Virginia Museum of Fine Arts

Minutes of the Joint Fiscal Oversight & Executive and Governance Committee Meetings

Thursday, 5 May 2016, 8:30am

Claiborne Robertson Room

There were present:

Terrell Harrigan, Co-chair

John A. Luke, Co-chair

**Kelly B. Armstrong**

W. Birch Douglass III

Thomas F. Farrell II

**H. Hiter Harris III**

Jil Womack Harris

Steven A. Markel

Michael J. Schewel

**Lilo Simmons Ukrop**

William A. Royall, Jr.

Executive & Governance Committee, by invitation:

 Tyler W. Bishop

 Susan S. Goode, *by phone*

By invitation:

Alex Nyerges, Director

Dr. Lee Anne Chesterfield

Jody Green

Susan Hayes

Claudia E. Keenan

Laura Keller

1. Cameron O’Brion

Hossein Sadid

Dr. Michael Taylor

Kimberly Wilson

Absent:

 Martin J. Barrington

Richard Gilliam

Dr. Monroe E. Harris

Ivan Jecklin

Kenneth Johnson, Sr.

H. Eugene Lockhart

James W. McGlothlin

Satya Rangarajan

**Harry R. Thalhimer**

1. CALL TO ORDER AND MINUTES APPROVAL

Co-chair Mr. John A. Luke called the meeting to order at 8:35am and thanked the board members for attending. He noted that the purpose of the meeting was to revisit the FY17 budget and make a decision to bring the budget to the full board. He thanked Chief Financial Officer, Hossein Sadid, and his team for their hard work on the budget.

**Motion:** proposed by Mr. Douglass and seconded by Mr. Schewel that the minutes of the March 16, 2016 meeting of the Fiscal Oversight Committee be approved as distributed.

1. REVIEW FY17 BUDGET

Chief Financial Officer (CFO) Hossein Sadid noted that his division has devoted much of its time to the FY17 budget since the last committee meeting in March. He stated that the budget is balanced in accordance to the state’s mandate, and it is important to be disciplined in this practice. The FY17 budget, which is set for $36 million—10% higher than FY16—reflects seasonal changes. S1.0 million of the budget is allotted to exhibitions through restricted giving, and another $1.1 million represents spending for the 2020 Strategic Plan. Anticipated funded projects include grants from the Andrew W. Mellon Foundation and the Lettie Pate Evans Foundation grant. The CFO also noted that there is an anticipated $1.0 million to be put towards salary increases for staff.

Mr. Sadid reported that support from the Foundation is increased by 13% for FY17 with additional exhibition and programming. The actual year to year increased is minimal overall, and the overall mission is to remain true to budget principles of transparency and accountability. There is a 5.0% payout for the Foundation and a reduced market value average of 3.0%. Mr. Sadid explained that a contingency plan is being developed but is not included in any of the FY17 budget materials for this meeting.

In response to a question from Mr. Birch Douglass regarding VMFA’s Studio School, Mr. Sadid stated that he would be happy to provide a real estate Foundation-based report. In response to a second question from Mr. Mike Schewel, the CFO noted that the $1.0 million staff salary increase was reflected throughout the budget and not in one particular line item. Board of Trustees President Bill Royall noted that Human Resources expenditures were an important part of that money.

Next, Mr. Sadid introduced Ms. Susan Hayes, Budget Analyst, to complete a deep dive of the budget for the review of committee. Ms. Hayes thanked the committee for being present at the meeting, and she also thanked Division Heads and Director, Alex Nyerges, for being very detailed with the budget. She noted that they continued to develop the budget in accordance to budget principles, including increased attention to employee needs.

1. FINANCE REPORT FY16
2. OTHER BUSINESS/ADJOURNMENT

There being no further business, the meeting was adjourned at 9:35am.

Recorded by: Jody Green

 Administrative Assistant, Director’s Office