Virginia Museum of Fine Arts

Minutes of the Joint Meeting of the Trustee Fiscal Oversight Committee

and Foundation Budget & Compensation Committee

Wednesday, 27 March 2019, 11:45am

Theater Level Conference Room #1

There were present:

Trustee Fiscal Oversight Committee:

David Goode, Chair

Lynette Allston

Betty Crutcher

Anne Noland Edwards

James W. Klaus

Tom Papa

Satya Rangarajan

Rupa Tak

Monroe E. Harris, Jr., Ex-officio

Foundation Budget & Compensation Committee:

James W. Klaus, Chair

Anne Battle

Eucharia Jackson

Wyckie McClure

Paul Monroe

Jennifer Schooley

John R. Staelin

By Invitation:

Alex Nyerges, Director

Kay Baker

Stephen Bonadies

Caprice Bragg

Edie Cabaniss

Hazel Duncan

Jody Green

Tom Gutenberger

Jan Hatchette

Connor Hudgins

Laura Keller

Andrew Lewis

Cynthia Norwood

Katie Payne

Kelly Powell

Hossein Sadid

Jayne Shaw

Michael Taylor

Kimberly Wilson

Absent:

Steven A. Markel, Vice Chair

Kelly Armstrong

Wayne Chasen

Ankit Desai

Martha Glasser

Carolyn Hsu-Balcer

Denise F. Keane

Stanley J. Olander

William Royall, Jr.

Jennifer Sisk

Harry R. Thalhimer

Lilo Simmons Ukrop

Deborah Valentine

H. Hiter Harris III, Ex-Officio

1. CALL TO ORDER

At 11:45am, Chair David Goode called the meeting to order and welcomed both the Fiscal Oversight Committee and the Budget & Compensation Committee. He introduced the new board members present.

**Motion:** proposed by Dr. Harris and seconded by Mr. Goode to approve the minutes of the December 12, 2018 meeting of the Fiscal Oversight Committee as distributed. Motion approved.

1. FINANCE REPORT

Chief Financial Officer Hossein Sadid updated the committee on the FY20 and FY21 budgeting process. He explained that the Museum and Foundation build budgets from the bottom up with the objective to align resources with the museum’s mission as effectively as possible. The Museum and Foundation are on track to submit a final draft of the budget for consideration and approval at the May Foundation and June Trustee meetings.

Next, Mr. Sadid reviewed the revenue assumptions for FY20 and FY21, noting that the appropriation from the Commonwealth of Virginia has become a smaller percentage of the total budget over time, since the appropriation has remained at the same level while the total budget has increased. Director Alex Nyerges explained that the total budget has grown from $38 million in FY15 to $46 million in FY19. Mr. Sadid touched on revenue assumptions for earned revenue, enterprises, membership, and endowment. In response to a question, Mr. Sadid explained that the Foundation pays interest on the debt, incurred during the most recent expansion, from a debt service account comprised of gifts designated for that purpose. The portion of the debt with a variable interest rate becomes due in 2024 with an option to refinance, and the final principal payment for the fixed rate portion becomes due in 2036.

Mr. Sadid reviewed projected revenue from the Evans fund. The museum has lowered projected revenue from the Evans fund, with any future, excess income to be used as a stabilization reserve. There was a discussion of the use of reserve funds for the budget.

Mr. Sadid reported that the museum has sufficient funding for current strategic planning investments through FY21, and Mr. Nyerges explained that the campaign will focus on building endowment for those needs. Mr. Rangarajan asked about the strategic planning process, and Mr. Nyerges responded that the museum’s needs for an external consultant for the next strategic plan will be less, since it will build upon the successes of the 2020 plan.

The committee discussed the increasing obligatory expenses. In response to a question from Mr. Rangarajan, Mr. Sadid explained that two-thirds of museum employees are part-time and that the museum would like to convert them to full-time positions to reduce turnover, but at this time, there is no Commonwealth funding for this initiative.

Lastly, Mr. Sadid updated the committee on the budget for acquisitions and capital projects, which are not integrated into the total operating budget. Mr. Nyerges explained that Commonwealth’s support for both capital projects and general support has resulted in an additional $800,000 in annual operating support.

1. OTHER BUSINESS/ADJOURNMENT

**Motion:** proposed by Ms. Reynolds and seconded by Dr. Harris to adjourn the meeting at 11:04am. Motion approved.

Recorded by: Laura Keller

Assistant to the Secretary of the Foundation