

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

Meeting called to order at 10:21am.

David Goode: So I will declare the meeting in order. I understand that we did not have any prior request for public comments. Am I correct on that?

Caprice Bragg: You are, sir.

David Goode: So we do not make any formalities with respect to the beginning of the meeting right?

Caprice Bragg: Right.

David Goode: Okay. Are there any non-trustees or invited guests on the on the call?

Caprice Bragg: No, there are not.

David Goode: Okay, very good. So I will begin the meeting. The approval of the minutes is the first item. They were distributed to you. Are there any comments? If not, then I would accept a motion to approve.

Charlie Whitaker: So moved.

David Goode: Seconded?

Steve Markel: Second.

David Goode: Is there any discussion? Those in favor?

Committee: Aye.

David Goode: Any opposed? Minutes are approved as distributed. The purpose of the meeting is really two-fold, to go over the results, I won't say final results of the year, although I think that they should be. And a lot of work is gone into that preparation. And then review our current best efforts with respect to the budget with all of the uncertainties that we all know about that are in there. I will just preface it by saying with respect to the year completed. We have to recognize and give some real kudos to Alex and Hossein and all the department heads for the work that went into making these numbers come out as well as we're about to see they are, and I want to really start the meeting by congratulating the entire staff of the museum. Really, for the great work that's been done so far. So Alex please accept our thanks and feel free to pass it on if you'd like to. So with that I think, Alex unless you have anything further, I will simply turn the meeting over to Hossein who I believe

having talked to him at length is prepared to run through the agenda. Hearing no preliminaries, Hossein the floor is yours.

Hossein Sadid: Good morning and thank you, David. I appreciate the opportunity again to update you about the financial position of the museum, and I will present that to you in two segments as David mentioned. I will give you an update of the last year's final closing of the budget FY20 and then second I will share with you the early budget forecast for this current fiscal year FY21.

David pointed out and I'm extremely pleased that that we concluded the year FY20 in balance and that was despite all the challenges that not only the museums faced, but the nation faced due to COVID-19 you recall that the museum was closed to the public starting on March 13 and we remained closed for the entire fiscal year. It is remarkable as David pointed out that we concluded the year in balance. And to echo what David mentioned this really would not have been possible without Alex's leadership and the hard work of the senior management and all of the management team and the staff of the museum. And this is really remarkable in many ways and putting it into perspective of museums around the country and especially nonprofit institutions and that we're probably one of the exceptions completed year in balance without resorting to any of our accumulated reserves or other sources or funds.

You have the detail final closing for June 30, 2020 but let me summarize that. And in the following fashion. If we step back from the financial perspective and look at the museum's operations, you can categorize the activities in three general categories. The exhibitions as you know several years ago we started the plan of segmenting or separating the exhibitions' budget from the baseline budget, and that has really served us extremely well over the years. So the exhibitions is one segment of the activities at the museum that we track separately. Enterprises is another group of activities that includes food service, special events, and the shop. And enterprise by the nature of the activities is a self-sufficient part of the museum that is expected to generate enough revenues to pay for its expenses and some more to support the museum. And that has been the case over the years with last year being an exception. And finally the third and most important category I think is the baseline operation of the museum. That's really what that the majority of the support from the Foundation comes to support, the baseline operation. In addition to that, obviously we have support coming from the exhibition support. If we take those three categories and summarize in the context of the FY20 budget, we had a total net loss for the exhibitions activities and mainly because of the significant drop in the revenues in the delay of the *Sunken Cities* activities which are entirely attributed to the closing of the museum toward the last part of the year. That had really a net loss contributing to the bottom line of the museum in 2020. The second category, enterprises for the first time since I remember or since I've been at the museum, we had a net loss of 1.1 million. That's really the decline of the revenues that compare to 2 million compared to the adoption on the reduced expenses of 1.1 million resulting in a net loss impact to the museum's budget in FY20 of 1.1 million. The third category really helped close the gap and that's the baseline operation of the average day to day cost reduction in that category. And reduced expenses, or containing the expenses, part of that was naturally taking place because of the closing of the museum we can't have some activities that we spent money on including some things like the facilities. We didn't have the level of expenses happening because of the closure of the museum to the public in the way of supplies, energy consumption, and other things. The baseline part of it really contributed about a million to close that 1.1 million gap from the enterprises. And approximately \$600,000 of gap resulting from the net exhibition activities. Where the final part of the gap was closed was from two sources. One from the partial recovery we can see from the Commonwealth of Virginia for the

CARES Act for Covid related expenses slightly less than \$300,000 and the second part that really helped close the gap was the PPP Recovery that took place on the Foundation side. That's the People Protection Program that was offered through the CARES Act. And obviously we didn't need those funds to support the Foundation and moved that over to there. So net because of the cost savings on the baseline and also having additional funds flow for two unbudgeted revenues to close the gap.

So again I'm extremely pleased that that we didn't have to resort to using any of our reserves or funds that would otherwise need there. By the way, I should point out that it was the 84th consecutive year of a balanced budget at the museum. And that's really a testament to the governance and oversight of the financial activities. And obviously currently David had a lot to do with really working with that side by guiding the process through FY20.

David Goode: And I think it is significant that we're able to find ways to avoid going into our endowment or our special reserves for the most part. We did move the benefit that the Foundation got from the special program over which was necessary for balancing the budget, but essentially this is a final report that sort of stands on its own feet without having to borrow from the future. I think that stands us in a different stead than a lot of organizations. Are there any questions or comments for Hossein or Alex or to other members of the staff about the reports?

Jeff Humber: David, out of having moved over to the museum I'm assuming that we still qualify for the forgiveness of that loan?

Hossein Sadid: That that's an excellent question, Jeff. Yes, and we had received early indications that we have sufficient qualified expenses for forgiveness and the entire \$490,000 that we applied for and received will be forgiven.

Jeff Humber: Okay excellent. Thank you.

Hossein Sadid: Sure

Mike Bisceglia: Hossein, have you already opened up the portal with the bank?

Hossein Sadid: Yes, we have.

Mike Bisceglia: Good.

Hossein Sadid: Atlantic Union Bank, our commercial bank partner has been extremely helpful and supportive to us in terms of our processing those activities.

Alex Nyerges: David, one comment I'll make. I mean actually two. One is that Hossein and his finance folks on state side and the Foundation side have done an unbelievable job at managing the budget at year end to be in the black. But then also revising and looking at the budget for fiscal twenty one which we will obviously be talking about. They've done an extraordinary job and I want to put that in context. If you look at the rest of the field and, you know we're one of the ten largest art museums in America and if you look at Canada as well, you know the top fifteen museums in North America. And with the exception of Houston which has a million and a quarter dollar or billion dollar endowment but not a budget drastically larger than ours. Cleveland to some smaller

degree although they've been hurt. There's virtually nobody else in the top group of museums that has emerged through this last fiscal year largely unscathed. The fact that the only furloughs we did were actually in the interest of the employees and the fact that we ended the year in the black is by comparison to the rest of our field, unbelievable. Now I will say that some of the numbers you read about the Metropolitan with a hundred and fifty million dollar deficit looming, I'm not sure where they come up with their numbers. I mean those are obviously gross numbers that are endowment losses and other kinds of revenue losses and the rest. We could certainly give a gross number lost like the ones that Hossein talked about in that last quarter of FY20. But the net impact is considerably less. Because our people have done an extraordinary job of managing expenses and doing all the things they need to do to make ends meet. So when we look at where we are and then also looking forward compared to again the rest of our field we are extremely fortunate.

Hossein Sadid: Thank you Alex and with that let me just add a few more details behind what I spoke about starting on page six of fourteen of your packet, the board materials. You will see a summary of the variances on the revenues and expenses side. As you can see we balanced the budget with that both revenues and expenses running 11.2% below budget. And I spoke about the elements contributing to the decline under revenue at a 1.2 million decrease in the current revenues. That's essentially three items. There would be the ticket sales for special exhibitions, lower level membership, and revenues that we collect from our tuition fees for education activities. I mentioned the enterprises that revenues were down by 2.2%. By the way all of these decline and revenue sources are directly related to the foot traffic. Following the visitors, obviously we weren't open to the public starting March 13. \$2.2 million decrease in enterprises revenue was partly offset down the expense side but for one reason, enterprises expenses with the net impact of \$1.1 million. Reduction in the Foundation support is directly related to closure of the museum and not being able to use some restricted gifts and some of the gifts designated for *Sunken Cities*. Since we opened that exhibition on July 4. And the same is true with the strategic planning support. We weren't really drawing that support for the related expenses. Both of those items netted down below and expense side. Primarily recently the art education expenses at 1.5 million. I mentioned that the baseline activity expense reduction was a little bit over nine hundred fifty thousand which is remarkable to be able to achieve that in the last less than four months of the year. That as I mentioned, go to page seven, here is a numerical depiction of how the revenues and expenses behaved in 2020 with both expenses and revenues below budget by \$4.7 million or 11.4%.

David Goode: Hossein, we simply turned the \$36.9 million balanced budget from a 41.5 in balance budget. So the expenditures, and I think the changes and all of those we could run through them if you want. But I think it might be better to use our time and turn to the future and at some point you're going to run through the statement on the on *Sunken Cities*. So we will understand that. But perhaps it's a matter of time. If you will run through the forecast as you see it for next year and then that will give us an opportunity to look at the *Sunken Cities* statements. Would it work to proceed that way and turn to page 8 perhaps?

Jeff Humber: I think you're on mute, Hossein.

David Goode: Hossein, you're muted. Let's unmute, Hossein.

Hossein Sadid: Somebody muted me.

David Goode: That's great. I was just saying let's turn to the future.

Hossein Sadid: That's a great idea. On page 8 starting on page 8. I should preface to say that our outlook or forecasts, the budget forecast for FY21, that's the current fiscal year. It's very preliminary. And our forecast for the year is a deficit it a bit over a million, \$1.5 million. This is a really early look at what we think is gonna happen for the year. I would not take this forecast to the bank at this point. I think the best time for us to really have a better perspective would be sometime in late October and particularly after the election in November. But that being said as you can see what we're anticipating. I have a 6.1% lower than budget income revenues and the two items that are contributing to that David mentioned. The *Sunken Cities* is really big, a main impact item. Based on our early traction for folks coming to that show we are running at about 35% of the capacity, and I will go over to that. And Michael and his team are doing everything they can with Jan's help and others to improve that level of volume. Some of that is constrained by the mandate to what extent we can actually bring visitors to see the show and to the museum as a whole. The second item related to the foot traffic in enterprises revenues. We were anticipating going to be running behind by \$1.2 million that netted against the enterprise that expense reduction. Our anticipation is for the first time we would experience a significant loss. And this is not an ordinary year obviously. Last year we had a net loss, but this year potentially we face the same thing. Interestingly the shop forecast is positive outcome of \$125,000. They're doing a great job. You know online sales and other things that they do in a creative way. Unfortunately, the food service doesn't have that luxury although they really have been creative as well. They have a take-out program which has had a successful start but that's not enough to offset the main source of revenue for food service. Special events have generated almost no revenues and in our forecast in FY21 we have to assume that there would be no revenue for special events into FY21. Now that could get worse. It could get better. Our whole staff could see normalcy before the end of FY21. We haven't really made any changes in the foundation support or strategic planning support because the museum is open now for full operation despite the capacity limitation for visitors. We are anticipated to continue staying on track with ambitious for and change capital will obviously revise that based on the activity as we get closer to November and December. On the expense side you know they expense reductions or some of that is naturally taking place because of no travel expenses or a discretionary dietary things like that. I included that in this forecast and various line items for the functional categories of expenses. And the rest of that is really daily cost savings because of not filling positions at things like that in preparation for making sure that we're positioned to deal with any kind of shortfall on the revenue side. All in all, our deficit or capacity is extremely manageable. If we end up here, we certainly have several tools in the toolbox that we can resort to if we have to deal with a deficit in FY21.

David Goode: Hossein, so I think that based upon our best projections at the moment we are facing about a million dollar shortfall which we will need to manage in some fashion but given all of the uncertainties that are out there in it our general thought is we will be in a better position probably around the end of October and first of November to take another look at the forecast and probably involve the committee in some fashion and doing a revision on the forecast. So we can go forward. Alex, would you like to make any comments about what we might or might not see?

Alex Nyerges: Well you know, here's the long answer, and I'll try to keep it short. There's just too many unknowns, and I think Hossein's approach to this, you know initially we had said at the June meetings that we would come back in September to a list of possible budget changes. And of course the premise then was also that we would see a 15% reduction in gift revenues which has not materialized. In fact it went up. It was premised on the fact that the state would already have instituted a budget cut of what we thought would be five or six hundred thousand dollars that does

not look like it's going to materialize. So we've had good things happen. Hossein's number, that the 1.5 million dollars is I would say a good middle point. Where I have concern and we have concern is over the revenues from special events interest and revenues from *Sunken Cities*. *Sunken Cities* original budget was for a total of admission revenues of about 2.3 million dollars. On the path we're on now we're gonna be short of seven figures in total ticket revenue. But that's using just a straight line current numbers that we have. And that's why there are too many variables. Hossain has also worked on a couple of possibilities to recover some of the costs and loss in revenues as they relate to Corona Virus. One, he's applied to the folks with FEMA and then another federal agency and both of those are a million three, million four, million five. If either of them were to come through or one of them were to come through and we would be coasting to the finish line regardless of how much this impact continues to the revenue side of the house. Now endowment is strong. Tom and the development people have done an extraordinary job on the development side. So those things are steady. And it looks like it as well, through Katie we're probably pretty secure in terms of our baseline appropriation from the Commonwealth. So when you take all those things into consideration for us at the moment to make any changes would probably be unwise. And at the same time, by the time we get to the end of the year. And I would say the executive committee meeting probably in early December, we have a full board meeting in January but that's at the midpoint of the year, we clearly will know where we are and where we're going by then. But we've got enough as Hossein's mentioned in our back pocket in terms of plans to scale back and the like that I think we should manage at 1.1 million. The one thing that gives me a particular hope is that we were facing a million dollar deficit back in March when this all started, and we coasted to the end of the year and did well. We tapped into virtually fewer reserves than we anticipated by a long shot. And the bottom line ended up where it needs to be. So I have confidence that between our fiscal conservative approach between then Tom and the development people doing all that they're doing which has been extraordinary and then with a couple of these other things that Hossein's been working on I have hope that the year will be not nearly as painful as we originally thought when we last met.

Hossein Sadid: Thank you Alex. That's an excellent point that I missed with the great work of Tom and his team and also Alex really under represents himself. In terms of the fundraising effort, you know we have factored in our budget for FY21 a 15% reduction in the fundraising and based on early indications. We haven't included any, you know additional revenue coming from the fundraising in this forecast based on their early start for the year, you know there is a lot of optimism that we're going to have additional sources of funding coming from fundraising in FY21 to whatever the gap might be to close. I should also make two more observations here, David if I may. One is that not included in this report is the Foundation's final budget, the actual for FY20 and the forecast for the current year. We are preparing to present that to the Foundation's Budget and Comp Committee on the 24th but I should mention that both of those are also in balance. The forecast for the year and the closure of the budget for last year. So that's really something I want to share with you. The second thing is that on the enterprises we started the discipline several years ago, shortly after I started to create a liquidity funding on the side to make sure that we meet their cash need and that was based on a ninety days of cash need for the enterprises. And as you know the revenues there I don't usually come in at the same time the expenses are incurred. So we did create that liquidity for them to be able to stand on their own cash, because of the \$1.1 million loss last year we exhausted all that cash to cover their extra expenses. That's not included in the forecast by the way for the museum, it's the cash side of it activities. And our hope is things get approved that we continue rebuilding that liquidity need for the enterprises work. In the meantime given the fact that we have been still facing a decline in revenue with the enterprises, we extended a line of credit

from the museum's cash for the first quarter of this year of \$400,000 for them to continue operating, and that it seems to be sufficient to keep them liquid to pay for their expenses while their work increases their part of general revenues. I wanted to share that with you that not included in the forecast is cash flow meaning for enterprises' operations.

Jeff Humber: Alex, you know I'm a little curious about the appropriations from the state. You know glad to hear that we think we're okay there but a lot of the state local governments that I deal with are struggling a bit right now, you know relative to covering COVID cost. And if there is not some funding from the federal side in this bill that's pending and if there is assuming there's a spike this fall or winter as has been predicted some of these guys are gonna have to take some fairly drastic steps. It sounds like the Commonwealth is not in that category, is that correct?

Alex Nyerges: I'm gonna let Katie give you the details, but I have to say that the fiscal management of the Commonwealth, Secretary Lane and his cabinet department have done a very excellent job. I mean part of it is that the budget for this biennium that they proposed and approved last spring included two billion dollars of additional expenses and the revenues that are forecasted to be less are very close to the amount of money that they appropriated. So Katie can walk us through the particulars but part of it is I think really good management and planning. Part of it is also the fact that the revenue stream that was just reported also is considerably better than what was anticipated when they reforecast the numbers, but Katie can provide much better detail.

Katie Payne: Sure. So, yes Alex is right. When we left the regular session in the spring, the budget had passed and signed, but they paused a lot of the new operational spending knowing that we were at the very beginning of the pandemic. So they reforecast revenues they weren't as dire as they had anticipated. And what happened with all the new discretionary operational spending that had been paused in the spring is likely going to be taken out in the revised budget that the special session is likely to pass in the next couple of weeks. But we were fortunate that as Alex said and Hossein said that no further cuts seemed to be needed at this time. So what we lost was about four hundred thousand dollars of new money that we had never received before this year. We were supposed to get it after a lobbying effort this past session to upgrade IT and to get some leased storage space for art. So that you know we've known since the spring that that was likely to go away. It's still on the table for the next regular session, but we were very fortunate that our two capital projects that were in the budget this year are going on as planned, the expansion with the match for the...[unintelligible]

....I'm sorry, but Jeff you might also be asking about the CARES funding particularly from the state. So we did go through an initial round where all the state agencies put in requests. There were of course many more requests than there was money to fill them, and we only received in the first round a fraction of what we could ask for. But we did just get an opportunity last week to make another round of requests with the state that will hopefully be included in the revised budget. That'll come out of special session. So we put back in the request we had previously made plus some additional costs that we've incurred since May when the first round went out and we're hopeful, but we won't know until the new budget is released that some of those expenses will be included in that budget. But you are overall right. There is not enough money, but it's hitting localities I think harder than it's hitting state agencies.

Betty Crutcher: I'd like to think about a positive note. What has surprised you in new revenues, Alex and Hossein and whoever, Caprice? In any of the units based on the creative initiatives that you might consider continuing in 2021 and beyond to further manage the deficit?

Alex Nyerges: So I'll start off and Hossein can go into detail as well. You know the thing that has changed the most, obviously is that, people we were close for three and a half months and we ramped up all of our already existing online opportunities. Now those are not revenue producing but where I think we're seeing the impact, and it's huge because of the loyalty factor has been in Tom's area with a contributed income not revenue. So we've lost all the revenue by being closed. We lost revenue not by...by having only one third of the attendance, but the fact that we had anticipated, other people had seen it happen, a loss of contributed revenue. And that has not materialized. Nor do we see it happening. You know what? Tom's report on the capital side as well as operating is phenomenal. So that in itself. Now the good news is people now know we have online resources, and they participate. We had a thousand people attend Peter Schertz's member lecture online. That we would never have a thousand people come, because we only have five hundred seats in the Cheek Theater to begin with. So on that level I think that would be number one on my list of things that is pandemic related and clearly a positive that's going to stay around, and although you know we're looking at ways to monetize. I have to say that there's probably not as much opportunity that's gonna be meaningful to us. There are incremental increases, but the fact is that the contributed piece of this is significant. We're talking about a lot of money and that's to us that's much more important because of two things. One it's an annuity because people then give annually but then it also opens the door because of the loyalty factor for long term major gifts, estate gifts, and the like which for us is the life blood and the major part of this capital campaign, \$105 million for endowment growth. And that's where I think we will see the most positive impact from all that's happened in the last six months. Hossein, what else?

Hossein Sadid: It's not a surprising but it was a refreshing finding for us in the finance group that you know it has sharpened our skills in terms and being prepared for a future potential, you know events that might happen. And I think we have a stronger road map for recovery should there be other unfortunate situations that take place in the future. That doesn't necessarily generate additional revenues but really the other part of the equation is how conscientious we've become on the expense side of the house. So I would echo what Alex mentioned that was another surprising thing. And I think it's a testament to the strength of our fundraising team under Tom's leadership that nationally philanthropy today all art and cultural institutions are down by 23% and ours is on the up. And you know based on the early part of the...of course how we closed last year's books. That's a really great situation that we're positioned in on the revenue side. We've become more judicious.

Michael Taylor: I think one more to this, Kimberly is on vacation but we've sold so many puzzles during this pandemic, it's been unbelievable. And Michael Guajardo in the shop has done such a great job with keeping the revenues up. But the one I wanted to mention was that the food service to-go program where we are now allowing people to buy food as a take-out option when we're open late. And I think these are kind of some of the really creative ways that we're trying to make up this budget shortfall, and I'm sure that the VMFA To-Go will continue well after the pandemic is over. It's such a great initiative. So I just wanted to give a shout out to for what Kimberly is doing.

David Goode: I'll just make one comment. And that is having lived through a few crises in my long career, it is always amazing what people will discover in times of necessity that can be done. And I just a couple of...I take a lot of encouragement from the fact that the shop operation was able to

show that one \$115,000 profit over the last several months given the conditions and the like. I mean that shows some real creativity and effort, and I take a lot of encouragement out of the little things in the food service that I think if you know I hate to think we're gonna have to do this for a while, but we are and our people do seem to be stepping forward. Hossein, would it be useful to run a little bit through the, looking at the clock, to look through the *Sunken Cities* and talk a little bit about the about the projections on that? And they uncertainties that still exists in that, but the way that we're planning to be able to deal with that?

Hossein Sadid: Certainly. So go to page five. Yes, it's page eleven of fourteen is we have been you know including as part of our financial packet to you a status report on exhibitions. Obviously *Sunken Cities*, this remarkable show is underway currently, and I think we have nineteen or eighteen more weeks left but it's not extended for beyond that. You can see this is really a product that our finance team in working with the exhibition folks under Michael Taylor's leadership has developed. There are two scenarios here. Low ticket sales scenario which is the worst case, and then the high ticket sales scenario on the right hand side. We really started off this *Sunken Cities* exhibition anticipating that we would generate a net revenue of that \$763,000. That was quite a realistic budget that was put together and that is based on obviously generating \$5.4 million of revenues offset by \$4.6 million in expenses. The real picture right now with forecasting to look more like that right hand three columns. As you can see, we have a decline under revenues, and as Alex pointed out the lion's share of the revenue side is from ticket revenue is admission. \$1.8 million, and that is a, I'm sorry yes \$1.8 million and at the same time I think Michael and the rest of the team have done a great job of containing expenses. You will see in various categories. The visitor services is primarily as we have lower traffic coming to see the show spend less money on visitor services. We have special coverage for gallery associates, and that there is the cost reduction on the exhibition side. It's primarily the discount that we receive because of the Coronavirus as a result of the good work that Michael's team did with the sponsorship of the show. We are anticipating a deficit of four hundred and fifty three. That's really the realistic case. I think our worst case, just to give you range of what could potentially happen. We are hoping if we get better than our estimate on the right hand side or more realistic estimate. So we went from anticipated \$763,000 net revenues to an anticipated loss of \$453,000 with a net impact on the budget of \$1.2 million overall from that show. I don't know if Michael, you have anything else to add to that. You really have a lot better insight into especially the revenue side.

Michael Taylor: I think really beyond what you and David have said that the big unknown factor for us remains that we usually get about 30% of our attendance in the last month of a show like this. So a lot is going to depend on what January looks like in terms of COVID. If we're aspirational, that is a ways from now people may be more used to going out and wearing masks and social distancing. We don't know what the restrictions will be at that time. They could be looser than they are now in terms of capacity. I will say the early numbers were much better than we could have ever anticipated. Remember, July and August are always quiet months for us. So this show right now is running at about 55% of where it should be, which is really good. However we're not expecting to see the crowds balloon to a point that we can ever make these numbers backup. So I feel very good as you know, Hossein I feel very good with what we're projecting. It will be a loss but it could have been a lot worse, and we are certainly controlling all expenses as much as we can.

Alex Nyerges: Michael the other thing you should know is that the show is going to end in mid-January. We have asked the Egyptian government for an extension but it depends on whether or not

the museum in Giza will open in February. If it doesn't open in time, then we will have the possibility.

Michael Taylor: So there was quite a lot echo. Did everyone hear that?

David Goode: I think this is another thing we'll be in a much better position to know where we are on this when we meet, when the committee meets next. When we have some more numbers and in a month or six weeks from now we'll be in a much better position but we have set ourselves the core by paying close attention to the to the statements on exhibitions, and so I thought it was useful to go through this. Hossein, I think unless you have other items on the forecast you want to go over, I think we perhaps should say something about... Charles, do I see your hand up with a question?

Charles Whitaker: Alex, might have been getting at this, but I couldn't hear through the echo or I'm not sure. What's in the queue to come after *Sunken Cities*, another major exhibition? But are we committed to another major exhibition? Well into calendar year 2021 we could still have low attendance.

Michael Taylor: I'd be happy to answer that, Alex. So Charles, it's a great question. Our next exhibition is the *Dirty South* which is a homegrown exhibition organized by Valerie Cassel Oliver. It's a huge reputation building show, and it's not a high cost because we're basically producing it. But we expect it to do really well and do amazing things in terms of community outreach. We did have after that in the queue an exhibition from the Uffizi Museum. And we ended up canceling that knowing that it came with a huge price tag, and what we're gonna do is another exhibition that's in-house grown and in it's place which is on Man Ray portraits from the Paris period that I'm organizing. So we are paying very close attention to those shows like *Sunken Cities* that come with a huge fee and obviously post-pandemic we will go back to that. But both *Dirty South* and Man Ray we expect to do just as well attendance wise as a fee paying show would've done. But also the benefit is building those community relationships and diversity of audiences. As well as bringing in new members. They are two outstanding shows.

Jeff Humber: This is an ancillary question then. (Unintelligible) Struggles of other museums. Does that create the opportunities for us? Either in, I don't know, the acquisition area or the operating area.

Alex Nyerges: Great question I don't know. I'm gonna have to work on that one, Jeff. You know our operating and acquisition funds are obviously separate streams, and we have one of the larger acquisition funds of any art museum in the country. Where we're seeing changes, and they're not good ones, from our colleagues is where they are deaccessioning works of art. And we talked about this in yesterday's acquisitions committee meeting and they're using it to create funds. Brooklyn just announced selling a bunch of stuff. They're trying to create a \$40 million endowment for collections care because the AAMD has created this two year window. But I got to tell you what our colleagues are doing is drawing the ire of critics around the country. It's not necessarily future thinking it's more reactionary, and you'll probably never see any of that come from here. But I'm gonna have to spend some time thinking about the opportunities and the revenue side. That's a good question

Betty Crutcher: But I could I add to that? Is there a way to have people donate doing virtual tours of our exhibitions? Is that something we can think about and maybe even to a degree get more money

than the ticket cost? Given how, Michael your curators do such a fine job and often you can go through an exhibit and not get that kind of a one on one attention.

Michael Taylor: Yeah Betty. You know we have provided virtual tours of both the exhibitions, and what we're not doing right now is charging for these virtual programs. And I think that is a discussion we need to have, you know and it might be we'll just have to establish a low price point at the beginning and see if it works. But that actually, I'm glad you raised that because when Jeff asked his question that was one of the things I was thinking about. The other thing is quite honestly we are at the forefront of museums in terms of displaying, collecting, and presenting African American art and so once the pandemic hit and you have the protests and the museum reform movements. We immediately got a call from the Crystal Bridges Museum in Bentonville, Arkansas about the *Dirty South*, and they signed up as a venue. And it was a direct result of that. So I think there's a lot to think about, and I do believe that with virtual programs...the pandemic is going to be with us. I think for at least another year, and we just have to talk through what are the benefits of charging for such a virtual tour if someone won't see the show because they feel at risk. It's a great question.

David Goode: Other questions or general comments? Lilo? Yes? I was gonna give you a general opportunity at the end.

Lilo Ukrop: No, I was just gonna say I love the idea of charging for special tours of these big exhibitions, but I think we're also gonna use it on the Foundation side. To get our donors...(Unintelligible)cocktails and receptions and since we can't do a lot of that on live. We're gonna use that opportunity to invite some higher level donors to see exhibits too. So that's another way to build loyalty like Alex was talking about without charging. So thank you.

David Goode: Good point. Hossein, are there other questions? I think we should say a little something about the strategic plan.

Hossein Sadid: Sure.

David Goode: The future strategic plan which we know from past meetings is an area that we're gonna have to fill in. And obviously the uncertainty has added even more uncertainty to that but we do keep our eye on how to complete the strategic initiatives. There's a chart on that.

Hossein Sadid: Sure, David. This is, really you're familiar with this. We've been reporting this to you regularly on where we stand with the status of funding for the strategic priorities initiatives that began in 2016. And of course we completed the strategic plan period, plan 2020 last year on June 30. And you know to sustain those initiatives that are extremely important for the museum's mission we have those funded obviously, fully funded in the FY21 budget. As we go into FY22 and beyond we really have to be focused on, you know additional funding to come in specifically designated for the strategic plan sustainability, and that's about at \$1.7 million. And that's where you see balance per year line at the bottom, shown in each of the fiscal years. And we've been reporting this to you and a great deal of emphasis is put on the Foundation side that fundraising and the good work that they, the committee, the campaign committee as well as the leadership of Tom. We're confident that we're going to find those additional resources to cover those priorities or kinda do the rebalancing in the budget to make sure that we don't impact negatively the trajectory with these priorities. That's really the main point I wanted to make in sharing this summary with you. That we need to continue staying focused and we are going to have funding sufficient to cover these priorities.

David Goode: Yeah I don't think there's anything that we need to do at the moment on this but we are keeping it because if it's not covered somehow in the ongoing capital efforts that it is a hole, if you will in the budget planning and in future years that we have to keep our eye on. So we will continue to keep this on the agenda. And I think there are a lot of good indications that this will be covered as we proceed in the capital campaign. Are there other general comments from the committee or Alex and Hossein? Anything we need to cover?

Hossein: Mr. Chair, I would be remiss if I don't recognize Connor Hudgins. He is part of our finance team and is shown on my screen next to you. He's been doing a remarkable job of coordinating a lot of the efforts that take place to make us really be accountable and judicious in managing resources. And one of the things that I should mention and Katie alluded to that is that you know with Connor's great effort, we were able to respond to the request for additional information with less than twenty four hours literally, last week, last Friday. And that, it's just remarkable. I would have been in the remiss not to mention that.

Connor Hudgins: Those are kind words, Hossein.

David Goode: Anything further we should cover.

Alex Nyerges: David, I'm just gonna add one more thanks to Hossein and all of his team. But then all the folks on the senior management team, all of our managers, and the Foundation because you know between the state side and the Foundation side we're much stronger as a whole. But I think the performance that we've seen at the end of the fiscal twenty and what we're projecting and looking forward to this year is only because we've developed a fairly well honed machine that's responsive to the kinds of things that have to be done. And then Hossein for being, as I've said before he squirreled money away here, there, and everywhere that we could draw upon when we need to. The best example is what we did with the Artist Emergency Fellowship Grants last month when the governor and the first lady came down to the museum to launch that forty grants five thousand dollars each. And the only reason that happened is because Hossein made sure we were always keeping a healthy reserve of unspent revenues in that fund and in many other funds. And from those we've been able to draw on and so Hossein thanks for making sure we squirrel that money away. It's been very useful and very helpful. And most of our colleague institutions out there don't have anybody near half as good as him.

David Goode: Well, let me just say we...you can't feel good at a time like this, but if you could feel good I would about how we have weathered this so far in now. We will keep the...for the committee stay alert if there are surprises or things arise we will not hesitate to be called for a quick meeting of the committee and we would anticipate having a full session to review numbers as they appear when we have better information probably early in November after all of the things that are going to happen between now and then. So thank you for your efforts, and thanks again Alex, Hossein, Michael and everyone on staff.

Alex Nyerges: Thanks for your leadership, David you help move this ship along a lot. So thank you.

David Goode: Then if there are no further comments I will declared the meeting adjourned.

Meeting adjourned at 11:30am.

Transcribed by: Stephanie Cooperstein
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