



Virginia Museum of Fine Arts

Trustee Executive & Governance Committee Meeting

August 4, 2017

Claiborne Robertson Room

Virginia Museum of Fine Arts

200 N. Boulevard

Richmond, VA, 23220

Virginia Museum of Fine Arts
Meeting of the Executive & Governance Committee
Friday, 4 August 2017, 9:00am
Claiborne Robertson Room
AGENDA

I. CALL TO ORDER Mike Schewel (2 min.)

II. MINUTES APPROVAL Mike Schewel (2 min.)

Motion: proposed to approve the minutes of the May 10, 2017 meeting of the Executive & Governance Committee as distributed.

III. REPORT OF THE PRESIDENT Mike Schewel (5 min.)

IV. REPORT OF THE FOUNDATION Hiter Harris (5 min.)

V. REPORT OF THE DIRECTOR Alex Nyerges (5 min.)

VI. LOAN CONSIDERATION Stephen Bonadies (3 min.)

Motion: proposed to approve the following loan consideration:

1. Fred Eversley, Untitled, 1970, cast polyester resin, Overall: 19 ¼” Dia. x 6 ¼” D (48.9 cm x 15.88 cm), Gift of Best Products Co., Inc., 90.8.
Exhibition: “Black, White, Gray and Transparent Color”, Muscarelle Museum of Art at The College of William and Mary, Williamsburg, VA, September 2 through November 8, 2017.

Recommendation: Lend.

VII. CLOSED SESSION

VIII. OTHER BUSINESS/ADJOURNMENT

Public comment will not be received

Virginia Museum of Fine Arts
Minutes of the Executive & Governance Committee Meeting
Wednesday, 10 May 2017, 9:30am
Theater Level Conference Room #1

There were present:

Michael J. Schewel, President & Chair
Dr. Monroe E. Harris, Jr., Executive Vice President
Terrell Luck Harrigan
Ivan Jecklin
Kenneth S. Johnson, Sr.
H. Hiter Harris III, Ex-Officio

Absent:

Martin J. Barrington
Susan S. Goode
John A. Luke, Jr.

By Invitation:

Alex Nyerges
Lee Anne Chesterfield
Jan Hatchette
Laura Keller
A. Cameron O'Brion
Hossein Sadid
Kimberly Wilson

I. CALL TO ORDER

At 9:30am, President Mike Schewel called the meeting to order.

Motion: proposed by Mr. Schewel and seconded by Dr. Harris to approve the minutes of the February 9, 2017 meeting of the Executive & Governance Committee as distributed.
Motion approved.

II. REPORT OF THE PRESIDENT

Mr. Schewel informed the committee that two Trustees, Judy Niemyer and Gene Lockhart, have stepped down. He explained that the board will need to submit a list of potential new board members for the governor's consideration, and he asked the committee members to reach out with any ideas for nomination.

III. REPORT OF THE FOUNDATION

Ms. Armstrong reported that the Foundation portfolio is up by +4.9% in the first quarter, and the endowment is well-positioned for the future. She explained that the ArtShare Committee has been successful in fundraising for technology, so the committee will now take on additional fundraising responsibilities as a conduit for increased fundraising involvement among all board members. Ms. Armstrong will co-chair the new ArtShare and Advancement Committee with Lilo Ukrop. She said that, although she is rotating off as president, she will remain involved. Incoming Foundation

President Hiter Harris expressed confidence in the Foundation board chairs and officers. Ms. Armstrong and Mr. Harris explained that the Foundation Executive Committee will have a renewed focus on board engagement.

There was a discussion of the recent developments regarding FOIA exemptions and state affiliated non-profits.

IV. REPORT OF THE DIRECTOR

Director Alex Nyerges reported that VMFA hosted the Southeastern Art Museum Directors Conference from May 3rd to May 6th, with 40 museum directors attending. He noted the importance of professional conferences for the reputation component of the strategic plan. He also announced that the *Yves Saint Laurent: The Perfection of Style* gala was a success, with net revenue over \$300,000.

V. FINANCE REPORT

Chief Financial Officer Hossein Sadid provided an update on the FY17 budget. The museum is on track to end the year on budget. He noted that the state issued a 5% decrease to the appropriation and the Foundation decided to decrease the endowment payout from 5% to 4.5%. He explained that the museum has renegotiated several contracts for savings without decreased services, including IT related costs. Ken Johnson recommended innovation strategy and benchmarking and the group discussed raising funds to create a Chief Information Officer position.

I. EXECUTIVE CLOSED SESSION

At 10:33am the meeting went into closed session with the following motion.

Motion: proposed by Dr. Harris, and seconded by Mr. Johnson that the meeting go into closed session under the Virginia Freedom of Information Act, Section 2.2-3711 (A) subsections (1) of the Code of Virginia to discuss a **personnel matter** which is not public. Motion carried.

At 10:47am, by motion proposed, seconded and carried, the meeting resumed in open session.

Motion: proposed by Dr. Harris, and seconded by Mr. Johnson that the Committee certify that the closed session just held was conducted in compliance with Virginia State law, as set forth in the Certification Resolution distributed. Motion carried.

A roll call vote was taken, the results of which are outlined in the Certification Resolution.

There being no further business, the meeting was adjourned at 10:47am.

MOTION: Dr. Harris
SECOND: Mr. Johnson

MEETING: Executive & Governance Committee
DATE: 10 May 2017

CERTIFICATION OF CLOSED MEETING

WHEREAS, the Executive Committee has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 (A) of the Code of Virginia requires a certification by this Board that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Executive Committee hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Executive Committee.

VOTE

AYES: Schewel / Harris / Harrigan / Jecklin / Johnson

NAYS: None.

ABSENT DURING VOTE:

ABSENT DURING MEETING: Barrington / Goode / Luke

Recorded by: Laura Keller
Assistant to the Secretary of the Foundation

Dashboard FY17 Advancement Revenue
 Jul 1, 2016 - Jun 30, 2017

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DESIGNATION		FY17 BUDGET	FY17 YTD ACTUAL	FY17 % to BUDGET	FY16 YE	FY16 YTD ACTUAL	FY16 % to YE
Income	Unrestricted Giving Active #						
	General Memberships 29,213	\$ 1,603,086	\$ 1,696,604	106 %	\$ 1,630,699	\$ 1,630,699	100 %
	Customized Memberships 3,690	\$ 757,030	\$ 700,490	93 %	\$ 677,706	\$ 677,706	100 %
	Leadership Giving Societies 598	\$ 1,950,536	\$ 2,192,829	112 %	\$ 1,953,714	\$ 1,953,714	100 %
	Total Active Membership 33,501	—	—	—	—	—	—
	Corporate Membership & Unrestricted Giving 62	\$ 154,740	\$ 114,750	74 %	\$ 124,350	\$ 124,350	100 %
	General Gifts (Annual Fund and Corporate Matching)	\$ 213,323	\$ 331,715	155 %	\$ 228,853	\$ 228,528	100 %
	UNRESTRICTED GIVING	\$ 4,678,715	\$ 5,036,388	108 %	\$ 4,615,322	\$ 4,614,997	100 %
	Restricted Giving (All Sources)						
	Non-Endowed Funds	\$ 1,849,000	\$ 2,728,872	148 %	\$ 2,538,766	\$ 2,538,516	100 %
Endowed Funds	\$ 0	\$ 680,886		\$ 1,059,067	\$ 1,059,067	100 %	
RESTRICTED GIVING	\$ 1,849,000	\$ 3,409,759	184 %	\$ 3,597,833	\$ 3,597,583	100 %	
STRATEGIC PLANNING	\$ 1,394,000	\$ 612,500	44 %	\$ 2,631,575	\$ 2,631,575	100 %	
CHANGE CAPITAL	\$ 0	\$ 50,130		\$ 5,057,879	\$ 5,022,879	99 %	
TOTAL INCOME	\$ 7,921,715	\$ 9,108,776	115 %	\$ 15,902,610	\$ 15,867,035	100 %	

**Virginia Museum of Fine Arts
Budget vs. Actual FY 16 & FY 17**

As of June 30, 2017

	FY 2016			FY 2017			Variance Actual To Budget	% Variance Actual To Budget
	YTD 6/30/2016 Actual	Fiscal Year 2016 Budget (1)	FY 16 Percent Of Actual To Budget	YTD 6/30/2017 Actual	Fiscal Year 2017 Budget (1)	FY 17 Percent Of Actual To Budget		
Revenues								
State General Funds	10,052,690	9,539,877	105.4%	9,727,986	10,109,639	96.2%	-381,653	-3.78%
Earned Revenues	3,817,494	3,891,549	98.1%	3,501,889	3,359,568	104.2%	142,321	4.24%
Enterprise Operations	7,301,962	6,014,480	121.4%	7,203,579	6,181,619	116.5%	1,021,960	16.53%
VMFA- Foundation Support	12,101,030	12,689,850	95.4%	12,551,550	15,088,976	83.2%	-2,537,426	-16.82%
Strategic Planning Grants				563,563	780,550	72.2%	-216,987	-27.80%
Change Capital				665,342	354,402	187.7%	310,940	87.74%
Total Revenues	33,273,176	32,135,756	103.5%	34,213,909	35,874,754	95.4%	-1,660,845	-4.63%
Expenditures								
Finance & Administration	3,521,991	3,523,858	99.9%	3,842,394	3,690,585	104.1%	151,809	4.11%
Human Resources				756,326	919,006	82.3%	-162,680	-17.70%
Member Services		737,947	0.0%	278,750	304,545	91.5%	-25,795	-8.47%
Marketing & Communications	2,590,965	1,793,935	144.4%	1,905,609	2,170,235	87.8%	-264,626	-12.19%
Art and Education	5,184,113	7,252,986	71.5%	6,758,471	7,922,184	85.3%	-1,163,713	-14.69%
Information Technology	1,896,643	1,776,181	106.8%	1,880,311	2,095,857	89.7%	-215,546	-10.28%
Enterprise Operations	7,196,573	5,759,581	124.9%	6,624,214	5,707,887	116.1%	916,327	16.05%
Facilities Management	7,773,619	7,785,297	99.8%	7,647,269	8,150,318	93.8%	-503,049	-6.17%
Conservation & Collections	4,687,620	3,455,923	135.6%	4,373,859	4,914,137	89.0%	-540,278	-10.99%
Total Expenditures	32,851,524	32,085,708	102.4%	34,067,202	35,874,754	95.0%	-1,807,552	-5.04%
Balance	421,652	50,048		146,708	0		146,708	

- (1) FY 17 and FY 16 budget and actuals have been reallocated to reflect organization realignment with the following exceptions:
- FY 16 Administration includes Human Resources which was created as a separate division for FY 17 reflecting a decrease in Administration
 - FY 17 Administration includes Visitor Services which was separated from membership from FY 16 reflecting an increase in Administration and a decrease in Membership

VMFA Consolidated Balance Sheet

As of June 30, 2017

	FY 2017	FY 2016	VARIANCE	PERCENT
ASSETS:				
Current Assets:				
Cash-Museum Operations	\$ 2,143,753	\$ 3,554,744	\$(1,410,991)	-40%
Cash-Enterprise Operations	1,654,131	1,508,690	145,441	10%
Capital Projects-Appropriations	5,435,574	6,073,373	(637,799)	-11%
Receivables:	925,547	961,001	(35,454)	-4%
Less Allowance For Doubtful Accounts	(4,037)	(2,509)	(1,528)	61%
Net Receivables	921,510	958,492	(36,982)	-4%
Inventories	632,515	599,386	33,129	6%
Total Current Assets	<u>\$ 10,787,483</u>	<u>\$ 12,694,685</u>	<u>\$(1,907,202)</u>	<u>-15%</u>
Land, Buildings, and Equipment				
Buildings(net of accumulated depreciation)	\$ 156,378,452	\$ 157,998,174	\$(1,619,722)	-1%
Land	670,000	670,000	0	0%
Equipment(net of accumulated depreciation)	211,014	249,952	(38,938)	-16%
Construction in progress	0	1,068,237	(1,068,237)	-100%
Total Land, Buildings, and Equipment	<u>\$ 157,259,466</u>	<u>\$ 159,986,363</u>	<u>\$(2,726,897)</u>	<u>-2%</u>
Total Assets	<u>\$ 168,046,948</u>	<u>\$ 172,681,048</u>	<u>\$(4,634,100)</u>	<u>-3%</u>
LIABILITIES AND FUND BALANCE				
Current Liabilities:				
Accounts Payable	\$ 1,188,686	\$ 799,111	\$ 389,575	49%
Sales Taxes Payable	34,171	42,409	(8,238)	-19%
Deferred Credits	-	(74)	74	0%
Other Liabilities	139,797	110,854	28,943	26%
Total Current Liabilities	<u>\$ 1,556,964</u>	<u>\$ 952,300</u>	<u>\$ 604,664</u>	<u>63%</u>
Long-term Liabilities				
Compensated Absences	<u>\$ 1,239,975</u>	<u>\$ 1,170,105</u>	<u>\$ 69,870</u>	<u>6%</u>
Total Long-term Liabilities	<u>\$ 1,239,975</u>	<u>\$ 1,170,105</u>	<u>\$ 69,870</u>	<u>6%</u>
Fund Balance:				
Net Investment in Capital Assets	\$ 157,259,466	\$ 159,986,363	\$(2,726,897)	-2%
Museum Operations	7,990,544	10,572,280	(2,581,736)	-24%
Total Liabilities and Fund Balance	<u>\$ 168,046,948</u>	<u>\$ 172,681,048</u>	<u>\$(4,634,100)</u>	<u>-3%</u>