

Virginia Museum of Fine Arts
Minutes of the Executive & Governance Committee Meeting
Thursday, 4 August 2016, 9:30am
Claiborne Robertson Room

There were present:

Michael J. Schewel, President
Tyler W. Bishop
W. Birch Douglass
Susan S. Goode, *by phone*
Terrell Luck Harrigan
Satya Rangarajan
H. Hiter Harris III, Ex-Officio

By invitation:

Alex Nyerges, Director
Maggi Beckstoffer
Stephen Bonadies
Dr. Lee Anne Chesterfield
Jody Green
Claudia E. Keenan
Hossein Sadid
Dr. Michael Taylor
Kimberly Wilson

Absent:

Dr. Monroe E. Harris, Vice President
Martin J. Barrington
Thomas F. Farrell II
Ivan Jecklin
John A. Luke
James W. McGlothlin
Kelly B. Armstrong, Ex-Officio

I. CALL TO ORDER AND MINUTES APPROVAL

At 9:36am, President Michael J. Schewel called the meeting to order.

Motion: proposed by Mr. Douglass and seconded by Mr. Bishop that the minutes of the May 5th, 2016 meeting of the Executive & Governance Committee be approved as distributed. Motion approved.

II. REPORT OF THE PRESIDENT

After opening the meeting, Board of Trustees President Michael J. Schewel thanked the board for their attendance at the annual board dinner in June. He noted that the Trustees have submitted their nominations to the Governor's office and are awaiting a response. Furthermore, he noted that Anne

Holton has resigned as Secretary of Education due to her husband Virginia Senator Timothy Kaine's involvement in the 2016 Presidential campaign. The Honorable Dietra Y. Trent has been appointed as Virginia's Secretary of Education in Ms. Holton's place.

III. REPORT OF THE FOUNDATION

In the absence of Foundation President Kelly Armstrong, Director Alex Nyerges noted that an investment update is being finalized by the Foundation. The June 30th numbers indicate that the endowment is continuing to beat the indices. Mr. Nyerges reported that the Foundation Board received their orientation a month prior and that there are four more open slots on the Board. He then turned the floor over to Foundation Vice President, Mr. H. Hiter Harris III.

Mr. Harris noted that returns are generally low. He stated that the Foundation may need to review and revise its annual draw and returns. Regarding the open positions on the Foundation Board, Mr. Harris noted that the Board does have openings but that they will want to cultivate slowly and with great consideration. President Schewel expressed that he would like to create a board development committee of the Board of Trustees during his tenure to develop and cultivate nominations.

IV. REPORT OF THE DIRECTOR

Director Alex Nyerges introduced Ms. Maggi Beckstoffer Interim Deputy Director for Marketing & Communications. He then reported that the museum staff are working to make the 2020 Strategic Plan operational, and he intends to give quarterly reports to the board the first of which will be in December. He then commended the Senior Management team for their tireless efforts. President Schewel suggested that the quarterly reports focus on one or two highlights each quarter rather than an overall status report on the entire Strategic Plan.

Then, Mr. Nyerges discussed his annual report for FY16. He stated that it would be presented in the next meeting and distributed within the next three to four weeks. Highlights include the successful fundraising goals for the year, 500,000+ visitors to VMFA, and attendance at events such as ChinaFest reaching a record high of 10,000 people. Mr. Nyerges celebrated the achievements of the museum in the past year.

Next, the Director reported on his recent travels to Nanjing, China, where he viewed an important and unprecedented exhibition of Congo masks from Africa from the collection of Marc Leo Felix. *Masks in Congo*, which recently opened at the Nanjing Museum, is touring to five museums in China and includes 120 masks from both public and private collections. The exhibition has the possibility of touring in North America, with stops in Mexico, the United States and Canada. Mr. Nyerges noted that the exhibition would complement and highlight VMFA's 2020 Strategic Plan and that he wishes to make VMFA a venue for the exhibition. Trustees, including Ms. Susan Goode and Ms. Terrell Luck Harrigan, noted that the exhibition would certainly contribute to the visibility of VMFA's African Art collection while also providing an excellent educational opportunity for local schools. Dr. Michael Taylor, Chief Curator and Deputy Director for Art and Education, said that he would have more to share on this exciting exhibition at the quarterly meetings in September.

V. FINANCIAL SUMMARY

Chief Financial Officer Hossein Sadid noted that the museum ended the year better than budgeted which allowed VMFA to fund one-time expenditures that were not able to be included in the FY17 budget. He thanked the Board of Trustees for their approval of these expenditures. Thanks to the state general funds, a 2% increase for employee salaries and benefits was included in last year's budget and will be slightly higher for FY17. He stated that the 3% salary raise being considered by the Commonwealth was contingent on the State budget finishing the year positively and that did not happen. The status of this raise is currently unknown.

Mr. Sadid reported that the enterprises were better than expected for FY16. A successful year with *Rodin*, the exhibition shop, and food services meant higher than anticipated revenues, but it is not reflected in the margin due to the lower than expected revenue from the Short Pump satellite shop. Support from the VMFA Foundation is down by 5% with the reduction of support reflected on the expense side. More than half of the support from the Foundation comes from restricted sources. Director Alex Nyerges noted that if the museum does not budget for an expense, then it cannot spend the money, which is why the approval must come from the Trustees ahead of time. President Schewel suggested that Finance take another look at restricted funds to see where there may be more room for flexibility. Mr. Sadid noted that Finance is currently working on this. Mr. Harris stated that there can be up to a 5% draw on restricted and unrestricted funds according to the current museum policy, but that the museum is experiencing a 4.2% draw at this time, anticipating future years where more funds may be needed. Ms. Keenan expressed that Development is looking into named endowments to provide additional solutions, and the CFO noted that money invested for the 2020 Strategic Plan is focused on sustainability.

Next, Mr. Sadid reported that the balance sheet reflects a year end with total assets higher than the previous year. He stated that he was very pleased with 2016 overall, and that 2017 is off to a great start.

VI. ADVANCEMENT REPORT

Next, the Deputy Director for Advancement and Membership Claudia Keenan reviewed Advancement's numbers for FY16. Membership was slightly down for the year but up in the leadership circle. Furthermore, she believes that there are opportunities for the annual fund in the year to come. For the year, Advancement raised \$6.1 million against their goal of \$1.5 million in restricted funds. In her review, she noted the following goals for FY16: \$1.0 million to be raised for exhibitions, \$700,000 for technology, \$100,000 for education, \$1.5 million for non-endowed funds, and nothing projected for endowed funds. For FY16, actuals reflected the following: \$1.1 million raised for exhibitions, \$703,000 for technology, \$82,000 for education, \$5.1 million for non-endowed funds, and \$1.02 million for endowed funds. The lower number for education is the result of changes to fundraising philosophies from a large-scale funder, but she added that much of the non-restricted funding goes to Education so this is not a problem for VMFA. Ms. Keenan noted that the non-endowed funds included the Mellon Foundation Grant, an anonymous grant, ArtRageous, and Fine Arts and Flowers.

Next, Ms. Keenan reported that Advancement is working with Stelter Group on Planned Giving. So far, the use of Stelter Group materials have helped to gain 10 bequests, 2 charitable gifts of annuity, and 1 new trust. Regarding Change Capital, \$5.0 million has been booked in pledges and cash for FY 16, and \$5.8-\$5.9 million is committed through pledges, cash, and verbal communication. She anticipates that they will make their goal of \$7.0 million.

Regarding membership numbers, Ms. Keenan stated that at March 30, 2016, VMFA had 35,868 members and at June 30, 2016, the museum had 31,818 members. She explained that part of this is due to student memberships with a loss of 1,500 student members at the end of the school year calendar. Furthermore, she noted that last spring the museum had higher membership numbers while the Flowers exhibition—which included works by Van Gogh, Manet, and Matisse—was on view at VMFA. She expressed that these new members likely did not renew this year with our renewal rates at only 24% as opposed to 45-47% in previous years. People tend to renew based on future exhibitions and what is upcoming at the museum, and it is possible that the same exhibitions do not appeal to the same people. Lastly, Ms. Keenan noted that new member sales for *Kebinde Wiley: A New Republic* are under the projected number but are up against the number projected for student attendance. Typically exhibitions reflect a 65/35 split with members making up 65% and ticket buyers making up 35% of ticket purchases. For *Wiley*, the percentages are at 53/47.

She noted that projections are bullish towards membership for *YSL* and *Terracotta Warriors*. Mr. Rangarajan noted that membership seemed very much based on exhibitions and wondered what could be done to attract members otherwise. Ms. Keenan noted that her team will be working on a direct marketing campaign in FY17 and that they budgeted \$75,000 for this endeavor. One way the museum works to appeal to members in the off season is by offering discounts and advanced access for Studio School classes.

VII. GOVERNMENT RELATIONS REPORT

Both Ms. Keenan and Mr. Sadid reported that there have been delays with appropriation for the Robinson House project and that more will be known in the upcoming meetings.

Lastly, Mr. Nyerges noted that Susan and David Goode will be honored at the Americans for the Arts' awards ceremony in New York this October. The Goodes will receive the *Legacy Award*, in recognition of their dedication to supporting the arts in Virginia as well as nationally. He congratulated the Goodes for their achievement.

VIII. EXECUTIVE CLOSED SESSION

At 11:02AM the meeting went into closed session with the following motion.

Motion: proposed by Mr. Schewel, and seconded by Mr. Douglass that the meeting go into closed session under the Virginia Freedom of Information Act, Section 2.2-3711 (A) subsections (1) of the Code of Virginia to discuss a **personnel matter** which is not public. Motion carried.

At 11:28AM, by motion proposed, seconded and carried, the meeting resumed in open session.

Motion: proposed by Mr. Schewel, and seconded by Mr. Douglass that the Committee certify that the closed session just held was conducted in compliance with Virginia State law, as set forth in the Certification Resolution distributed. Motion carried.

A roll call vote was taken, the results of which are outlined in the Certification Resolution.

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

MOTION: Mr. Schewel
SECOND: Mr. Douglass

MEETING: Executive & Governance Committee
DATE: 4 August 2016

CERTIFICATION OF CLOSED MEETING

WHEREAS, the Executive Committee has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 (A) of the Code of Virginia requires a certification by this Board that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Executive Committee hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Executive Committee.

VOTE

AYES: Schewel / Bishop / Douglass / Goode / Harrigan / Rangarajan

NAYS: None.

ABSENT DURING VOTE: Harris III

ABSENT DURING MEETING: Harris / Barrington / Farrell / Jecklin / Luke / McGlothlin /
Armstrong

Recorded by: Jody Green
Administrative Assistant, Director's Office