

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, May 16, 2012, 10:30 am

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

There were present:

John A. Luke, Jr., Chair
John R. Staelin, Vice-Chair
Alfonso L. Carney, Jr.
W. Birch Douglass III
Agustin E. Rodriguez
William A. Royall, Jr.
Michael J. Schewel
Geoffrey P. Sisk
Thurston R. Moore, Ex-Officio

By Invitation:

Alex Nyerges, Director
Stephen D. Bonadies
Ms. Suzanne Broyles
Ms. Anne Kenny-Urban
Ms. Linda Lipscomb
Ms. Joan W. Murphy
Robin Nicholson
Charles H. Seilheimer, Jr.
Ms. Fern Spencer
Ms. Randy Webne

Absent:

James C. Cherry
G. Moffett Cochran
H. Eugene Lockhart
Mrs. Stanley F. Pauley
Ranjit K. Sen
Mrs. Suzanne T. Mastracco, Ex-Officio

I. CALL TO ORDER

Mr. John A. Luke, Jr., Committee Chair, called the meeting to order at 10:35 am and welcomed the group. He noted we have quite a number of items to cover in today's meeting.

II. MINUTES

Motion: proposed by Mr. Moore and seconded by Mr. Carney that the minutes of the last meeting of the Fiscal Oversight Committee held on the 15th of February 2012 be approved as distributed on the 5th of April 2012. Motion carried.

III. DIRECTOR'S REMARKS

Director, Alex Nyerges informed the group that the focus of the meeting is all budget related and thanked Anne Kenny-Urban, Fern Spencer and all the Division Heads and managers who worked on the budget saying it was a challenge to come up with a budget that would work. Mr. Nyerges pointed out that we learned a lot last year with the *Picasso* exhibition. He remarked that that type of exhibition might come along once every ten years. Mr. Nyerges noted there is no average or normal year in our business and there never will be, but looking at and using benchmarks is how business is conducted. He thanked the Division Heads who have worked hard on the budget and honed in on line items in order to create a better picture for FY13.

Mr. Luke echoed the Director's comments and thanked Fern Spencer for her efforts in balancing the budget while facing limited resources. She has planned accordingly and progress was made, but it is still a work in progress. He stated that Ms. Spencer will cover individual exhibition budgets for *Maharaja*, *Chibuly* and *Wesselmann* so that the Committee can get a behind the scenes look at the initial exhibition planning. He said that studying our recent past and taking a look forward will help. At the next meeting, he announced, we will take a deep dive on things as we will have more experience with *Maharaja*, but today's primary focus is to review and approve the budget.

IV. REVISIONS TO THE VIRGINIA ADMINISTRATIVE CODE – Stephen Bonadies

Stephen Bonadies explained that the Museum Use Regulations have not been revised since May of 1997 and that there were a number of housekeeping issues that needed to be addressed. For example, he noted the need to eliminate references to events no longer held at the Museum as well as job titles no longer in use. He added that the section on public hours has been simplified so that changes can be made in the future if necessary without requiring a subsequent revision to the regulation. The more significant changes to the regulation address the public's use of the Museum's grounds such as dogs must be leashed and kept under their owner's control, and skateboards, in-line skates, and roller skates are prohibited. With respect to Exceptions and Permits, the same criteria will now be used to consider an exception and to deny a permit. The Committee discussed the proposed changes and approved the revisions with two spelling changes and a change in the wording in section C. (iv.) substituting "and" for the word "or."

Motion: proposed by Mr. Douglass, and seconded by Mr. Carney that the Fiscal Oversight Committee recommends to the Full Board of Trustees approval of the revisions to the Virginia Administrative Code with the spelling corrections and wording change mentioned. Motion carried.

V. QUESTIONS ON FY12 DOCUMENTS DISTRIBUTED – Fern Spencer

Chief Financial Officer, Fern Spencer, addressed the materials sent out prior to the meeting and asked for any comments or questions. She reviewed the FY12 March 31st financial summary and made comments on the March 2012 Actual column figures, and briefly reviewed figures for Food Service and the VMFA Shop. Mr. Luke said this array of input works well and is a nice improvement thanks to Vice-Chair John Staelin, who suggested this process for the February meeting.

VI. ANALYSIS OF FY13 DRAFT BUDGET – Fern Spencer

Fern Spencer reviewed the FY13 budget assumptions and indicated that all projects are prioritized by strategic importance and all earned revenue was pooled for use as needed across the Museum, with the exception of enterprise fund revenue which is maintained separately. She commented that overall earned revenue is expected to be lower than the previous year primarily due to the reduction in anticipated exhibition ticket revenue and parking fee income. These projections are approximately \$558,000 lower than the previous year. On the other hand, membership revenue is projected to increase by \$100,000. Enterprise operations gross revenue is projected to be higher than the prior year. However higher cost of operations is also projected, which will result in lower anticipated net profits for FY13. Foundation support will be lower in FY13, as unlike FY12, we are projecting minimal carryover in endowment accounts. Included in this support is additional sponsorship fundraising by Development in the amount of \$800,000, up from \$600,000 in FY12.

Ms. Spencer stated that it is anticipated that minimal balances will be carried forward. Grants included represent only those confirmed to date and we anticipate additional awards will be forthcoming. Under expenses, the Museum is continuing to carry vacant positions unless they are mission critical and funding has been included for a 3% bonus for full time employees which is legislation driven. In addition, funding has also been included to make selected salary adjustments in anticipation of the completion of the Museum-wide salary review.

Again in FY13, the Museum is electing to carry Pending Project requests. This line item is reflected under both revenues and expenses. These projects include IT projects (Collections Management System and Digital Asset Management Project), and Exhibitions (Ryan McGinnis and Judith Godwin). These projects are currently unfunded. However, they have been added to the presentation to obtain Committee approval to advance them should funding become available. None of these projects will be added back to the full budget until funding is secured.

Ms. Spencer then provided the FY13 fiscal impact of exhibition ticket revenue forecasts for *Maharaja*, *Chihuly*, and *Wesselmann* and the offsetting ticketed exhibition expenses. She provided exhibition expenses for the non-ticketed FY13 exhibitions as well. Finally, Ms. Spencer noted that Museum staff will continue to identify savings and maximize revenues to enhance the FY13 provisional budget. She fielded questions from the group and encouraged committee discussion.

Motion: proposed by Mr. Luke and seconded by Mr. Schewel that the Fiscal Oversight Committee recommends to the Full Board of Trustees approval of the budget as presented with modifications as we go on in the year. Motion carried.

VII. ADVANCEMENT UPDATE – Linda Lipscomb

Linda Lipscomb, Deputy Director for Advancement, discussed recent highlights including that upper level memberships FYTD12 are tracking 7% above FY11 and the renewal rates in this group average 88%. She noted two new government grants were awarded within the past 30 days, NEA for \$43,600 for conservation of works on paper, and the Institute of Museum and Library Services (IMLS) for \$20,298 for education programs. Ms. Lipscomb explained that a Development Committee is being formed and a Chihuly Preview will be held on June 12 for Board members, sponsors and prospects. She announced that there have been new commitments of \$85,000 to the exhibition. She said we are now at approximately 32,000 members as of May 1. Ms. Lipscomb displayed a chart showing membership growth and membership trends which peaked at *Picasso*.

The Deputy Director went on to discuss the proposed membership rate increases sent to the Committee for their review prior to the meeting. She said with these changes, the estimated revenue increase would be \$300,000, bringing the FY13 estimated membership revenue to \$1.86 million vs. the FY12 revenue of \$1.56 million. Ms. Lipscomb reviewed the categories and explained that we propose to combine the Dual and Senior categories. The Committee asked for further research on the subject and Ms. Lipscomb agreed to supply them with the information requested.

VIII. OTHER BUSINESS

Mr. Luke announced that due to lack of time the agenda item “Review of Employee Turnover” will be addressed at the next meeting. He thanked the staff for their reports and there being no further business, the meeting was adjourned at 12:00 pm.

Suzanne Broyles
Secretary of the Museum