

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  
Thursday, December 9, 2010, 10:45 am

Presiding: John R. Staelin, Vice-Chair  
Secretary: Ms. Trudy Norfleet

There were present:

John R. Staelin, Vice-Chair  
Alfonso L. Carney, Jr.  
James C. Cherry  
G. Moffett Cochran  
W. Birch Douglass III  
Grant H. Griswold  
Monroe E. Harris, Jr.  
Agustin Rodriguez  
William A. Royall, Jr.  
Michael J. Schewel  
Thurston R. Moore, Ex-Officio

By Invitation:

Alex Nyerges, Director  
Stephen D. Bonadies  
David B. Bradley  
John H. Hager  
Brian Haggard  
Ms. Anne Kenny-Urban  
Ms. Joan W. Murphy  
Robin Nicholson  
Ms. Trudy Norfleet  
Ms. Jayne Shaw  
Ms. Fern Spencer  
Ms. Cathy Turner  
Ms. Alexis Vaughn

Absent:

John A. Luke, Jr., Chairman  
H. Eugene Lockhart  
Mrs. Stanley F. Pauley  
Ranjit K. Sen  
Mrs. Suzanne T. Mastracco, Ex-Officio

## I. CALL TO ORDER

Mr. John Staelin, Vice-Chair, called the meeting to order at 10:45 am. He introduced and welcomed Dr. Monroe E. Harris, Jr., the new President of the Foundation's Board of Directors.

## II. MINUTES

**Motion:** Proposed by Mr. Royall and seconded by Mr. Carney that the minutes of the last meeting of the Fiscal Oversight Committee held on the 16<sup>th</sup> of September 2010 be approved as distributed on the 14<sup>th</sup> of October 2010.  
Motion carried.

## III. DIRECTOR'S REMARKS

Mr. Alex Nyerges introduced Ms. Fern Spencer, the museum's new Chief Financial Officer. The Director went on to say that the Governor's proposed budget would be announced on December 17. VMFA made three budget requests: \$100,000 to address the mandated conversion of enterprise employees to state employee status; \$150,000 to address the increased costs without increased services from the Virginia Information Technology Agency; and \$500,000 to support the cost of the Picasso exhibition.

The Governor asked each agency to submit a 2%, 4% and 6% "spending savings plan" for the FY12 budget. This equates to \$200,000, \$400,000 and \$600,000. As an offset to potential reductions in FY12, the Governor offered a "double credit" for any savings identified and realized in FY11. Due to these FY11 cuts, VMFA could receive a \$198,000 credit against any FY12 budget cuts.

## IV. REVIEW OF FY11 YTD PERFORMANCE

Ms. Anne Kenny-Urban, Budget Manager, reviewed the FY11 and FY12 budget submission in more detail. She reported that there were FY11 savings identified in energy costs, elimination of a phone circuit, reduction in P-14 hours in the library, and reduction in the Picasso marketing budget. These savings can be carried over into the FY12 budget as well.

Reorganization may eliminate additional positions which will result in savings in future fiscal years. However, extensive reductions in staff will require reduction in programs and/or services.

Ms. Kenny-Urban reviewed the earned revenues from exhibitions and the enterprises through November 30th. She indicated that the Tiffany exhibition had done well by slightly exceeding its revenue projection. However, Darkroom fell short of the anticipated goal and Quilts and Sally Mann were not meeting year-to-date expectations. She indicated that the

attendance/revenue model for Tiffany worked well but the model for the other fall exhibitions was not as successful and perhaps needed to be revisited.

Ms. Kenny-Urban indicated the factors that drive the Enterprise businesses include Museum visitation patterns and seasonality of each particular business. Overall Food Services/Special Events is in the black and on track. Lower than expected visitation and the high cost of the infrastructure of the restaurant and café are of concern to overall profitability. The profit center for Food Services/Special Events is the special events section. The VMFA Shop, however, is only at 58% of its forecasted YTD net income. The Shop is dependant primarily on Museum visitation so it is critical that exhibitions and programs bring people into the Museum. It is projected that December will be the biggest month for the Shop. The Enterprise businesses are budgeted to deliver \$1.2 million of net income to the Museum in FY11. This forecast may need to be revised prior to year-end.

Ms. Jayne Shaw announced that fundraising for Picasso is going well with a total of \$2,385,000. Membership now stands at 20,069.

There was discussion about the costs of exhibitions, whether exhibition fees should be lower to bring more traffic into the museum, whether members should pay a small fee for banner exhibitions, and how increasing memberships to provide a steady income stream is essential. The Committee also discussed ways to encourage existing members to renew their memberships on a timely basis. The Director stated that the cost of exhibitions is being reviewed in light of VMFA's first full exhibition schedule and results of attendance at the exhibitions since May. He further stated that he believed asking members to pay a small fee for banner exhibitions would be reducing the benefits of membership and detrimental to attracting new and keeping current members. VMFA must bring in attractive shows to keep members and attract new ones. Mr. Douglass and the Director indicated that VMFA's membership department is proactive in encouraging people to renew and will soon be conducting a membership campaign.

## V. UPDATE ON CAPITAL PROJECTS

The Director discussed the museum's capital projects explaining that VMFA is working through closing out the expansion project with Whiting-Turner. Resolution of disputes is the ultimate goal and good progress has been made in that direction. The Director invited any Committee member seeking more detailed information to contact him at any time. The Director also addressed the driveway construction, indicating that, due to tar seeping through the pavers, the entry driveway had to be replaced at the subcontractor's expense. It is scheduled to be complete by February 1.

## VI. FY12 BUDGETING PROCESS AND CALENDAR

The Director announced that the FY12 budget will be completed on a new schedule. The FY12 budget will be ready for review and approval by the Trustees at the May 2011 meeting. If there are any last-minute adjustments to be made, they will be reviewed and approved by the Executive Committee and the budget will be in place on July 1, 2011.

VII. OTHER BUSINESS

John Staelin commended Anne Kenny-Urban on her work with and presentation of the budget. There being no further business, the meeting was adjourned at 12:00 noon.

Trudy Norfleet  
Acting Secretary