation for some of the larger variances. She said she was a little concerned about the lagging ticket sales but indicated that membership sales were going very well and membership is at an all time high. She added that renewals are staggered and cyclical and it is hoped that memberships processed during last year's *Picasso* exhibition will be renewed at a higher than average rate. She mentioned that the Shop revenues are cyclical also, due to exhibitions, special events, and programs; and parking fees are low in times of low attendance with members parking at no charge.

V. MID YEAR ANALYSIS – Fern Spencer

Fern Spencer provided Exhibition Attendance numbers for *Mummy* and *Elvis at 21*. She noted that the original goal for the *Mummy* exhibition was 100,000 and that it was revised downward as of December 31st to 70,000. She reported that as of February 13th there had been 65,304 visitors. A further review of the experience to date has resulted in a third projection of 93,000 visitors. She explained that revenue goals for *Mummy* were originally \$780,000 and then were revised to \$399,000 to reflect the adjustment in projected attendance. The revenue goal for the most recent projection totaled \$537,540. She noted that the *Elvis* exhibition has also surpassed the ticket sale goal by \$4,669 at this point.

Ms. Spencer then reviewed the proposed budget revisions and the suggested mid-year budget adjustments. She said the main drivers for the reduction in the revenue projection were Fabergé ticket and audio sales, and the revised forecasts for other exhibitions and membership. She noted positive revenue drivers: state funding for the VITA rate increase, *Elvis* is now a ticketed exhibition, and new and additional loan fees from Jamestown/Yorktown and Xu Bing.

Ms. Spencer listed the upwardly revised expenses:

- Changes to how Food Service/Special Events records overtime in the state system
- *Mummy* installation costs
- Down payment for *Costumes*
- Security for *Mocha Dick*

She provided the following revised expense reductions:

Marketing and Sales

- Elimination of the Deputy Director of Sales and Marketing position
- FY12 Payments paid in advance at FY11 year-end
- Not filling an A/V Tech position
- Postponement of Exhibitions/Catalogues

Collections Management and Conservation

- Conservation delayed for postponed exhibitions
- Open IT Head position
- Delayed Emergency Broadcast System

Other Areas

- Design – frontloaded cost of the Fabergé exhibition in FY11
- Design – savings across four exhibitions
- Exhibitions – reduce statewide expenses
- Exhibitions – savings across three exhibitions
- Administration – Unused Workforce Transition Act (WTA) set-aside funding
- Membership – Open Coordinator FTE
- Library – Wage Savings

Fern Spencer shared the following implications for FY13 and beyond that will help us avoid surprises. She encouraged committee discussion.

- FY13 Budget Projections Underway
- Improve Communications among Departments on budget related matters
- Monthly projections from all departments
 - More precise variance analysis
 - Address problem areas quickly
- Maintain master exhibition budgets
 - Crosses fiscal years
 - Ensures all expenses are identified
 - Help assess breakeven potential and/or funding needs
- Use newly developed model for exhibition attendance projections
 - Improves accuracy of projection
 - Adds membership levels to equation

- Reduce overall number of annual exhibitions
- Reduce frequency of banner exhibitions and extend duration to four months
- Use lower level for single banner exhibitions only
- Reallocate Focus 1 & 2 Galleries to permanent collection installations
- Implement cost savings measures in Exhibition Design area
 - Reuse wall configuration over several exhibitions to reduce need to demolish and reconstruct

Stephen Bonadies, Deputy Director for Collections and Facilities Management, reviewed the distributed listing of Maintenance Reserve Projects from January 31, 2012 and fielded questions from the group.

VI. FUNDRAISING DISCUSSION – Linda Lipscomb

Linda Lipscomb, Deputy Director for Advancement, discussed the final close out of the Expansion Campaign and Top Ten Campaign saying we will reconcile expenses and revenue to date and provide an update shortly. She indicated the Department was working to develop a fundraising model for sustaining transformation and building the future. She explained that since FY08-09, support from combined state and operating endowment has dropped from nearly 80% of the operating budget to 60% in FY12 as the operating budget has grown by \$10 million to \$30 million. To start the planning process she will hold interviews with Trustees and Directors on the future look of VMFA. She plans on three to four meetings in the summer of 2012. She provided a plan for sustainable exhibition support for FY2012 through 2015 saying the robust exhibition program is central to the success and growth of VMFA. She noted several exhibition funding challenges such as balancing the immediate need of funding exhibitions over the next 2-3 fiscal years and building a pool of funds for exhibition planning to move beyond reliance on ad hoc funding by exhibition; with the longer term critical need of building an exhibition endowment and moving from relying on traveling exhibitions to a mix of VMFA-organized and traveling shows. Ms. Lipscomb recapped the fundraising performance year to date and highlighted individual giving saying it is doing well with gifts of \$2,500 and up.

The Deputy Director then reviewed the membership and development revenues year to date as of February 3, 2012. She announced that as of January 31, members totaled 43,127. From February through May the 22,000 memberships acquired during *Picasso* will expire and her focus is on retention and renewals. She noted that 48% of the visitors to *Mummy* are Museum members. Membership staff has targeted members with flyers and e-mail communications and special discounts through February, which we have deemed “Members Month.” She said we are focused on improving the internal process and upgrading technology to deliver, with Robin Nicholson’s division, the most successful visitor experience.

VII. OTHER BUSINESS

Mr. Staelin thanked the staff for their reports and encouraged the committee to attend the Legislative Event that evening. There being no further business, the meeting was adjourned at 11:56 am.

Suzanne Broyles
Secretary of the Museum