

**MEADOW BROOK ESTATE OPERATING BUDGET
FOR FISCAL YEAR ENDING JUNE 30, 2020**

A Recommendation

1. **Division and Department:** Operations & Finance, Meadow Brook Estate
2. **Introduction:** The proposed budget for Meadow Brook Estate (MBE) is presented for approval for the fiscal year ending June 30, 2020.

The ancillary activity presented represents an operation connected with and in support of the educational mission of Oakland University (University). Each ancillary budget is presented in a similar format, using common terminology and revenue, expense, and University Support categories. The “all funds” budget model is used to construct the proposed budget. The all funds model provides a comprehensive picture of the financial activities of each unit. This format depicts operating and capital transactions in the General Fund, Auxiliary Fund, Designated Fund, Expendable Restricted Fund, and Plant Fund. Gifts are included, but the fund balances in permanent endowments are not included as there is no discretion with regard to their use. Distributions from endowments are included.

3. **Previous Board Action:** On June 4, 2018, the Board of Trustees (Board) approved the FY2019 budget for MBE.
4. **Budget Implications:** MBE is an auxiliary operation and is self-supporting. The proposed FY2020 budget indicates a deficit, which will be covered by MBE reserves. Profitability is projected for FY2021, based on strategic plans focused on significant revenue growth initiatives.
5. **Educational Implications:** See the program description for educational implications.
6. **Personnel Implications:** See the program description for personnel implications.
7. **University Reviews/Approvals:** The Meadow Brook Estate budget was prepared by the Meadow Brook Estate Director of Administration and Finance as well as the Executive Director. It has been thoroughly reviewed by the Budget and Financial Planning office, Financial Performance Review Committee, Chief Operating Officer, Vice President for Finance and Administration, and President.
8. **Recommendation:**
RESOLVED, that the Board of Trustees approve the FY2020 Budget for Meadow Brook Estate, with expenditures and transfers not to exceed the total as reflected in the attached budget, except as set forth; and, be it further

**Meadow Brook Estate Operating Budget For The
Fiscal Year Ending June 30, 2020
Oakland University
Board of Trustees Formal Session
June 10, 2019
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RESOLVED, that any expenditure level in excess of the approved amount that is not funded by a direct revenue increase must have the prior approval of the President or his/her designee and those amounts shall be reported on a periodic basis to the Board of Trustees.

9. Attachments:

- A. Meadow Brook Estate Budget Notes and Assumptions
- B. Meadow Brook Estate Proposed Budget – FY2020
- C. Proposed Major Capital Expenditures
- D. Meadow Brook Estate/Oakland University 2018-2019 Program Integration

Submitted to the President
on 6/3, 2019 by

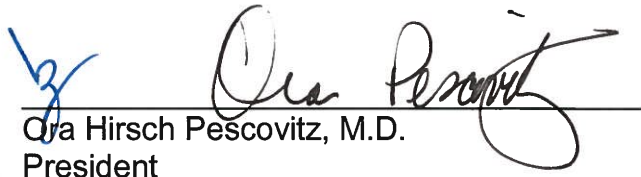


Scott G. Kunselman
Chief Operating Officer



John W. Beaghan
Vice President for Finance & Administration
and Treasurer to the Board of Trustees

Recommended on 6/4, 2019
to the Board of Trustees for approval by



Ora Hirsch Pescovitz, M.D.
President

Meadow Brook Estate

Description of Program

Meadow Brook Hall was the former home of Dodge Brothers Motor Car Company heiress Matilda Dodge Wilson and her second husband, Alfred Wilson. Built between 1926 and 1929 for \$4 million, Meadow Brook is known as the pre-eminent example of the country estate lifestyle of America's automotive aristocracy, and for its Tudor Revival architecture and vast collection of original decorative and fine arts. The Hall's 88,000 square feet and 110 rooms make it the fourth largest historic house museum in the United States and the largest in the Midwest. Meadow Brook was named a National Historic Landmark in 2012 by the National Park Service.

In a visionary act of philanthropy, the Wilsons donated the Hall, their 1,500-acre Meadow Brook Farms estate and \$2 million to Michigan State University in 1957 to form a branch campus in Oakland County. The university opened in 1959 and became an independent Michigan public institution of higher education – Oakland University – in 1970.

The Wilsons continued to live in the Hall and a surrounding 127 acres until both passed away; Alfred in 1962 and Matilda in 1967. Oakland University took possession of the Hall from the Wilsons' estate in 1971. Since that time, the building has been open to the public as a museum and cultural center, per Matilda's wishes.

The Hall is self-supporting, relying primarily on facility rental revenue, tour fees, and donations to preserve, interpret, and operate the building at a cost of thousands of dollars a day.

As the educational cornerstone of Oakland University, Meadow Brook Estate serves students, faculty, staff and an international research community as a major cultural and historical resource, a resource renowned for its architecture, scale, collections, and social history.

And, as the flagship of the campus physical plant, the former home of the university's founders functions as the community gateway to OU through public, corporate, and social events...and it serves as OU's premier facility for cultivating friends and donors and hosting high-level meetings with partners, including ceremonial milestones.

Meadow Brook Estate

Key Performance Indicators

	<u>FY2017</u>	<u>FY2018</u>	<u>Projected FY2019</u>
Number of facility rentals	526	543	562
Number of museum visitors	22,227	23,063	29,394
Gross Facility Rental Revenue	\$2.5M	\$2.78M	\$2.65M
Museum Revenue	\$488,988	\$639,638	\$792,880
Total Revenue	\$3.95M	\$4.37M	\$4.06M

FY2019 Explanation of Major Changes

1. Fiscal year-end 2019 projected operating performance is based on actual revenue and expenses booked through March 31, 2019 and a revenue and expense forecast for the remainder of the fiscal year.
2. Projected significant revenue of \$318,760 over FY2019 budget includes:
 - 90% increase in Investment Income
 - 82% increase in Holiday Walk revenue due to more than 5,600 additional daily visitors over the FY2018 Holiday Walk, as well as a 55% increase in Holiday Walk group tour & lunch revenue
 - 60% increase in Gifts & Grants revenue primarily due to the most successful Wild Game Dinner fundraiser to date, increased membership, as well as a few significant designated gifts
 - 32% increase in Retail Sales revenue, primarily due to the increased Holiday Walk visitation

3. The "Major Capital Expenditures" for FY2019 are estimated to be \$655,000.
 - \$400,000 for bridge reinforcement to accommodate significantly heavier new Rochester Hills fire trucks, \$200,000 of which was supported by the University
 - \$200,000 for masonry repairs, directly supported by a gift of equivalent value received in FY2018
 - \$55,000 to move Richard Wilson's playhouse from the Golf & Learning Center grounds to the Estate grounds enhancing the MBE tour experience
4. University Support in the amount of \$249,593 represents:
 - \$200,000 to cover half the cost of bridge reinforcement
 - \$3,880 best-practices benchmarking funding
 - \$39,590 to support administrative overhead costs
 - \$6,123 from the President's matching funds for the All-University Fund Drive contributions to Meadow Brook Hall.

FY2020 Budget Assumptions

1. Operating revenue for FY2020 is projected to be \$82,620 more than the FY2019 projected actual revenue, based on estimates from the Hall's catering partner including an anticipated increase in facility rental, as well as an increase in ticketed community events and touring.
2. Proposed FY2020 gift revenue is in alignment with the average of gifts and grants revenue received over a 3-year period.
3. FY2020 University Support projection in the amount of \$42,296 represents:
 - \$36,296 to support administrative overhead costs
 - \$6,000 from the President's matching funds for the All-University Fund Drive contributions to Meadow Brook Hall.
4. Overhead charged by OU will increase by 50% from the FY2019 budget as required by OU administration.
5. Compensation will increase by 12% from the FY2019 projected actual through planned salary and wage adjustments and staffing changes in order to have the necessary human resources for several strategic revenue growth initiatives.

6. Net loss from operations will be funded as follows:

Operating/Maintenance Reserve	100 percent
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FY2021 Budget Outlook

Coupled with its capital campaign strategies, MBE intends to both increase its operating endowment and operating revenue through fundraising and by adding interpretive facilities and community programming, including an extensive expansion to the Holiday Walk program, all of which will attract more visitation, retail sales, sponsorships and facility rental activity.

Positive net operating revenue is projected to begin in FY2021.

Oakland University
Ancillary Activities Operating Budget
Meadow Brook Estate
Proposed Budget - All Funds
FY2020

	FY2019 BUDGET	FY2019 ESTIMATED ACTUAL	FY2020 PROPOSED BUDGET
Revenue:			
Operating Revenue	\$ 3,300,000	\$ 3,442,880	\$ 3,525,500
Retail Sales	100,000	132,411	115,000
OU Purchased Services	130,775	130,775	136,098
Gifts and Grants	167,304	267,423	176,300
Investment Income	48,138	91,488	80,000
Total Revenue	\$ 3,746,217	\$ 4,064,977	\$ 4,032,898
Expenditures:			
Compensation	\$ 1,370,582	\$ 1,339,869	\$ 1,494,908
Supplies and Services	630,848	758,602	669,493
Food Service	1,616,197	1,590,000	1,671,334
Repairs and Maintenance	92,949	52,985	56,888
Cost of Retail Sales	52,000	68,854	59,800
Equipment	10,000	15,371	11,527
Insurance	58,666	43,823	48,221
Utilities	124,000	124,000	129,000
Overhead charged by OU	124,715	124,715	185,708
Other Transfers	-	(20,574)	-
Total Expenditures	\$ 4,079,957	\$ 4,097,644	\$ 4,326,879
Net Income	\$ (333,740)	\$ (32,667)	\$ (293,981)
University Support:			
President's Match - All University Fund Drive	\$ 5,500	\$ 6,123	\$ 6,000
Best Practices Travel Funding	3,880	3,880	-
Overhead Relief and Insurance	46,253	39,590	36,296
Total University Support	\$ 55,633	\$ 49,593	\$ 42,296
Net Income with University Support	\$ (278,107)	\$ 16,926	\$ (251,685)
Ending Balances prior to Major Cap. Expenditures:			
Fund Balance	\$ 2,578,044	\$ 2,873,077	\$ 2,166,392
Less: Major Capital Expenditures	400,000	655,000	80,000
University Support - Bridge	200,000	200,000	-
Total Ending Fund Balance	\$ 2,378,044	\$ 2,418,077	\$ 2,086,392

**Oakland University
Meadow Brook Estate
Proposed Major Capital Expenditures
FY2020**

Item Description	Estimated Cost
Family Garage Renovation	\$ 50,000
Gutter Repair	30,000
FY2020 Total	\$ 80,000

Meadow Brook Estate/Oakland University 2018-19 Program Integration

STUDENT INVOLVEMENT

Internships

- 4 students enrolled in Art & Art History, Music, Theatre & Dance or History utilized annually as curatorial research and exhibit assistants, including one paid assistantship position.
- 1 student employed as paid curatorial intern
- 1 student participated in a special project to replicate an original doll outfit for Meadow Brook's Adopt-an-Artifact program at Knole Cottage
- 1 Environmental Sciences student hired through SSCC for 2019 woodland restoration mapping project

Part-Time Employment

- Approximately 30-35 students employed at any given time in part-time capacities (docents, security, museum shop, facilities maintenance, youth programs, Archives)
- Part-time food service and event assistance employment opportunities routinely offered to students

Meadow Brook Writing Project

- 6 one-week-long summer writing workshop day camps for area youth in partnership with the OU College of Arts & Sciences writing program
- 280 participants in 2018; program began with 150 in 2010
- In addition to OU staff and area teachers, 4 OU students worked as Education Assistants
- Camps continue to gain national attention as a model program

OU Academic Departments

- Class projects/sessions hosted by MBE in 2018-2019 included: History, Sociology, Honors College, Business, Continuing Education, Writing & Rhetoric, and Galileo Institute.
- Annually, Director of External Relations and Curator help OU Journalism class arrange for interviews of staff and volunteers for a class project to write an article.
- Curator and Education Coordinator worked with OU professor of Spring 2019 Public History course to have the students develop ideas and design and write small exhibits for MBH's 90th anniversary architecture exhibit. They gave private tours and information sessions to the class, then provided access to Archives and other research files for their projects.

First-Year students' evening mansion visit

- Offered by Student Affairs for new first-year students during Welcome Week with hundreds in attendance

Zombie Walk

- Offered by the Residence Hall Association, Zombie Walk is an annual event where volunteers dress up as zombies and scare students on a trail in the woods by Meadow Brook Mansion; the entire walk is centered around stories of MBE

Meadow Brook Ball

- Two student formals held at MBE by Student Affairs in Winter 2019
- Hundreds of students participate...popularity requires tickets through a lottery

Honors College

- Spring 2019 Edwardian England Class held at Meadow Brook. MBE Curator was a special lecturer for the class.
- MBE Curator worked with students doing final research projects for this course on MBH, its architecture and its collections.

College of Arts & Sciences

- MBE Curator hosted a special session about restoration work, costume history and design for a set design class.

Holiday Walk

- OU men's and women's track teams provided three full days of volunteer services, assisting with decoration set-up

Leadership Oakland University

- The Garden Club will be donating half of the plants left over from their annual perennial sale to the Leadership Oakland class project (2019).

GENERAL UNIVERSITY INTERACTION

Touring

- Discounted museum touring for students (free), faculty, staff, and Beaumont doctors
- OU Night at Holiday Walk – discounted tickets for faculty, staff, alumni and their families
- Discounted Group Tour & Lunch packages for Meadow Brook Theater groups
- Twice a year, special tours are given to students enrolled in English as a Second Language courses at Oakland University

Facility Use

- MBH discounts school/departmental meetings, receptions, dinners, award ceremonies
- Academic Affairs facility rental waiver for one conference annually
- Donor cultivations
- University events, signings, etc.
- Facility rental discounts offered to all faculty, staff, students & alumni

Meadow Brook Greenhouse

- Collaborations through plant purchases, Garden Club activities
- MBH purchases/rents plants from the Greenhouse for events & facility rentals

Brooksie Way

- Collaboration with OU & race organizers in Fall 2018 to use MBE roadways/grounds

Special Presentations

- Curator provided introductions for several university department events, including OU Alumni and Nursing
- Curator spoke at OU-hosted receptions, including one for Public University Education and one for Government Relations
- Curator created a new hour-long lecture to match the theme for an event put on by the Planned Giving Department
- Curator provided special presentation for Advancement, including bringing collection items out of locked storage

Research

- Worked with C&M and Oakland Center on including historical photos and information on Meadow Brook Estate and the Dodge and Wilson families for the new building, as well as for the dedication ceremonies of the building and Matilda R. Wilson statue
- Worked with Alumni and Giving departments to research the body size and appropriate dress for new Matilda R. Wilson statue, and to write appropriate label signs for the statue

Homecoming

- General touring made available to alumni reunion participants during Homecoming weekend
- Created a special exhibit for Homecoming weekend and the alumni gathering at Meadow Brook, at the request of OU Alumni Engagement.

OU TV

- Collaborated with OUTV to create a video of tour highlights. Instead of using an MBE Director as the tour guide for the video, we gave the opportunity to an OU student who has been a docent here for two years.

Arbor Day Celebration

- Served as a requirement for OU to receive the "Tree Campus USA" designation. Along with several MBE staff and volunteers, the OU grounds department provided assistance, as well as a few OU employee volunteers.

Donations

- Donated more than 95 tour tickets to University departments including Alumni Relations, School of Education, OU new faculty, etc.
- Donated MBE merchandise and unique MBE experiences to various OU departments including Athletics for their fundraising purposes