

Virginia Museum of Fine Arts
Draft Minutes of the Joint Meeting of the Trustee Fiscal Oversight Committee and
the Foundation Budget and Compensation Committee
Wednesday, December 11, 2019, 11:00 am - 12:00 pm
Theater Level Conference Room #1

Trustee Fiscal Oversight Committee:

There present were:

David Goode, Chair
Steve Markel, Vice Chair
Lynette Allston
Mike Bisceglia, Foundation Liaison
Joan Brock
Marland Buckner
Betty Crutcher, *via teleconference*
Martha Glasser
Jeff Humber
Andy Lewis
Sara O'Keefe
Tom Papa
Pam Royal
Charlie Whitaker

Absent:

Gil Bland
Ankit Desai
Anne Edwards
Satya Rangarajan
Rupa Tak
Harry Thalhimer
Monroe Harris, Jr., Ex-officio

Foundation Budget and Compensation Committee

There present were:

Denise Keane, Chair
Anne Battle
Ukay Jackson
Jay Olander
John Staelin – *via teleconference*
James Klaus, Ex-officio

Absent:

Wyatt Beazley
Paul Monroe
Jennifer Schooley
Lilo Ukrop, Ex-officio

By Invitation:

Alex Nyerges, Director
Stephen Bonadies
Caprice Bragg
Hazel Duncan
Tom Gutenberger
Connor Hudgins
Karen McGill
Hossein Sadid
Holly Stout
Michael Taylor
Kimberly Wilson

I. CALL TO ORDER

Chair David Goode called the meeting to order at 11:08am.

II. MINUTES APPROVAL

Motion: Proposed by Mr. Humber and seconded by Mr. Papa to approve the minutes of the September 26, 2019 Fiscal Oversight Committee meeting as distributed. Motion Approved.

III. REVIEW AND APPROVAL OF BUDGET ASSUMPTIONS - FY21 & FY22 BUDGETS

Mr. Goode noted this will be the initial meeting to start to lay the groundwork for the upcoming budgets but there will be two more meetings to review before final approval by the committee. Chief Financial Officer Hossein Sadid discussed the principles upon which the budgets are based, noting that investment in employees is the top priority. Additionally, the budget must remain in balance, must reflect the museum's mission and strategic plan, and must be guided by transparency and accountability. He provided the steps in the budget timeline which end with the committees and full board approvals at the June 2020 meeting. Mr. Sadid then reviewed the various budget assumptions and discussion followed on the revenue projections for such things as exhibitions, enterprises, membership, and designated gifts and how exhibition attendance and exhibition travel schedules can impact them.

There was also discussion about support from the Commonwealth of Virginia. Since the 2010 expansion, the museum's budget has increased greatly while the Commonwealth's general fund support as a percentage of the budget has declined. VMFA is requesting additional general fund support from the Commonwealth for critical personnel in Conservation and Information Technology as well as to convert 13 critical part time staff positions to full time, additional funding to lease space for art storage, and funding for critical IT infrastructure. Requests for capital funding from the Commonwealth include the expansion and renovation plans, increased maintenance reserve funding and repairs to the sculpture garden.

IV. FY20 1st QUARTER BUDGET VS. ACTUAL

Mr. Sadid reviewed the FY20 budget to actual reports through October 31, 2019 noting adjustments related to the *Sunken Cities* exhibition and Kehinde Wiley acquisition. Discussion related to *Sunken Cities* fundraising progress and plans ensued. Overall, Mr. Sadid noted that we expect to finish the year on budget.

Mr. Sadid announced that after discussions with three financial institutions, the Foundation has entered into a banking relationship with Atlantic Union Bank which includes a favorable long-term restructure of \$40 million of existing debt at a 1.99% fixed interest rate.

V. APA AUDIT OF VMFA

Holly Stout, Project Manager for the Commonwealth's Auditor of Public Accounts, reported on the museum's audit that began May 27, 2019 and concluded in late July, 2019.

Ms. Stout noted that the audit included the revenues, the art collection assets, and the capital assets (those assets valued at greater than \$5,000) of the museum. She reported that the museum properly stated, in all material respects, the revenue transactions recorded in the Commonwealth's accounting and financial reporting system, related to their audit objectives. She also noted that no matters involving internal control and its operation, pertaining to the revenues and art collection assets were considered necessary to be reported to management. She did note three points in the capital assets recording and reporting review that required management's attention.

She concluded by saying they have noted significant improvement since the museum's last audit and therefore, the museum is being moved to a different group, "or pool of state agencies", that require an audit on an every three year basis, rather than annually. Internal control questionnaires may be requested for high level review on non-audit years.

VI. ADVANCEMENT REPORT – CAPITAL CAMPAIGN CASHFLOW

Mr. Sadid reviewed the objectives and assumptions of the campaign cash flow analysis. A discussion followed about fundraising objectives, state funding and annual cash needs. Mr. Goode concluded by indicating that the Committee will continue to review the data at future meetings.

VII. OTHER BUSINESS/ADJOURNMENT

There being no other business, the meeting was adjourned by the Chair at 12:21pm.

Recorded by: Karen McGill, Executive Administrator to the Deputy Director for Advancement