

Joint Executive/Fiscal Oversight Committee Meeting Minutes
The Claiborne Robertson Room
Thursday, 13 June 2013, 3:30 pm

There were present:

Thurston R. Moore, Chairman
Mrs. Suzanne T. Mastracco, Vice-Chairman
William A. Royall, Jr, President-Elect.
John A. Luke, Jr., Chair, Fiscal Oversight Committee
Ms. Kelly B. Armstrong
Mary Anne Carlson
W. Birch Douglass III
Benjamin W. Rawles III
John R. Staelin, Vice-Chair, Fiscal Oversight Committee

By Invitation:

Alex Nyerges, Director	Ms. Felicia Moon
Ms. Anne Kenny-Urban	Robin Nicholson
Ms. Linda Lipscomb	Cameron O'Brion
	Ms. Fern Spencer

Absent:

Martin J. Barrington
James C. Cherry
G. Moffett Cochran
Thomas F. Farrell II
Richard B. Gilliam
Margaret N. Gottwald
John H. Hager
Ms. Eva Teig Hardy
Terrell Luck Harrigan
H. Hiter Harris III
H. Eugene Lockhart
James W. McGlothlin
Satya Rangarajan
Michael J. Schewel

I. Report of the Chairman – Thurston R. Moore

Chairman, Thurston Moore, called the meeting to order at 3:36 pm, and welcomed the group.

II. Minutes – Thurston R. Moore

Motion: proposed by Mr. Luke and seconded by Mr. Royall that the minutes of the last meeting of the Executive Committee held on the 1st of May be approved as distributed on the 22nd of May 2013. Motion carried.

III. Report of the Director – Alex Nyerges

Peninsula Fine Arts Center

Alex Nyerges shared that the proposed merger of the Peninsula Fine Arts Center (PFAC) and Christopher Newport College (CNU) has come back to life. He reiterated that although the Virginia Museum of Fine Arts has a reversionary interest in the PFAC property, the costs to maintain the property exceed the benefits if the museum were to hold the property. Mr. Nyerges noted that the PFAC has a history of solid work in the arts and recommended in lieu of cash for the sale of the property that the museum receive recognition on par with other donations of its size. After reviewing the resolution that delegates authority in this matter to the Director of the Virginia Museum of Fine Arts, it was expressed that the museum should explore legal remedies if parties involved do not follow the resolution as agreed.

The Oaks

Alex Nyerges explained that legal counsel is determining the most expedited manner to resolve the challenges involved in the sale of The Oaks property. Although, both boards have approved the sale, a reversionary clause returns the property to the Trustees. Possible steps to move things forward are to ask the Governor's approval, seek support from the Department of General Services on how to proceed or follow the quit claim deed process. The Director assured the group that this is not a significant issue and asked museum counsel, Cameron O'Brien to add any further details. Mr. O'Brien stated that he is unraveling just how many more hoops are involved before a sale may be completed.

Budget

The Director complimented Ms. Fern Spencer, Ms. Anne Kenny-Urban and other staff for their work with the fiscal year 2014 budget and its progress towards the museum's strategic plan. He transitioned the meeting to Ms. Spencer to present the fiscal year 2014 budget to the group. Mr. John Luke also praised staff for delivering a balanced budget by June 13.

BUDGET PRESENTATION

Fern Spencer, Chief Financial Officer, reviewed the fiscal year 2014 budget and noted the following assumptions:

Revenues

- Total revenues are anticipated to be slightly lower in fiscal year 2014
- All projects prioritize by strategic importance
- State General Fund will increase to cover additional personnel costs
- Earned revenue is expected to be slightly lower in FY14 than in FY13
- Foundation support is projected to be slightly higher
- Anticipate modest balances to be carried over on the State side
- Grants included represent only those that have been confirmed to date and additional awards are anticipated
- Williams Trust for the care of the collection has been increased by 5%.
- Funding from Enterprise reserve included to fund Shop capital improvements

Expenses

- Will continue to carry vacant positions unless they are mission-critical
- Assumes a 2% salary increase and compression adjustment
- Includes a 17-18% increase in employee healthcare premiums
- Includes funding for ongoing salary adjustments

Ms. Spencer fleshed out the details of the budget and provided several documents to aid the group in this process. The packets included a summary document that showed the combined state and local operating budgets, a revenue comparison document comparing fiscal years 2013 and 2014, a summary expense document by cost code for fiscal year 2014 and a budget comparison document comparing fiscal years 2013 and 2014 by cost code.

Ms. Spencer highlighted the following areas:

Department 115 – Information Technology’s significant increase over prior fiscal year represents a part of the cost of the strategic initiative to upgrade our IT infrastructure. The initiative began in FY 2013 and will carry over throughout FY 2014.

Department 130 – Membership reflects an overall decrease in expenses. A number of expenses has been moved to Advancement and reflected in the Foundation’s budget. State procurement regulations make it difficult for the Department to plan comprehensive Focus events and to design special mailings to general members. Procurement from the Foundation will provide the flexibility and efficiency needed to support aggressive Membership goals.

Department 178 – Exhibitions reflects a decrease from the previous year due to lower projected contractual fees for exhibitions in FY 2014.

Department 214 – Exhibition Design reflects an increase in overall expenses primarily due to more accurate estimates for design needs based on FY 2013 actual expenses. In addition, one FTE transferred into the department from Publications.

The following questions were raised and discussed concerning the budget details. Kelly Armstrong asked if we anticipated a reduction in the Museum’s statewide programs. The Director stated that the museum is not pulling back on any programs and this was echoed by Mr. Robin Nicholson, Deputy Director of Art and Education. Ms. Spencer further explained that what may be perceived as a reduction can be partly attributed to the reorganization of the Education Department and the addition of new cost centers. This required funding to also be reallocated to the new cost centers.

John Staelin raised two questions. The first concerned the museum’s largest expenses for FY 2014 which are personnel costs. Mr. Nyerges noted the ongoing equity salary adjustments that make it attractive for staff to stay at the museum. He further explained the use of market data to validate adjustments and how the museum will strategically manage this process in phases. The discussion turned to Mr. Staelin’s second question which concerned the cost of Hollywood Costume. Thurston Moore requested that the

museum complete a profit and loss statement for Hollywood Costume. This was followed by John Luke requesting that the museum complete multi-year master exhibition budgets. The Director noted that the Museum has begun working on both profit/loss statements and multi-year budgets for ticketed exhibitions and would continue this practice.

Bill Royall inquired as to how far in advance museum funds are committed for exhibitions. The Director shared that the timeline can vary depending on the circumstance but two years would be a reasonable average. Mr. Royall recommended that the Fiscal Oversight Committee look at the proposed commitments in the early stages. Mr. Nyerges stated that the museum will come to the committee with budgets and expects that they will be within 90% accuracy of final costs.

Bill Royall asked for more details regarding the allocation for Research and Development costs as identified in the presentation. He further inquired as to the process of attracting exhibitions and the associated costs. Mr. Nyerges explained that there are three ways the museum customarily uses to get exhibitions— institution to institution, non-profit exhibition organizers and for-profit firms.

As there were no further questions, the Fiscal Oversight Committee Chair called for a motion to approve the budget.

Motion: proposed by Mr. Luke and seconded that the Budget be approved as presented. Motion carried.

At 4:44 pm the meeting went into closed session.

Motion: proposed by Mr. Luke, and seconded by Mr. Douglass that the meeting go into closed session under the Virginia Freedom of Information Act, Section 2.2-3711 (A) subsections (1) of the Code of Virginia to discuss a **personnel matter** which is not public. Motion carried.

At 5:05 pm, by motion proposed, seconded and carried, the meeting resumed in open session.

Motion: proposed by Mr. Moore and seconded by Mr. Luke that the Committee certify that the closed session just held was conducted in compliance with Virginia State law, as set forth in the Certification Resolution distributed. Motion carried.

A roll call vote was taken, the results of which are outlined in the Certification Resolution.

MOTION:	Mr. Moore	MEETING:	Executive Committee
SECOND:	Mr. Luke	DATE:	13 June 2013

CERTIFICATION OF CLOSED MEETING

WHEREAS, the Executive Committee has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and
WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by this Committee that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Executive Committee hereby certifies that, to the best of each member’s knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Executive Committee.

VOTE

AYES: Moore/Mastracco/Royall/Luke/Carlson/Douglass/Staelin

NAYS: None

[For each nay vote, the substance of the departure from the requirements of the Act should be described.]

ABSENT DURING VOTE: None

ABSENT DURING MEETING: Barrington/Cherry/Cochran/Farrell/Gilliam/Gottwald/Hager
Harrigan/McGlothlin/Rangarajan/Schewel

IV. Meeting Adjourned

No other business was brought before the Committee and the meeting adjourned at 5:06 pm.

Recorded: _____ Date: _____
Suzanne Broyles, Secretary

Approved: _____ Date: _____
Thurston R. Moore, Chairman

Approved: _____ Date: _____
Alex Nyerges, Director