

Date: \_\_\_\_\_ Approved: \_\_\_\_\_

VIRGINIA MUSEUM OF FINE ARTS  
Minutes of the Fiscal Oversight Committee Meeting  
Held, pursuant to due notice, in the Conference Suite Room #2  
Richmond, Virginia  
Wednesday, September 19, 2012, 11:30 am

Presiding: John A. Luke, Jr., Chair  
Secretary: Ms. Suzanne Broyles

There were present:

John A. Luke, Jr., Chair  
John R. Staelin, Vice-Chair  
Ms. Kelly B. Armstrong  
James C. Cherry  
G. Moffett Cochran  
W. Birch Douglass III  
Ms. Eva Teig Hardy  
William A. Royall, Jr.  
Michael J. Schewel  
Geoffrey P. Sisk  
Thurston R. Moore, Ex-Officio

By Invitation:

Alex Nyerges, Director  
Stephen D. Bonadies  
Ms. Suzanne Broyles  
Mary Anne Carlson  
Richard B. Gilliam  
Margaret N. Gottwald  
John H. Hager  
Terrell Luck Harrigan  
Ms. Anne Kenny-Urban  
Ms. Linda Lipscomb  
Cameron O'Brion  
Robin Nicholson  
Satya Rangarajan  
Charles H. Seilheimer, Jr.

Absent:

H. Eugene Lockhart  
Mrs. Suzanne T. Mastracco, Ex-Officio

## I. CALL TO ORDER

Mr. John A. Luke, Jr., Committee Chair, called the meeting to order at 11:30 am. He introduced the new Trustees Mary Ann Carlson, Richard Gilliam, Meg Gottwald, Terrell Luck Harrigan and Satya Rangarajan. He noted our new Counsel, Cameron O'Brion, has joined us from the office of the Attorney General. Mr. Luke announced that our Chief Financial Officer, Fern Spencer, is out with medical challenges. He added that we hope she will be back with us further into the fall. Anne Kenny-Urban, Manager of Budget Services, will be presenting today.

## II. MINUTES

**Motion:** proposed by Mr. Luke and seconded by Mr. Cochran that the minutes of the last meeting of the Fiscal Oversight Committee held on the 16<sup>th</sup> of May 2012 be approved as distributed on the 23<sup>rd</sup> of July 2012. Motion carried.

## III. DIRECTOR'S REMARKS

Director, Alex Nyerges, announced that last year we had another strong year and this next one will likely be just as strong. From a fiscal standpoint we exceeded our expectations. When we meet for the October 10<sup>th</sup> Retreat we will look back at the 2009 Strategic Plan and note our challenges, prioritize goals, and carefully plan for even better results in the coming years.

## IV. QUESTIONS ON FY12 DOCUMENTS DISTRIBUTED – Anne Kenny-Urban

Anne Kenny-Urban, Manager of Budget Services, addressed the final FY12 budget results, Food Service/Special Events results, and the Shop results. Mr. Schewel noted that there was a \$500,000 drop in Shop sales and Mr. Luke asked for an analysis of the Shop to be presented at the next committee meeting. The preliminary P/L to date for the *Maharaja* exhibition was provided which showed the ticket revenue was close to the forecast and the Shop revenue was not as high as hoped.

## V. REVISIONS TO FY13 BUDGET – Anne Kenny-Urban

Ms. Kenny-Urban provided the proposed FY13 combined state and local funds operating budget. She explained that the budget was approved at the last meeting in May 2012 and since then there were expected changes. She reviewed the significant revenue and expense changes and the changes to pending projects. Ms. Kenny-Urban explained the implications for FY13 saying that VMFA is in a good position financially. The carryover and the IMLS (Institute of Museum and Library Services) grant have allowed two pending projects to move ahead and the sum total of changes since May represent a less than 1% change. She concluded that these initiatives show progress towards our goal of a steady financial course.

**Motion:** proposed by Mr. Luke and seconded by Mr. Staelin that the Fiscal Oversight Committee approve the changes to the FY13 Budget as presented. Motion carried.

## VI. ANALYSIS OF FY12 TICKETED EXHIBITION – Anne Kenny-Urban

Anne Kenny-Urban provided an analysis of the financial performance of the FY12 Special Exhibitions from May 2010 through August 2012. Mr. Luke explained that with the new wing opening we experienced some budget variance in attendance and costs against plan, and in order to budget appropriately, we worked with staff to plan more thoughtfully using the data from our experience to date. This is the product of that work. Ms. Kenny-Urban showed a graph of recent special exhibitions with and without the *Picasso* exhibition included. She listed the basics learned from the *Mummy* exhibition.

- The longer run for *Mummy* (17 weeks) contributed to a greater return in terms of both attendance (95K) and revenue (\$567K)
- Banner exhibitions can be an “anchor” to enhance potential of focused exhibitions

She showed a graph of per capita comparison as percentage of top ticket price. Next she showed a graph of attendance by week for *Tiffany* to illustrate the prototypical attendance pattern and then compared it to the Museum’s experience with *Mummy* and *Elvis* which defied the pattern. A graph which lined up the attendance for the exhibitions by date highlighted the impact of holidays on attendance. She described how this information is being incorporated into the modeling for future exhibitions. The implications for *Maharaja*, and the attendance by week for *Maharaja* actual vs. forecast were addressed. Ms. Kenny-Urban noted that her forecast for *Maharaja* was very accurate. A chart showing promotional effectiveness and marketing opportunities was discussed.

The forecast chart was shown for our next challenge, the *Chibuly* exhibition. Ms. Kenny-Urban concluded that rigorous data analysis can help VMFA:

- Improve its planning processes
- Reduce financial volatility
- Provide solid foundation for building a financially sustainable business model
- Achieve strategic priorities as efficiently as possible

Mr. Luke said we will wait anxiously for a report on *Chibuly* to see if Ms. Kenny-Urban is as accurate with that forecast as she was with *Maharaja*’s.

## VII. ADVANCEMENT UPDATE – Linda Lipscomb

Linda Lipscomb, Deputy Director for Advancement, discussed recent highlights including the fact that in FY12 Development and Membership revenues were \$4.2 million or 95.7% of the fundraising goal. Grants and foundations exhibited the greatest shortfall. Initiatives implemented during FY12 are beginning to result in increased funding. The IMLS awarded us a grant of \$150,000 in July to support the purchase of the much needed Collections Management System. A chart was shown for Unrestricted Annual Giving for FY12 where our efforts were focused upon growing the base of donors and increasing the average gift

amount. The fundraising goal for support of the FY13 operating budget is \$4.7 million, representing an increase of 11.2% per year. The focus will continue to be raising funds for exhibitions, programs and endowments and creating an exhibition fund to build a base of available funds over three to five years. Ms. Lipscomb remarked that *Chibuly* fundraising has been very successful and as of September 15, \$475,000 is committed in corporate and individual sponsorships for the upcoming exhibition.

Other initiatives in the FY13 Plan are:

- Activate Advancement Committee headed by Foundation Director Kelly Armstrong
- Implement new software for improved online and onsite membership purchases, web communications and gift processing
- Hire a full time Planned Giving Officer
- Open a Membership Desk in the Atrium

Ms. Lipscomb reported that we anticipate membership peaking at 34,000 with the *Chibuly* exhibition.

The Deputy Director went on to discuss the proposed membership rate increases sent to the Committee and all Trustees for their review prior to the meeting. Mr. Luke announced that Mr. Royall, head of the Marketing Task Force, has researched this issue and is now in favor of the rate increases. The following motion was proposed and carried.

**Motion:** proposed by Mr. Royall and seconded by Mr. Seilheimer that the Fiscal Oversight Committee ratifies the Executive Committee's approval of the membership rate increases as presented. Motion carried.

#### VIII. OTHER BUSINESS/ADJOURNMENT

There being no further business, the meeting was adjourned by Chair John A. Luke, Jr. at 1:00 pm.

Suzanne Broyles  
Secretary of the Museum