

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
Thursday, December 12, 2013, 10:30 am

Presiding: William A. Royall, Jr., Acting Chair
Secretary: Ms. Suzanne Broyles

There were present:

William A. Royall, Jr., Acting Chair
Ms. Kelly B. Armstrong
Mary Anne Carlson
W. Birch Douglass III
Richard B. Gilliam
John H. Hager
Terrell Luck Harrigan
Charles Levine
Thurston R. Moore
Dr. Claude G. Perkins
Satya Rangarajan
Benjamin W. Rawles III
Michael J. Schewel
Charles H. Seilheimer, Jr.

By Invitation:

Alex Nyerges, Director
Stephen D. Bonadies
Ms. Suzanne Broyles
Dr. Lee Anne Chesterfield
Michael Guajardo
Ms. Anne Kenny-Urban
Robin Nicholson
Cameron O'Brion
Ms. Jayne Shaw
Ms. Cathy Turner
Tom Zydel

Absent:

John A. Luke, Jr., Chair
James C. Cherry
Margaret N. Gottwald
Jil Womack Harris
Dr. Monroe E. Harris, Jr.
H. Eugene Lockhart
William D. Sessoms, Jr.

I. Call to Order

President William A. Royall, Jr., Acting Chair, called the meeting to order at 10:30 am and explained that he was filling in for Committee Chair, John Luke. He welcomed new Trustee Charles Levine of Williamsburg to the committee. Mr. Royall stated that we were disappointed to hear that the Governor had not reappointed long-time Trustee and Vice-Chair of this Committee, John Staelin.

II. Minutes

Motion: proposed by Mr. Douglass and seconded by Mr. Royall that the minutes of the last meeting of the Fiscal Oversight Committee held on the 18th of September 2013 be approved as distributed on the 22nd of November 2013. Motion carried.

III. Director's Remarks – Alex Nyerges

Alex Nyerges remarked that we will hear good reports from Anne Kenny-Urban in a minute as the projections for Hollywood Costume were accurate and extra conservative. When we have crowds like this, Food Service and Special Events have the busiest weeks of the year. The many holiday parties and events also increase our revenue at this time of the year.

IV. Financial Update – Anne Kenny-Urban

Anne Kenny-Urban, Manager of Budget Services, who was filling in for Fern Spencer provided the October financials which had been sent to the committee members before the meeting and answered questions posed by the group. She reviewed the holiday weekend sales for Thanksgiving dinner in Amuse and Black Friday, Saturday, and Sunday sales in the shops. Ms. Kenny-Urban provided sales projections for the new Stony Point shop and the November operating revenues and expenses for Food Services and the Museum Shop. She fielded questions from the Committee.

Anne Kenny-Urban updated the group on changes to two upcoming exhibition master budgets, *Forbidden City* and *Working Among Flowers*. Charts were presented showing revenues and expenses over the fiscal years of exhibition preparation and the sponsorship funds raised for the exhibitions to date. Ms. Kenny-Urban concluded that FY14 is on track, *Hollywood Costume* is doing well on ticket sales, we are monitoring Shop sales, and taking steps to meet the goals.

V. *Hollywood Costume* Updates – Anne Kenny-Urban

Anne Kenny-Urban provided a mid-run update analysis of the financial performance of the *Hollywood Costume* exhibition. The goals for the show are 80,000 in attendance, \$8.00 per

capita, and \$640,000 in ticket sales. Early indicators are: presales \$21,430 actual vs. the \$12,800 goal; Special Events has booked 6 events so far and hopes to book more in the new year to achieve a total of 10-12; 5,385 visited on the two members' preview days; and 79 hotel vouchers have been redeemed to date. Weekly attendance vs. forecast was provided along with the progress to date in attendance, per capita and ticket revenue, memberships, and membership revenue showing the variances for all. The Blue Star Program was explained and the *Made in Hollywood* photography exhibition's progress was discussed. Ms. Kenny-Urban indicated that the current outlook was that *Hollywood Costume* attendance would exceed forecast, per capita will rise, and revenue will likely exceed forecast. We have learned that the exhibition is popular with both museum members and the general public but visitors are not buying as much as had been hoped. Progress will be monitored closely over the holidays.

VI. Advancement Update – Jayne Shaw

Jayne Shaw, Director of Development and Interim Deputy Director of Advancement, referred to her Advancement Revenue Reports, one with detail and one a summary showing institutional proposals and solicitations figures. She reviewed highlights of the reports with the group. Ms. Shaw introduced Tom Zydel, Membership Manager, who reported that this year income from membership sales is projected to reach \$3.5 million, which is between 10%-12% of the museum's income for the year. He explained that the Membership Department, within the Advancement Division, is responsible for income that is split between the state and the Foundation (sales for categories between \$10 and \$150 are considered state funds while the \$300 level and above go through the Foundation). Membership volume has increased since the opening of the new wing in 2010. Membership income is focused on three key areas: renewals, new member acquisition, and upgrades. Renewals accounts for around 80% of our annual income and renewal rates increase from general membership categories up to the leadership giving societies.

Tom Zydel noted the biggest task right now is to renew the members who joined during the *Chibuly* exhibition last fall; the majority of whom fall into the Dual/Family category at \$85. VMFA's aggressive renewal process includes sending 5 letters and 3 email reminders over a 6 month renewal cycle. If a membership is not renewed, the member is segmented to receive two mailings each year, primarily around our major exhibitions. New member acquisitions average 15%-20% of our projected income and are directly tied to the success of exhibitions. Mr. Zydel reported 4,000 new membership sales during *Hollywood Costume*; the first month our conversion rates are tracking as expected. Our conversion rate for new members is 5%, so 5% of all people reserving tickets for *Hollywood Costume* are also buying memberships. He said this measurement has been very consistent over the past three years. Last year we launched our customized membership program geared at creating new experiences to entice long term members to upgrade to higher giving levels. This is driven by our permanent collection; and the higher the category, the higher the renewal rate. We have new members joining because of exhibitions, and our strategy is to get them to upgrade through deeper engagement with our permanent collection, thereby building long term relationships.

Mr. Zydel reported seeing the most opportunity for continued growth on the leadership side where our fundraising team has put a great deal of effort into increasing Patrons and Fellows

Societies. The customized membership program is centered around a member choosing a “focus” for the year providing them with unique experiences. This has allowed us to create a highly targeted communications strategy to learn where our most generous donor’s interests lie so we can deliver information and benefits accordingly. Membership communications and customer service strategies include targeted emails and mailings that help us create a better VMFA experience and fill our programs. This also gets members to shop and dine in our restaurants. We have found that the more times a member visits, the more likely they are to renew. The Atrium’s new membership desk handles membership issues on the spot, which is a great improvement over the past. Committee members asked questions of Mr. Zydel and President Royall commended him on behalf of the Committee.

VII. Other Business/Adjournment

President Royall alerted Trustees that fellow Trustee Tom Farrell facilitated the loan of three costumes from his new movie “Field of Lost Shoes.” Those costumes are on display near the Theater. Mr. Royall thought it inspirational that Mr. Farrell found the time to write this movie script. There being no further business, the meeting was adjourned by Acting Chair and Trustee President William A. Royall, Jr. at 11:55 am.

Suzanne Broyles
Secretary of the Museum