

Virginia Museum of Fine Arts
Draft Minutes of the Fiscal Oversight Committee
Friday March 26, 2021, 11:00am
Electronic Meeting

There were present:

David Goode, Chair
Steve Markel, Vice Chair
Lynette Allston
Betty Crutcher
Martha Glasser
Jeff Humber
Andy Lewis
Sara O'Keefe
Satya Rangarajan
Pamela Royal
Charlie Whitaker
Monroe Harris, Trustee President, Ex-officio

Absent:

Gil Bland
Joan Brock
Marland Buckner
Ankit Desai
Tom Papa
Rupa Tak

By Invitation:

Alex Nyerges, Director
Kay Baker
Candy Banks
Mike Bisceglia, Foundation Liaison
Stephen Bonadies
Caprice Bragg
Matt Cooper
Stephanie Cooperstein
Hazel Duncan
Tom Gutenberger
Jan Hatchette
Connor Hudgins
Denise Keane, Foundation Liaison
Jim Klaus, Foundation Co-President
Cindy Norwood, Office of the Attorney General
Katie Payne
Hubert Phipps
Hossein Sadid
Suzy Szasz Palmer
Michael Taylor

Kimberly Wilson

I. CALL TO ORDER

Chair Mr. David Goode called the meeting to order at 11:01am.

II. PUBLIC COMMENT PERIOD

Mr. Goode reported there were no requests for public comment.

III. APPROVAL OF MINUTES

Motion: Proposed by Mr. David Goode and seconded by Mr. Steve Markel to approve the minutes of the January 13, 2021 Fiscal Oversight Committee meeting as distributed. Motion carried.

IV. FY21 SECOND QUARTER VS ACTUAL

Mr. Hossein Sadid, Chief Financial Officer and Deputy Director for Finance and Administration, reported that the current forecast for FY21 indicates a shortfall of less than \$300,000. This is a significantly lower shortfall amount than was reported in January. He noted that the deficit can be attributed to visitation being 30% lower due to the COVID-19 Pandemic which also resulted in lower ticket sales, tuition fees, and revenue from museum enterprises.

To offset the shortfall, Mr. Sadid stated that staff continue to reduce expenses, especially those related to entertainment and travel. Additionally, the state general fund increased by 4.5% with a one-time reimbursement of \$500,000 for expenses. The Foundation increased its budgetary support of the museum but was able to offset it with a reimbursement from the federal government's Paycheck Protection Program. Mr. Sadid shared that new data indicates a possibility of an increased budget gap. Director and Chief Executive Officer Alex Nyerges noted it was imperative to look at all areas where that could be mitigated.

V. REVIEW DRAFT FY22 BUDGET

Mr. Sadid presented the draft FY22 budget to the Committee, noting changes that have occurred since his FY22 budget assumptions report in January. He reported the current, increased gap of approximately \$2.4 million, which includes costs for a state-mandated 5% increase in employee pay that was originally slated as a one-time bonus of \$1,500. While the state will provide support for the increase for Commonwealth employees, the net impact of extending that raise to all museum employees is \$765,000. Other costs include strategic plan initiatives, totaling slightly more than \$500,000. Mr. Sadid also reported that current forecasts show earned revenues trending lower and further widening the deficit. He discussed options of how staff intends to cover this gap, noting that senior leadership is reviewing each restricted endowment to ensure they are properly utilized to their fullest potential. He also outlined how roll-over funds from endowments have been used in FY20 and FY2, noting there is a small allocation to be utilized in FY22. He stated a major priority

is building these funds back up in coming fiscal years. He noted that another way to circumvent costs would be through the strategic timing of filling open positions throughout the museum. If these new hires were staggered, that could help further offset projected expenses. In summary, Mr. Sadid noted that he, his team, and senior leadership plan to present a balanced budget for the Board's approval in June.

VI. *SUNKEN CITIES* P&L

Mr. Goode asked the Committee to refer to the information provided in the meeting packet concerning the *Sunken Cities* exhibition's profits and losses. He noted that although the exhibition saw a loss due to COVID-19, it could have been much greater considering the surrounding circumstances.

VII. OTHER BUSINESS/ADJOURNMENT

There being no further business, the meeting adjourned at 11:57am.

Recorded by: Stephanie Cooperstein
Executive Administrator to the Chief Strategy Officer and
Deputy Director of Strategic Planning, Government and Board Relations