

Date: _____ Approved: _____

Virginia Museum of Fine Arts
Minutes of the Executive & Governance Committee Meeting
Claiborne Robertson Room
Tuesday, 2 December 2014, 10:00 a.m.

There were present:

William A. Royall, Jr., President
Martin J. Barrington
Margaret Irby Clement
Susan S. Goode
John H. Hager
John A. Luke, Jr.
James W. McGlothlin

By Invitation:

Alex Nyerges, Director
Kelly B. Armstrong
Stephen D. Bonadies
Dr. Lee Anne Chesterfield
Rebecca L. Morrison
Cameron O'Brion
Hossein Sadid

Absent:

Michael M. Connors
Thomas F. Farrell, II

I. CALL TO ORDER

Bill Royall, President of the Board of Trustees, called the meeting to order at 10:08 a.m. and thanked the committee members for attending. Kelly Armstrong, President of the Foundation Board of Directors, requested a change to the previous meeting's minutes.

II. MINUTES

Motion: proposed by Mr. Royall and seconded by Mr. Barrington that the minutes of the September 29, 2014 meeting be approved as distributed. Motion approved.

III. REPORT OF THE PRESIDENT

Mr. Royall welcomed the museum's new Chief Financial Officer Hossein Sadid. Mr. Sadid comes to VMFA from the University of Richmond where he served as Chief Financial Officer.

IV. REPORT OF THE DIRECTOR

Alex Nyerges, Director, invited committee members to reach out to him to discuss progress towards the museum's new strategic plan. He also welcomed Ms. Armstrong and thanked her for her upcoming service as President of the Foundation Board of Directors.

In Deputy Director of Resources and Visitor Experience Claudia Keenan's absence, Mr. Nyerges reviewed the plan for reorganization of the division. Among other changes, discussion focused on the transition of the Government Relations department to this division, rather than reporting to the Director. Ms. Armstrong pointed out that this will allow the VMFA Foundation to better align with government relations initiatives in order to provide tools to grow the museum's partnership with the state and maximize potential income from that source. He also explained that the Visitor Services and Membership departments will soon merge to be overseen by Membership Manager Tom Zydel in a new role. Mr. Royall suggested that the division consider ways to better engage board alumni.

V. REPORT OF THE FOUNDATION

Ms. Armstrong thanked those who attended the opening of Forbidden City, adding that it was a positive philanthropic event for the Foundation. She also informed the committee that the sale of The Oaks closed at \$1,115,000. To date, Ms. Armstrong explained, the Foundation's total endowment sits at \$252 million. She reviewed a cash flow forecast prepared by Interim Chief Financial Officer Mark Johnson, which indicated that most of the Foundation's assets have been invested. Leadership is currently looking at cash flow needs of the museum going forward in order to keep the maximum amount of assets invested.

Ms. Armstrong informed the committee that the following individuals have accepted nomination to the VMFA Foundation Board of Directors –

- Mr. Charles M. Johnson, III of Private Advisors LLC (Charlottesville)
- Ms. Denise F. Keane of Altria Group (Richmond)
- Mr. Rick "Rocket" Ramsey, telecommunications entrepreneur (Richmond)
- Mr. John R. Staelin, Chairman of the Clarke County Board of Supervisors former VMFA Trustee, of Elizabeth Locke Jewels (Boyce)
- Ms. Ting Xu of Evergreen Enterprises, Inc. (Richmond)

The following Foundation Directors will serve as officers for FY15 –

- Ms. Kelly B. Armstrong, President
- Mr. H. Hiter Harris, III, Vice President
- Ms. Lilo Simmons Ukrop, Treasurer
- Mr. Stanley J. Olander, Secretary

Ms. Armstrong added that new positions to support auditing and bookkeeping have been recently approved, adapting to growth of both the Museum and Foundation.

VI. DEVELOPMENT REPORT

In Ms. Keenan's absence, Ms. Armstrong reviewed the Foundation budget. Unrestricted giving year to date totals nearly \$925k, restricted giving exceeds \$850k year to date, while net solicited income year to date approaches \$1.8 million. She partially attributed these strong results to an increased focus on growth of leadership giving.

Fine Arts and Flowers, Ms. Armstrong reported, was a great success, netting nearly \$125k – a 72 percent increase from the 2012 show. *Forbidden City* income totals nearly \$1.6 million as of November 16, 2014, and attendance was counted at nearly 30,000 visitors.

VII. FINANCE REPORT

Mr. Sadid thanked the committee for its support as he undertakes his new position. He recognized Interim Chief Financial Officer Mark Johnson for his leadership.

He drew the committee's attention to financial summaries for both the Museum and Foundation, noting that both budgets are in line for the year. Mr. Sadid encouraged Trustees to contact him if further discussion is desired. He asked the committee for its feedback regarding best practices in financial reporting to the Board.

In response to an inquiry from Mr. Barrington, Mr. Sadid said that he can provide Trustees with flash financial reports going forward. Mr. Nyerges clarified that the reports show very strong results in raised revenues, noting October's revenue peak taking into account data from the past four years. He also informed the committee that 20 percent of overall visitors to *Forbidden City* are projected to attend during the last two weeks of the exhibition.

VIII. AUDIT UPDATE

Mr. Sadid reported that the auditing team is still in the process of completing fieldwork, though he is pleased with the progress made to date. He indicated that a first draft of audit reports should be available by mid-December, and the final reports should be available by the end of the year. He commended the finance team for its work on the audit and, in response to Mr. Royall, added that this audit process has provided staff with an opportunity for professional development.

IX. EXECUTIVE SESSION

At 11:01 am the meeting went into closed session with the following motion.

Motion: proposed by Mr. Barrington, and seconded by Mr. Luke 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 11:47 am, by motion proposed, seconded and carried, the meeting resumed in open session.

Motion: proposed by Mr. Royall and seconded by Ms. Goode 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.

Recorded by: Rebecca L. Morrison
Assistant for Trustee Board Relations and Museum Planning

MOTION: Mr. Royall
SECOND: Ms. Goode

MEETING: Executive Committee
DATE: 2 December 2014

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 (A) of the Code of Virginia requires a certification by this Board 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: Royall/Barrington/Clement/Goode/Hager/Luke/McGlothlin

NAYS: None.

ABSENT DURING VOTE: None.

ABSENT DURING MEETING: Connors/Farrell