

Virginia Museum of Fine Arts
Draft Transcript Minutes of the Electronic Meeting of the
Trustees Executive & Governance Committee
Tuesday, March 16, 2021; 3:00pm

Meeting called to order at 3:03pm.

Full attendance listed in the meeting minutes.

Monroe Harris, Jr.: I would like to welcome everybody. Thank you all for your time and attention. I would like to call this meeting to order. If there are any members from the public who are on the call, you are welcome. I do not think we have any though, do we Caprice?

Caprice Bragg: We do not.

Monroe Harris, Jr.: Okay, thank you. In accordance with requirements for virtual meetings a transcript and the minutes of this meeting will be posted. In accordance with those requirements, we offer a public comment period. Since there are no requests for public comment, we will proceed with the agenda. I would propose that we approve the minutes of the November 10, 2020 and December 15, 2020 meetings of the Executive and Governance Committee as distributed. May I get a second?

Ken Johnson: Second.

Monroe: Ken seconded. All in favor?

Ken Johnson: Aye.

Meg Gottwald: Aye.

David Goode: Aye.

Monroe Harris, Jr.: So that is Ken, Meg, and who else? Lilo (Ukrop), Jim (Klaus). Is there anybody else? I think that is it. Is that it? Is that everybody, Caprice? I think it is.

Caprice Bragg: David.

Monroe Harris, Jr.: David. I am sorry. I can't see everybody on the screen. Oh there you are. Okay, David, I got you. Are there any nays? If there are no nays, then we are good. Again, welcome everybody. Welcome to the anniversary of the Pandemic. I would like to personally thank each and every one of you for your support and your efforts to move the museum forward successfully. I think we have done that very well. I really, really appreciate that. We have a lot to discuss, a lot of different aspects of the museum that we are going to talk about. So let's just jump right in. Jim, if you would, please give us a report from the Foundation.

Jim Klaus: Thanks, Monroe. We do have a few things to update you guys on. First of all, if you do not know, the Foundation's Real Estate Committee has recently, in the last month, purchased 2905

Grove Avenue, which is the building that looks like the studio school, just to the east of the building. It is part of the block that we own a good percentage of and continue to feel that we need to add to our holdings on that side of Grove. I know that is where we are planning perhaps a storage and an additional building, so picking up a piece of the real estate that we do not own is an important priority of the Real Estate Committee. I want to recognize Jay Olander, who heads that Committee, and Hossein (Sadid), who worked together on a relatively difficult and long negotiation with the owner. So that has closed, and we are pleased about that. In addition, the Investment Committee is happy to say that we are at an all-time high as of the end of last month. We broke the \$300 million mark in our endowment funds, up from \$290 at the end of the year. Things are looking up. The markets are benefiting us there. Charlie Johnson is heading that committee and making a lot of strategic changes to the way we manage our endowment. Hopefully, we will see continued improvement in that area as we go through the year. We have also spent a lot of time on the budget. I want to call out David. We really work well with David's Committee, and we have spent a lot of time over the last couple of months really understanding the reserves that we are using to balance the budget over these last two difficult COVID years. We have had to use some of our reserve funds. We feel comfortable that we still have ample reserves to make it through the next fiscal year, and we are working closely with David's group and Hossein to understand how that works and making sure we are comfortable with the reserves we have to get through the next year. Finally, just two things, we are doing great with our upper level leadership giving. We are up over last year in the first six months of the fiscal year, which is great news. We are also doing well on the fundraising for the exhibitions that are upcoming. *The Dirty South* is the one that I think is the priority right now. I would like to thank Monroe and the Trustees. Lilo and I have been reviewing the sponsors for the exhibitions as they come through and there is a lot of support from many people on the Trustee side, as well as the Foundation side, to support that exhibit and others. We really appreciate the support of the Trustees who have stepped up in that area. Finally, Lilo and I have reached out, through Caprice, to Bill Cooper who is running the Diversity, Equity, Inclusion work within the museum. We felt like it was important to understand that work and to have a session with Bill for our Foundation Board. We have started that conversation with them. We have made the decision that we would like it to occur when it can happen in-person, so we are going to continue to discuss it and hope that perhaps at our September board meeting, we can have a full session with Bill and work through some of the issues and the formats that he has been doing with the museum with the Foundation board itself so we understand it and can also benefit from the learning that the museum is getting from him. We did have one more thing. We voted in one new Director, Brock Saunders. If any of you know him, you can welcome him. He was brought in as a new Director at the last (Foundation Board) meeting. With that, I will turn it back over to you, Monroe, unless there are any questions.

Monroe Harris, Jr.: Thanks Jim. Are there any questions for Jim? To your point about support for *The Dirty South* exhibition, I think that the Trustees who are on this call are supportive of it as well. I know Ken is. David and Meg, I am hopeful that you all will be supportive as well. It would be nice if we can get 100% support. We will see. Alright, so next is the Director's report. For the initial part of that report, I move that the Executive Committee go into to closed session to discuss the proposal process for our building expansion. The relevant exemption is section 2.2-3711(A)(29) of the Code of Virginia. May I have a second, please?

Monroe Harris, Jr.: Ken, are you seconding it? I can see your mouth moving.

Ken Johnson: Okay.

Monroe Harris, Jr.: All right, thank you. All in favor?

Trustees: Aye.

Monroe Harris, Jr.: It looks like we have unanimous ayes. Are there any nays? No nays? Very good.

At 3:14pm the meeting went into closed session.

At 3:17pm the meeting resumed in open session.

Monroe Harris, Jr.: Alex, you can continue with your report.

Alex Nyerges: I am going to hit a couple of the highlights. I will give you some attendance numbers. As Monroe noted, this is the anniversary, or thereabouts, of the museum closing for three and a half months. The fact that we have survived and thrived is better than places like Los Angeles, which just announced it will open for the first time in more than a year on April the first. I mean there is something poetic about April Fool's Day, but that is California, and particularly Los Angeles. We have actually had really good attendance. The first two weeks of March have been really good, averaging about 5,000 people. We connected with without a major special exhibition. We do, of course, have a splendid exhibition, Chris Oliver's exhibition about Natural Bridge. If you have not seen it, it is absolutely gorgeous, a stunning exhibition. We closed up *Sunken Cities* in January, with about 69,000 visitors. Obviously a far cry from where we had originally planned to be, but 69,000 is more than zero, which is what some of our colleagues are reporting today. Eleven percent of those were first time visitors, which we found to be a good number. And 35 different states, despite the Pandemic, were represented. Obviously the virtual numbers have been great. Lectures, talks, member programs. (Dr.) Peter (Schertz) holds the record with more than 1,000 attendees for his *Cocktails with a Curator*, obviously about ancient Egypt. As I mentioned, *Virginia Arcadia* is up and running since about a little more than a month ago. Of course *The Dirty South*, Monroe mentioned, is coming up, opening May 22. We will likely have all of our programming that we would do continue to be virtual. Although more and more people are getting vaccinated, we are probably, I would guess, months and months away before we can actually see large numbers. We are taking our orders, much like with the Building Committee, from the Commonwealth. We are taking our orders from the Governor. When the Governor deems that we can have more than ten people gather inside, 25 people outside under a tent, we will obviously be ready to do so. According to Kimberly (Wilson), the phone is ringing off the hook with everybody who wants to have a wedding, a party, a corporate event. They are trying to talk about May, June, July. We are not quite there yet obviously, until the Governor gives us a green light. We have continued good news to report. Katie (Payne), if you could give us a quick update on the goings on up at Capital Square? It is all good, though.

Katie Payne: Sure, yes. The Legislature adjourned at the end of February for the regular session. As you remember, they passed a proposed budget, which is now sitting on the Governor's desk. In the final proposal, I will give you a quick summary of the operating in capital dollars for the museum. On the operating side, we did get back the \$400,000 a year for IT upgrades and leasing art storage space, which we are very pleased about. We also got about \$115,000 a year for temporary wage positions to help us throughout the remainder of the Pandemic. Those can be used either to convert part-time folks to full-time positions or to hire new positions. It is really aimed at the housekeeping and security staff. Also on the operating side was the Monument Avenue project, which we have

talked about in prior meetings. You will remember initially the Governor had proposed about \$11 million in one lump sum to be deposited into a bank account for us to use, about \$750,000 for staff and administrative costs, and the remainder to be used as a down payment towards whatever brick and mortar changes come to Monument Avenue through that process. Through the session we worked with legislators on both sides of the aisle and what they were more comfortable with was allotting a slightly greater sum for the administrative and staffing costs that we would get right away and then banking the remainder of it to be put into a capital pot later once we have presented a timeline and a plan of how we will go about that work, which we felt was very fair and a reasonable approach to this. As it is right now in the conference report, we would get about \$250,000 immediately after the signing of the budget, which will likely be in April, and then we would get \$750,000 July 1 and that would help us get the staff in place to start doing the work. Then we would go to legislators and the Governor on September 1, 2022 with a very rough plan of how we intend to proceed. So that is where that item sits. On the capital side there was no change in the funding for the expansion project, which is good. They did approve a new life safety project for new HVAC units and some re-roofing in the main museum building. That is about \$5.8 million. The only other thing of note is you might recall in the fall during special session the legislature had proposed a \$1,500 dollar bonus for State employees. They have converted that in the final budget to a 5% raise. From the State's perspective that is for full-time employees who are paid through the general fund, which obviously does not cover all of our employees, but would cover many of them. The General Assembly will come back for a one day reconvene session on April 7th where they will consider the Governor's amendments to the legislation that was passed, but also to the budget. So we will keep you posted on that. And then, just a final note, to say I know you are all aware that the Federal stimulus package that was passed last week will likely require them to come into a special session again, sometime this spring, to decide how to handle that new money that is coming in. It is possible, but I think very unlikely, that the Governor could make those suggestions through the budget that is currently on his desk to be handled at the reconvene session. I think it is unlikely because it is just such a heavy lift. It sounds like the Secretary's office still does not have a great handle yet on how that money can be spent because the Federal bill is pretty complex. So more likely we will have a special session for a couple of days later in the spring, or even early summer, but most of the money, unlike the first round, can be saved until 2024. I think we will see most of it being spent in the next biennial budget which they will address at the next regular session in January. I am happy to answer any questions.

Alex Nyerges: Thank you, Katie. Any questions on government? You know, with the \$5.5 million of capital improvements, we will basically have changed out all of our HVAC systems, that work done in the 2010 expansion and beyond, so we will have probably the most up-to-date physical plant for heating, cooling, and ventilation than any art museum I know. You know, on the eve of doing yet another expansion that is a really good place to be. Thank you Katie, thank you Caprice, and thank you Hossein, all of who worked really hard to keep our friends downtown very friendly. Tom, the Campaign. We are making, continue to make, great progress despite a Pandemic that seems to linger. Do you want to give us a quick snapshot of where we are, because I am very happy with the results?

Tom: Sure. Thanks, Alex. Yes, knock on wood, please. I am thankful to Monroe and the other folks on the call who are on the Campaign Committee. Thanks for all your good work. We will get started and hopefully things will open up in the spring. We can start to now do some of the regional things and get more people into the museum for the events that we want to do, rather than just virtual. Just a quick update. We are at \$183 million, which was 50% the goal. As a reminder, we are about a year and a half into the three year silent phase, which is a total seven year campaign. Obviously, the \$125

million from the State made a big bump in our number, but we are at \$58 million in terms of private support, which is up \$16 million from the beginning of the year. That is actually a 38% increase. The good news, too, is that we had started a lot of the conversations before COVID hit and closed a lot of those gifts, you know, during the spring and summer and fall. Right now we have over 12 pending commitments, those are active proposals where we are in discussions with donors about specific projects and amounts for closing and finalizing gift agreements, on over 12 gifts. Of those, those are \$100,000 and above, and of those, eight of them are \$1 million or above. We have got a lot that I think will happen before now and the end of the year. I feel really good about it. We just set our Campaign Committee meeting for May 4th. We will figure out if we can do, whether it will be virtual, in person, or a hybrid like we did in the fall. That actually worked out pretty well. We will be back in touch with you. Happy to answer any questions if people have them.

Alex Nyerges: Thanks, Tom. We are going to blow past \$200 million and keep on going. We, you know, do not tell Tom, we are going to raise the goal to \$400 million, so we have more to go.

Tom Gutenberger: Before you get any momentum with that, I just wanted to also say we had mentioned *The Dirty South* and exhibitions. The goal for *The Dirty South* was \$900,000. Right now we are at \$1,020,000. I would not be surprised in the next week, I mean I do not want to jinx it, but if we get close to \$1.1 million for it. Our staff really worked hard, and our volunteers really worked hard. The Zoom calls have paid off. We are tallying it now, but the Zoom calls that our volunteers hosted, it looks like we may have raised about \$250,000 from those. It has been great. Thank you to everybody who has participated.

Alex Nyerges: You have got that routine down now, too. Speaking of money, you know, right now, the prospects for being in balance by June 30 are right on target. Then also we are working on the fiscal 2022 budget. It has a little more challenging of a swallow because where we had hoped to be back in business by now, in terms of special events, obviously that has not happened. We do not expect that to happen until the new fiscal year begins. Then the question gets to be, "When, in the new fiscal year?" But Hossein and I and the Senior Management Team met yesterday at length about the budget. We have a plan to bring it into balance. Obviously, we will bring you an update at the Trustee meetings. We will, quite frankly, be bringing the final budget back in June, and in May for the Foundation, for the Trustees to approve. We still have a few missing elements that we are waiting on final numbers. It is going to take some time. Hossein, anything else on that you would like to mention?

Hossein Sadid: No, I think you have covered it well. You know, it is a work in progress as we have gone through this cycle each year to complete the budget. We are still challenged by COVID. In meeting the budget balancing requirement, we are obligated to do that obviously. We will receive an update next week at the Fiscal Oversight Committee and the Board meeting. As I mentioned, it is a work in progress. We are fortunate to have had some rainy day funds to help us through the challenges of COVID. We are hoping that next year that it would be a much more normal picture for the museum and the Foundation. Stay tuned. We will have an update for you next week and continue to work on bringing forward a balanced budget.

Alex Nyerges: Thanks, Hossein. Any questions about the budget or year-to-date performance?

Monroe Harris, Jr.: I have a comment. Hossein, you and David seem to come up with very creative rainy day funds. I compliment you for being able to come up with that. I hope that it continues into

the next fiscal year. So thank you for that. The other thing I wanted to ask, Alex, as far as the employees who got the raise on the Commonwealth side, what are we going to do for our other people?

Ken Johnson: Monroe?

Monroe Harris, Jr.: Pardon me?

Kenneth Johnson: Can I add to that question so Alex can answer only one time?

Monroe Harris, Jr.: Okay, sure.

Kenneth Johnson: What I was going to propose, Alex, if it has not been discussed, was maybe a one-time bonus for those part-time people who worked during COVID.

Alex Nyerges: Well actually, you know, Ken that is a good point. We have been doing that. Maybe if Kimberly, you could take a quick moment to outline what we have been doing for our Facility staff? All of those people have already received bonuses, speaking to your point Ken. So, Kimberly, if you want to give us a quick update.

Kimberly Wilson: Yes. Actually starting back in, I want to say late October, early November, we have been giving out bonuses, Ken. We started with our, formerly, Housekeepers. They selected the name of Facility Service Associates and they fall more within that trade division now, which also ups their potential of salary growth. We also raised them up at the beginning of the new year to \$11.55 per hour. That was a major jump for them again as we look at their classification within even the trade groups. We have been giving bonuses to our Security staff, to our Console, to our Food Services event people that have been working thus far. We have been giving bonuses out to Visitor Services and Gallery Associates. This was before the holidays, and I think one group after the holidays. They were all very excited and it was unexpected. I believe Alex and I, we both received a ton of thank you emails from Gallery Associates, Visitor Services, Food Service. We are continuing to work on equity. We are now in the Food Service division looking at those. Hossein is helping us look at those dollar per hour rates as well.

Kenneth Johnson: Kimberly, no good deed goes unpunished. You made me think about something. I guess at some point, I would love it if we would do a study or just look into seeing what the impact would be if we raised our minimum wage. I know we have a classification system, so before anybody corrects me with the State, but if we raised our minimum wage to \$15 what that would mean just on our side?

Alex Nyerges: We have already done that, Ken. In fact, we fully support the Governor's directive in phasing the minimum wage to \$15 an hour.

Kimberly Wilson: Yes, yes.

Alex Nyerges: Quite frankly, we want to do it sooner than what the Governor has laid out in his plan. We believe we can do it, which is one of the reasons that we raised a minimum starting for Facility Services Associates. Because that is important and putting them up to \$11.55 is part of a step process. Just for, and everybody probably recognizes this, if we just started the \$15, we have then

got to do all of the existing employees, move them up. We are also then working on compression because of the length of service for people. So somebody that is already making \$19 or \$24 an hour in a similar kind of job but because of longevity they have to be impacted positively too or this is only going to affect the people at the beginning of their career and at that beginning wage. We calculated that. We actually have a plan. We are putting part of that into our fiscal 2022 budget. In addition to that, and related to that Ken, and for everybody, really important on our list of things that we have heard from employees, number one, it has been number one on my list for 15 years, is moving part-time people to full-time employment. Two things happen. One, their salaries and wages go up. Two, and the most important piece, is they also then get full benefits. Right now part-time people do not and we cannot, we are prohibited from doing that. Having said that, we moved another 11 people this year. We have just gotten funding in the budget for seven more and we are trying to squeeze yet a few more jobs into the conversion from part-time to full-time. To convert an employee, at whatever level they are at, is a minimum of about \$20,000 on the benefit side and actually can be more than that, so when we convert, you know ten employees, you are talking about a \$25 million impact. But we have converted a huge number of people in the last ten years since we reopened and are continuing on that path. We were not going to stop until we made all the conversions that are necessary and possible. We are finding the money to do it. The other half of the question is about all the rest of our employees. One of the things that we have operated on as a principle is that when the State says all full-time general fund employees are going to receive a 5% increase we automatically increase all of our salaries and wages for our Foundation people by 5%. We also then budget for a 5% increase in the part-time people as well because we already have a have and have-not with full-time and part-time people. We do not want to create a have, have-not situation with people who are general fund, which make up only about 230-240 people out of the 700 people who get paychecks. So that is part of the budget plan. It always is because fairness and equity, in fact, you know we talked about diversity, equity, inclusion, and accessibility. Actually, Kimberly has turned that around. Equity is our first mantra. It is about equity for everybody.

Ken Johnson: Great.

Alex Nyerges: Did I answer all those questions, Monroe? Ken?

Monroe Harris, Jr.: Thank you. Yes.

Ken Johnson: You answered mine.

Alex Nyerges: Well, it all starts with every single employee we have got. I think that is it for my regular report, Mr. President.

Monroe Harris, Jr.: All right. Well, thank you, thank you very much. At this point on the agenda we want to discuss an employee compensation issue. So I move that the Executive and Governance Committee go into closed session to discuss personnel. The relevant exemption is Section 2.2-3711 (A)(1) of the Code of Virginia. May I have a second, please?

David Goode: Second.

Monroe Harris, Jr.: All in favor?

Trustees: Aye.

Monroe Harris, Jr.: It looks unanimous and no nays on that.

At 3:42pm the meeting went into closed session.

At 4:29pm the meeting resumed in open session.

Monroe Harris, Jr.: I move that the Executive and Governance Committee go into closed session to consult with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel. The relevant exemption is Section 2.2-3711(A)(1 and 8) of the Code of Virginia. Motion carried. May I have a second, please?

Ken Johnson: Second.

At 4:31pm the meeting went into closed session.

At 4:50pm the meeting resumed in open session.

David Goode: So with that, we are back. We will adjourn the meeting.

At 4:51pm the meeting adjourned.

Transcribed by: Kay Baker, Administrative Assistant and Receptionist
Director's Office, Virginia Museum of Fine Arts