

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 13, 2012, 10:30 am

Presiding: John R. Staelin, Vice-Chair
Secretary: Ms. Suzanne Broyles

There were present:

John R. Staelin, Vice-Chair
Ms. Kelly B. Armstrong
James C. Cherry
W. Birch Douglass III
Ms. Eva Teig Hardy
Satya Rangarajan
William A. Royall, Jr.
Thurston R. Moore, Ex-Officio

By Invitation:

Alex Nyerges, Director
Stephen D. Bonadies
Ms. Suzanne Broyles
Ms. Anne Kenny-Urban
Ms. Linda Lipscomb
Robin Nicholson
Cameron O'Brion
Charles H. Seilheimer, Jr.
Ms. Fern Spencer

Absent:

John A. Luke, Jr., Chair
Mary Anne Carlson
G. Moffett Cochran
Richard B. Gilliam
Margaret N. Gottwald
Terrell Luck Harrigan
H. Eugene Lockhart
Michael J. Schewel
Mrs. Suzanne T. Mastracco, Ex-Officio

I. CALL TO ORDER

Mr. John R. Staelin, Committee Vice-Chair, called the meeting to order at 10:30 am and welcomed the group.

II. MINUTES

Motion: proposed by Mr. Staelin and seconded by Mr. Cherry that the minutes of the last meeting of the Fiscal Oversight Committee held on the 19th of September 2012 be approved as distributed on the 19rd of November 2012.
Motion carried.

III. QUESTIONS ON FY13 DOCUMENTS DISTRIBUTED – Fern Spencer

Fern Spencer, Chief Financial Officer, addressed the Museum Operations Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance for the quarter ending October 31, 2012 and 2011. She also provided general comments on Food Service and the Museum Shop. She indicated that the October statements are generally in line with what was anticipated at this stage of the fiscal year. She noted that in particular the membership revenue looked fairly good compared to the prior year. Ms. Spencer indicated expenses also appear to be in line with what was anticipated. However, she noted that not all Chihuly expenses had been recorded at the end of October and that Exhibition Design had experienced overages that were being addressed. She also noted that Food Services results were in line for the fiscal year. The great news for the Gift Shop, however, was that beginning in mid-October and the opening of Chihuly sales had improved dramatically and they were projecting excellent results for year-end.

Mr. Royall asked if we check with other museums to see how they collect and report data. Anne Kenny-Urban explained that training of the budget managers is what is needed. Ms. Spencer reminded the group that as a state agency, we have to use the state reporting system which is very outdated. Ms. Spencer announced that beginning in January the project to implement monthly budget processing throughout the Museum, which will provide much more relevant comparative financial data, will be restarted. The goal is to provide FY13 monthly projected data at the next Fiscal Oversight Committee meeting. She also stated that monthly projections will be used to create the FY14 budget. Finally, Ms. Spencer discussed a new prototype variance analysis and requested feedback for future presentations.

IV. REQUESTED STATE BUDGET AMENDMENTS AND SAVINGS STRATEGIES – Fern Spencer

Fern Spencer listed VMFA's requested amendments to the Governor's budget.

- General Fund increase to cover 62.6% increase in Workers Compensation Premium (+\$34,253/\$36,788)
- General Fund increase to cover rising cost of mandated use of the Payroll Service Bureau -FY13 increase 72.1% (+\$35,588)
- Amend Appropriation Act language to allow VMFA to move forward with planning phase of Robinson House renovation using non-general funds.

Ms. Spencer informed the Committee of VMFA's 4% savings strategies in priority order submitted to the Governor per his request.

- Replace window dresser vendor with in-house staff (-\$5,000)
- Replace FTE Capital Projects manager with P-14 consultant (-\$62,738)
- Reduce Membership mailings (-\$20,000)
- Eliminate Deputy Director of Sales and Marketing (-\$215,593)
- Substitute contract consultant for FTE Chief Technology Officer (-\$81,393)

Fern Spencer indicated that our highest priorities are the open positions that are not being approved by the Administration. Ms. Eva Teig Hardy asked if we need Trustees to talk to the Governor to help get our needed positions approved. It was felt that would be a good tactic and a list of unfunded vacancies will be provided at the next meeting.

V. *CHIHULY* MID-RUN UPDATE – Anne Kenny-Urban

Anne Kenny-Urban, Manager of Budget Services, gave a *Chihuly* mid-run update analysis of the exhibition's financial performance. She provided the revenue and expenses of the combined exhibition budget vs. the exhibition actual as of 11/30/12 and the variance. She noted that it was hoped that we could recoup some expenses by selling our exhibit components such as the Chihuly glass ceiling casework structure to Montreal for their exhibition.

Ms. Kenny-Urban showed *Chihuly* exhibition attendance history and ticket revenue history compared to past VMFA exhibitions. She presented *Chihuly* weekly attendance vs. the forecast and the progress to date and per capita comparison. Attendance, ticket revenue and shop sales from the 2011 Thanksgiving weekend were compared to the 2012 Thanksgiving weekend and the numbers rose dramatically leading to revised revenue scenarios. Ms. Kenny-Urban remarked that we are pleased to report that we were projecting greater than anticipated attendance and revenue. We are now assuming attendance between 145,000-150,000 and revenues over projection of between \$128,350 and \$242,500. She concluded with lessons learned from *Chihuly*.

- Fine Arts & Flowers appears to have minimal impact on exhibition attendance
- There appears to be less demand for audio guides for less historical exhibitions such as *Chihuly*
- As has been discussed numerous times, Enterprises have the capacity to benefit greatly from additional traffic from exhibitions

VI. ADVANCEMENT UPDATE – Linda Lipscomb

Linda Lipscomb, Deputy Director for Advancement, discussed FY13 YTD results by source of funds as of December 10, 2012. She then gave a different look on unrestricted giving which she said was all important and on target. She noted a recent surge of renewals which is keeping memberships on track. Ms. Lipscomb explained that revenue from memberships over \$250 go to the Foundation unrestricted gifts and revenue from memberships \$249.99 and under go to the state revenue side.

Ms. Lipscomb reported that more than 4,500 people attended the *Chibuly* opening member preview day. She announced that the new membership desk opened on October 19 and was well received with more than 3,525 transactions through December 9. This desk receives staffing assistance from Council volunteers. Our membership count is 32,949 as of December 1 and 1,850 new memberships were sold between October 19, 2012 and December 9, 2012. She then gave the following 2013 strategic plan first quarter update.

Advancement Committee – 2 meetings

Key new hires in place

- Full time Planned Giving Manager as of September 1
- Development writer – August 1
- Manager of Grants and Foundations – October 8
- Associate membership manager – August 1

Membership Restructure – September 1

Implemented Outbound software – September 1

- Improved online and onsite sales

Membership Desk in Atrium – October 19

Exceeded 1Q revenue goal

- Actual \$1.0M vs. Goal \$0.7M

VII. OTHER BUSINESS/ADJOURNMENT

There being no further business, the meeting was adjourned by Vice-Chair John R. Staelin at 12:00 pm.

Suzanne Broyles
Secretary of the Museum