

Virginia Museum of Fine Arts
Minutes of the Fiscal Oversight Committee
Thursday, September 17, 2020, 10:15am
Video Conference

There were present:

David Goode, Chair
Steve Markel, Vice Chair
Lynette Allston
Marland Buckner
Betty Crutcher
Martha Glasser
Jeff Humber
Tom Papa
Charlie Whitaker
Monroe Harris, Ex-Officio
Jim Klaus, Foundation Co-President
Lilo Ukrop, Foundation Co-President

Absent:

Gil Bland
Joan Brock
Ankit Desai
Andy Lewis
Sara O'Keefe
Satya Rangarajan
Pam Royal
Rupa Tak

By Invitation:

Alex Nyerges, Director
Kay Baker
Mike Bisceglia, Foundation Liaison
Stephen Bonadies
Caprice Bragg
Stephanie Cooperstein
Hazel Duncan
Denise Keane, Foundation Liaison
Suzy Szasz Palmer
Katie Payne
Tom Gutenberger
Jan Hatchette
Connor Hudgins
Hubert Phipps
Hossein Sadid
Michael Taylor
Harry Thalhimer

I. CALL TO ORDER

Committee chair, Mr. David Goode, called the meeting to order at 10:21am and welcomed the committee.

II. PUBLIC COMMENT PERIOD

Mr. Goode acknowledged that there were no public comments for this committee meeting.

III. APPROVAL OF MINUTES

Motion: proposed by Mr. Charlie Whitaker and seconded by Mr. Steve Markel to approve the minutes of the June 17, 2020 Fiscal Oversight Committee meeting as distributed. Motion carried.

IV. FY20 YEAR-END CLOSING REPORT

Mr. Goode stated that the goals of the meeting were to review the FY20 results and the FY21 forecast. He complimented the staff on the skillful and dedicated way they placed the museum in a position to close out the fiscal year with a balanced budget. He then turned the floor over to Mr. Hossein Sadid, Chief Financial Officer.

Mr. Sadid reported to the committee that despite the temporary closure of the museum and the restrictions from Covid-19 the FY20 budget is in balance. He noted that this is the 84th consecutive year that VMFA's finances have stayed within budget. He described the three sources of museum revenue and stated that due to the museum closure, exhibitions and enterprises revenues were running behind budget by approximately \$2 million dollars, which was slightly offset by expenses reduction. Mr. Sadid noted that the budget was able to account for those deficits through the receipt of funds through the state by the CARES Act and the PPP funding that was awarded to the Foundation.

V. FY21 BUDGET UPDATE

Mr. Sadid reviewed the FY21 projections and stated that there is a preliminary deficit of \$1.1 million, but that better forecasts would be available in late October. He stated that revenues would be down by 6.1% due to the low ticket revenues for *Sunken Cities* and the lack of income from special event programming.

Mr. Alex Nyerges, VMFA Director and CEO reminded the committee that these are conservative projections and overall the pillars of the museum's revenue are secure. He noted that budget cuts from the General Assembly are not expected to occur and that Mr. Sadid and his staff are reviewing other possible sources of income from federal aid. He also explained that the great success of the Advancement Division in fundraising gives him confidence.

At this point, there was a discussion about concerns surrounding funding from the state. Ms. Katie Payne responded that the only money that was cut from the budget was a

request for \$400,000 of new money for IT and art storage. She said that this request would be part of the new set of requests that would be going to the General Assembly in January.

This was followed by a discussion of what surprised staff as beneficial during the temporary closure. Mr. Nyerges reiterated that he was impressed with the generosity of donors and museum members. He was pleased to see that there was not a decrease in giving. Mr. Sadid said that his team has benefited by sharpening their skills and becoming more prepared for the unknown. Mr. Michael Taylor, Chief Curator and Deputy Director for Art and Education noted the great work of Kimberly Wilson and the Operations Division. He outlined the success of the Gift Shop and the creativity of the Best Café and Amuse in creating a to-go service.

Mr. Sadid then reviewed the projections for *Sunken Cities*. He reiterated that there is an expected decline in ticket revenues due to the current levels of museum foot traffic. This would have a net impact of \$1.2 million. Mr. Taylor contributed to the conversation by reminding the committee that these projections are based on the first two months of the show which were July and August. He said that these are traditionally slow months for exhibitions with the last month generally seeing an increase in attendance. He stated that it all depends on the future which still holds many unknowns. He said that this loss could have been far worse.

There was then a discussion about ways to offset the loss in revenue for exhibitions. Mr. Taylor noted that his team made the decision to cancel an exhibition from the Uffizi that had a high fee attached. He said that they are re-focusing their efforts on large VMFA produced exhibitions like *The Dirty South* which will open in Spring 2021. He noted that not only will exhibitions like this cost less to produce and develop community engagement, but they will be able to be loaned to other institutions. There was also discussion about the possibility of charging for virtual, guided tours.

Mr. Sadid then concluded his report by saying that strategic plan initiatives are forecasted to be fully funded for FY21.

VI. OTHER BUSINESS/ADJOURNMENT

Mr. Sadid thanked Mr. Goode for his leadership and also highlighted the great work of Mr. Connor Hudgins, Budget Manager.

There being no further business, the meeting was adjourned at 11:30am.

Recorded by: Stephanie Cooperstein
Administrative and Project Coordinator to the Director's Office