

Date: _____

Approved: _____

Virginia Museum of Fine Arts
Minutes of the Fiscal Oversight Committee Meeting
Founder's Conference Room and 1800 Atlantic Avenue, 300A Key West, Florida
Thursday, 20 March 2014, 10:30 am

There were present:

Michael M. Connors, Co-Chair (conference)
John A. Luke, Jr., Co-Chair
Kelly B. Armstrong
James C. Cherry
W. Birch Douglass
Thomas F. Farrell, II
John H. Hager
Dr. Elizabeth F. Harris
Dr. Monroe E. Harris, Jr.
Charles Levine
H. Eugene Lockhart
Dr. Paul S. Monroe
Dr. Claude G. Perkins
Satya Rangarajan
Michael J. Schewel
Harry R. Thalhimer
Lilo Simmons Ukrop
William A. Royall, Jr., Ex-Officio

By Invitation:

Alex Nyerges, Director
Stephen Bonadies
Dr. Lee Anne Chesterfield
Aiesha Halstead
Claudia Keenan
Anne Kenny-Urban
Jayne Shaw
Erin Sheets
R. Fern Spencer
Cathy Turner

Absent:

H. Hiter Harris, III
Jil Womack Harris
Marlene A. Malek
Steven A. Markel
William D. Sessoms, Jr.

I. CALL TO ORDER

John A. Luke, Co-chair, called the meeting to order at 10:34 am and introduced Michael M. Connors, Co-Chair, participating via conference.

II. MINUTES

Motion: proposed by Mr. Cherry, and seconded by Mr. Farrell that the minutes of the last meeting of the Fiscal Oversight Committee held on the 12th of December 2013 be approved as distributed. Motion carried.

III. DIRECTORS REMARKS

Director Nyerges welcomed Claudia Keenan, Executive Director of the VMFA Foundation and Deputy Director for Resources and Visitor Experience.

IV. NEW COMMITTEE STRUCTURE

Mr. Royall thanked members for participating in the Trustee committee restructure, sharing that the new changes will align committees with the museum divisions. With the use of Huddle, meeting materials and board information will be more accessible.

Mr. Luke explained that the scope of this committee is expanding beyond its historic duties of planning and budgeting. It will become progressively more involved in oversight of financial management including data integrity, technology, investment portfolio, business model, ethics, and development. It will also assume responsibility for human resource oversight, audits and gift policies. Essentially, the committee will take a comprehensive look at the museum's means with respect to its ambitions.

V. FEBRUARY FINANCIAL UPDATE

Ms. Spencer, Chief Financial Officer of the Museum as well as the Virginia Museum of Fine Arts Foundation, reviewed the museum staff associated with this committee along with four new reports included in the board packet. She cautioned that this is the first year we have attempted to report month to month, an important initiative in our strategic plan, and it is still a work in progress. A part time employee will soon be hired to contribute to this effort and an improved state accounting system will help streamline the process. Revenue for food services during *Hollywood Costume* was 11.5% ahead of projections which will offset the coming slower months. A new inventory system for food services and the shop has been successful and allows for more detailed reporting. She shared that we expect to keep on track with the annual budget with one exception.

The museum shop is projected to fall \$150,000 short of its goal. The museum shop has performed below expectation this year given last year's immense success due to *Chibuly*. Ms. Spencer affirmed that the report shared includes revenue from our Stony Point location which was a successful contributor. The shop staff are taking into account these results and adapting plans for *Forbidden City* accordingly. Mr. Luke commended Ms. Spencer and Ms. Kenny-Urban for having dramatically increased financial transparency.

VI. HOLLYWOOD COSTUME

Ms. Spencer shared that the exhibition budget had to be revised to include an additional \$25,000 loan fee from the Victoria and Albert incurred at the end of the exhibition; this expense will occur in FY15. Both our ticket revenue and membership sales exceeded projections, though we cannot yet determine the total income from the exhibition as expenses are still being billed. Additionally, Ms. Spencer cautioned, the coding will be revisited and refined. When these are accounted for, the museum can realistically expect \$200,000 to remain. Mr. Luke requested that these revisions be reported back to the committee as it is of great concern that the exhibitions remain within the parameters set by the museum.

Ms. Kenny-Urban noted that our projections tracked accurately, even considering the winter storms. 116,000 attended the exhibition generating \$785,000 with a per capita ticket price of \$6.75. Additionally, we welcomed 7,388 new members generating \$283,656 in revenue. Furthermore; extending *Hollywood* to take advantage of January's three day weekend brought in more than 2,000 people. Throughout the exhibition, the museum gave away 1,531 tickets at a value of more than \$25,000 to active members of the military and their families through the Blue Star Program. 521 tickets were sold through our partnership with local hotels, most notably The Jefferson. The companion exhibit, *Made in Hollywood*, exceeded modest goals with 29,255 attendees generating \$22,000.

Discussion ensued identifying a number of areas for improvement in the coming exhibition seasons including more sophisticated direct marketing, detailed analysis of ticket pricing, increased promotion of membership purchase in the ticketing process, and more accuracy with respect to attendance numbers not only pattern.

VII. ADVANCEMENT UPDATE

Jayne Shaw, Acting Deputy Director for Advancement, presented a detailed giving report to illustrate that the museum is in good shape with respect to unrestricted annual giving due to many strategic efforts. She noted that monthly variances are due to timing of membership renewals and should not be of concern. The year-to-date variances are most notable in corporate giving; overall support is strong thanks to generous partnerships with Dominion, MeadWestvaco and others, but companies are tending towards restricted rather than unrestricted giving. Currently, the department has \$594,000 in outstanding institutional proposals and expects to submit requests for an additional \$700,000 before the end of the fiscal year.

She thanked the Founders and Commonwealth Society members present and noted that the department will focus on adding members to the Leadership Giving Societies in the coming months.

VIII. EXHIBITION MASTER BUDGETS

Ms. Spencer presented updates to two exhibition budgets. In the budget for *Forbidden City*, the projected enterprise revenue and the conservation and publications expense budgets were decreased. Amendments to plans for *Making America* included increased projections for enterprise and

membership revenue as well as adjusted expenses to accommodate the 3 week extension granted to the exhibition.

Director Nyerges presented three additional budgets for consideration:

- *Leonardo Da Vinci and the Italian Renaissance*, slated to open in March 2016, will feature drawings from prominent renaissance artists. The museum anticipates \$1.69 million in revenue and \$1.65 million in expenses.
- An exhibition drawing connections between Edward Munch and Jasper Johns is expected to open in October 2016 and generate \$902,000 in revenue and \$935,000 in expenses.
- Terracotta Warriors, a popular exhibition on which the museum will generate substantial new scholarship, is expected to produce \$1.93 million in revenue and incur \$1.57 million in expenses. It is slated to open in winter 2017 providing opportunities to partner with China in cultural collaboration and to promote China-related SOL objectives to Virginia schools.

Motion: proposed by Mr. Connors, and seconded by Mr. Levine that the committee recommended that the Full Board proceed with the development of the banner exhibitions based on the preliminary budgets presented. Motion carried.

IX. OTHER BUSINESS/ADJOURNMENT

There being no further business, Mr. Luke adjourned the meeting at 12:25 pm.

Recorded by: Erin Sheets
Manager of Leadership Annual Giving