



Approved Minutes
Science Museum of Virginia
Finance Committee Meeting
2500 West Broad Street
Richmond, VA 23220

June 18, 2020
11:00 a.m.

Present: Dr. Richard Groover, David Mills, Glen Davidson

Staff Present: Rich Conti, Beth Voelkel, Pat Murphy, Kinsey Peeler, Kyle Smith, James Blow

Dr. Groover called the meeting to order at 11:05 a.m.

Introduction and Greeting

Dr. Groover expressed great appreciation for the efforts of the staff in dealing with the current situation amid the shutdown; specifically, Ms. Peeler and Ms. Murphy's fundraising efforts.

Approval of Minutes

Dr. Groover invited the Board Members to review the meeting minutes from the January 23rd, 2020 Finance Committee Meeting. Dr. Groover asked for any questions or amendments to the minutes. No changes noted. Dr. Groover called for a motion to approve the minutes. Mr. Mills made a motion to approve the minutes. Dr. Groover seconded. Dr. Groover called for a vote and the minutes were approved unanimously.

FY 20 Budget Report and FY 21 Budget

Mr. Conti reviewed the following details of FY 20 Budget's status:

- The FY21 Budget numbers reflect a modest margin to account for unknown variables such as reopening date
- The Finance Committee will review and approve the FY21 Budget prior to presenting to the full Board of Trustees this afternoon
- A proposed adjustment to the Trustee Discretionary Funds (TDF) will be presented to the committee as well.
- The Trustee Summary shows current picture of the FY20 numbers
- As expected, there has been a significant decline in revenue.
- The Museum has taken thoughtful measures to cut expenses as much as possible
- A cut to the General Fund in FY21 is expected.

- The first half of FY20 was on track and despite the shutdown, the numbers are still close to projections
- Some of the severance expenses related to staff cuts are still being balanced.
- Expenses through end of May are at \$9m, which leaves \$700k to spend in June.
- The option to transfer more aggressively from the Foundation or from working capital is open, but not needed at this time.
- There is only one payroll in June, the Commonwealth pushed the second June payroll into July, gives the Museum \$210K in additional breathing room
- Much uncertainty remains in the earned revenue projections for FY21.
- An opening date is still undetermined, but the Museum is planning carefully.
- Many special event rentals are still on the books to take place in FY21
- The Foundation has ample resources in restricted funds, and has plans in place to maximize the resources in the new fiscal year.
- Lease revenue continues to come in from the Workers Compensation building at \$35k per month.
- Lease revenue continues to come in from the Redskins training site.
- The Community Science IMLS federal grant is in.
- Two more federal grants are pending.
- For FY21, The Museum is accounting for more wage staff expenses than are strictly needed as a buffer.
- \$400k-\$450k in personnel severance are accounted for in the FY20 budget expense line.
- The laid off classified staff are still receiving compensation benefits from The Museum including health benefits and retirement contributions
- It will take more than a year to see the true impact of the staff layoffs and a drop in the \$5.7M on the expense side of the financial summaries.
- The \$8.9M budgeted for Total Revenue in FY 21 allows for a buffer to help withstand some of the uncertainties the next year holds.
- No plans to take further personnel actions.
- Working Capital built up to \$1.3M.
- Foundation available assets of around \$2M-\$2.5M, are available if needed to assist with expenses
- FY 21 budgeted to pull \$1M from Foundation, but the actual number may be significantly higher.
- The aim is to be very conservative with pulling from reserves, as once depleted they are gone.
- The Museum is observing the approaches that other science centers are taking to reopening, most have vastly restricted admission numbers and limited interactive exhibits.
- There is a new protocol for expense review, every expense is reviewed by Mr. Conti and Ms. Voelkel.

Dr. Goover offered compliments to The Museum administration on the management of personnel changes.

Dr. Groover referenced The Museum hosting the General Assembly of the Virginia State Senate. No fee was charged for the Assembly to use the Dewey Gottwald Center, but a lot of goodwill was gained in the interaction, and the Assembly may return in August for a special session.

Mr. Davidson asked for more detail regarding the leases, rents, and other continuous charges and how the Museum coped with cutting those expense items. Mr. Conti responded that a much of that comes from the royalties that are paid for the films are shown at the Museum. Ms. Voelkel added that another large portion of that expense line was from contracts that The Museum quickly terminated to cut expenses as soon as the shutdown happened. The Museum still has a traveling exhibit booked for the fall: "Hot Wheels"; but next year there is a flexible approach towards booking a temporary exhibit.

Dr. Groover asked about the plan for handling large special events such as weddings. Mr. Conti shared that many of the events planned for summer 2020 were able to be postponed and rescheduled for later dates. Large events will most likely be the last function to return to normal operations. Events are allowed to take place with limits of 200 or fewer guests at a time.

Ms. Murphy asked about the potential for the Governor to make cuts to the FY 21 General Fund. Mr. Conti replied that the Governor can cut up to 15% of the General Fund. The Museum is keeping that in mind with financial planning. The Museum is in contact with the Department of Planning and Budget and is staying informed and current on any potential adjustments to the General Fund.

Dr. Groover called for a motion to approve the FY21 Budget to be presented to the Full Board of Trustees at the meeting this afternoon. Mr. Mills moved to approve the budget for presentation to the Full board. No further questions were made. A vote was taken, all approved and no opposed. Motion carried.

Proposed Trustee Discretionary Fund Adjustment

Mr. Conti discussed the details of the proposal to return \$45,360.42 to the Trustee Discretionary Fund. This allocation increase (\$55,402.44) for the Altru Ticketing System which covers the final payment of a project that was authorized by the Board of Trustees under Resolution #001-2018 on 10/19/2017.

TDF Resolution #004-2020: Approval to adjust allocations within the Trustee Discretionary Fund

Dr. Groover requested a motion to present resolution #004-2020 to the full Board of Trustees for a vote. Mr. Mills made the motion which was seconded by Mr. Davidson. Dr. Groover called for a vote and the motion passed unanimously without objection.

SMV Foundation Overview

Ms. Peeler provided a summary of the Foundation's efforts:

- The Foundation is ending FY20 in a strong financial position.
- A large number of one time large gifts to the Annual Fund have been received.
- The Illumination Gala was cancelled due to COVID, but the vast majority of individuals and groups that purchased tickets or tables did not request a refund, but wanted the Foundation to keep the donation.
- Sponsorships are being shifted from in-person events to online and digital programming.
- WestRock shifted sponsorship of Science on Tap event to the online digital version, one hosted in May and another one set for next week
- Bon Secours is continuing to sponsor Lunch Break Science with the shift to the digital presentation platform
- The Museum is looking at providing digital Field Trips and Digital Demos, The Foundation is looking into partnerships to sponsor these new efforts
- As expected, Memberships are seeing a decrease, currently at 7,200 member households, renewal rates have dropped 84%
- Members have been informed that memberships will be extended up to 90 days beyond their original renewal date
- The Foundation has cut all discretionary spending.
- The Foundation applied for the Payroll Protection Plan and was approved for \$128k of funding
- Ms. Peeler and Ms. Harris have taken a voluntary pay cut, and the first quarter of FY21 budget will include a 10% pay cut for all Foundation staff.
- FY20 will close out with \$630k raised in unrestricted funds and \$1.7M raised in restricted funds
- The Illumination Gala and Up & Atom for 2021 will be virtual, exploring options to help keep donors and guests engaged

Mr. Davidson asked for an update on the Northern Virginia Science Center project. Mr. Conti shared that Northern Virginia Science Center project provides the unique opportunity to design the structure with the exhibits in mind from the ground up. Aesthetic themes are still in development, and as it is a state project, the planning process will be very long. Finalizing the details of the formal land transfer is currently underway.

New Business

Dr. Groover asked for any new business.

Mr. Mills asked about the reopening plan for the Museum, specifically if there any efforts to redesign the revenue sources to include a new source of income since admissions and special events will not be at full capacity for quite some time. Mr. Mills also asked about some of the other long term coping strategies for the budget. Mr. Conti responded that the plan is to keep the staff as small as

possible and adjust expectations on attendance in the future. The Museum topped attendance at 600k, but may need to plan for around 200k in attendance for the post-COVID environment. The Museum is set up to grow smart and adapt to the new normal.

Dr. Groover inquired about any additional information on the Washington Football team returning to the training field or releasing the leased land back to the Museum. Mr. Conti replied that the Museum has no definitive information at this stage.

Adjournment

With no further business, Dr. Groover adjourned the meeting at 11:48 a.m.

The next Finance Committee meeting is scheduled for October 22, 2020 at 10 am.