

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
Wednesday, February 16, 2011, 10:15 am

Presiding: John A. Luke, Chair
Secretary: Ms. Suzanne Broyles

There were present:

John A. Luke, Jr., Chair
John R. Staelin, Vice-Chair
Ms. Kelly B. Armstrong
James C. Cherry
W. Birch Douglass III
Mrs. Stanley F. Pauley
Agustin Rodriguez
William A. Royall, Jr.
Geoffrey P. Sisk
Thurston R. Moore, Ex-Officio

By Invitation:

Alex Nyerges, Director
Stephen D. Bonadies
Ms. Suzanne Broyles
Ms. Anne Kenny-Urban
Ms. Joan W. Murphy
Ms. Fern Spencer
Ms. Cathy Turner
Ms. Alexis Vaughn

Absent:

Alfonso L. Carney, Jr.
G. Moffett Cochran
Grant H. Griswold
Ms. Eva Teig Hardy
H. Hiter Harris III
Dr. Monroe E. Harris, Jr.
H. Eugene Lockhart
Michael J. Schewel
Ranjit K. Sen
Mrs. Suzanne T. Mastracco, Ex-Officio

I. CALL TO ORDER

Mr. John A. Luke, Jr., Chair, called the meeting to order at 10:20 am. He introduced and welcomed the newly appointed members of the Fiscal Oversight Committee: Kelly B. Armstrong, EvaTeig Hardy, H. Hiter Harris III and Geoffrey P. Sisk. All four are VMFA Foundation Board members.

II. MINUTES

Motion: proposed by Mr. Luke and seconded by Mr. Royall that the minutes of the last meeting of the Fiscal Oversight Committee held on the 9th of December 2010 be approved as distributed on the 31st of January 2011. Motion carried.

III. DIRECTOR'S REMARKS

Mr. Alex Nyerges reported that we have hired Lisa Byala of Byala Associates in New York, as our search counsel to help us find our next Deputy Director for Development. Ms. Byala will contact Trustee and Foundation Director leadership for their ideas and perspective on the VMFA Development program. This information will help Ms. Byala determine the characteristics and experience needed in order to hire the best candidate to take our Development program to the next level.

The Director went on to say that everyone is ready for tonight's special Picasso Sponsor Opening Gala and reported that pre-sale tickets for the exhibition are now at approximately 33,000 topping Tiffany pre-sales which were around 2,000.

IV. FY12 BUDGETING PROCESS AND CALENDAR

John Luke commented that Fern Spencer, our new Chief Financial Officer, joined us at the end of last year and she has done a marvelous job on the budget with Anne Kenny-Urban's help. He called on Ms. Spencer to review the new budget process schedule and noted that May 2nd is the target date for the proposed budget to be sent to this committee for review. The FY12 budget will be up for approval by the Full Board of Trustees on May 16th and then we can start the new fiscal year on July 1 with the new budget.

V. REVIEW OF FY11 YTD PERFORMANCE

Fern Spencer reminded the group of the Governor's budget amendments that gave us a reduction of \$32,200 in FY11 and \$131,220 in FY12. We also received a net increase of \$113,442 to fund December bonuses and other adjustments. This gave us a total net increase in identified actions for FY11 of \$81,242 in the State General Funds. Ms. Spencer noted that the legislative actions we have pending are: additional funding for new IT costs from VITA-NG of \$103,177, legislation to restore 11.5 MEL lost as a part of the Enterprise

Conversion, and additional funding to cover unanticipated personnel costs as part of the Enterprise Conversion of \$50,000 for FY11 and \$100,000 for FY12.

Ms. Spencer went on to discuss the recent mid-year revisions to the FY2011 budget. She noted that we identified \$921,496 in savings or opportunities to defer projects to FY12. Also identified was \$223,006 in additional expenses. She distributed a chart showing all the FY11 adjustments as of 2/14/11 and reviewed it with the Committee.

The Chief Financial Officer explained that three exhibitions fell short of their forecasts last fall and this has led us to revise the *Ife* exhibition forecast downward by \$132,700 and to decrease ticket prices to \$8 from \$15. She distributed a document giving an update on exhibition ticket sales revenue. The Committee discussed suggestions for improving those revenues.

VI. UPDATE ON CAPITAL PROJECTS

Fern Spencer then gave a Capital Outlay Update starting with the Expansion Project. She said the contractor is actively working to complete the punch list, we have reached an agreement with Whiting-Turner on “the big three,” and the GMP is under negotiation. She noted that the Parking Deck is substantially complete, the sculpture garden punch list items are being completed, and we have been issued a temporary certificate of occupancy.

It is expected that the Security Upgrade will be completed at the end of April. All the equipment is in place and selected components need to be brought on-line. Some of the resources for this have been temporarily reallocated to Picasso.

VII. OTHER BUSINESS

Fern Spencer reported that the Auditor of Public Accounts (APA) would be on site beginning the end of February to conduct audit test work for the fiscal year ending 2010. They anticipate issuing an audit report for the three fiscal years ending 2010, 2009, and 2008 sometime in late March or early April. She further indicated that she would keep the Committee apprised of the status of this audit.

Ms. Spencer concluded by saying that VMFA is on the brink of huge successes and has some challenges. We will continue to identify savings and maximize revenues. John Luke remarked that this was a good discussion and said we will stay focused on these items and keep everyone apprised.

Thurston Moore added that the finance team will be working on a risk management report covering all areas of the institution and will report to the Executive Committee, to this Committee, and to the Full Board with a full assessment next fall.

There being no further business, the meeting was adjourned at 11:14 am.

Suzanne Broyles, Secretary of the Museum