

MINUTES OF THE
NOVEMBER 17, 2008, MEETING
OF THE
BOARD OF REGENTS
OF THE
SMITHSONIAN INSTITUTION



Smithsonian Institution

SMITHSONIAN INSTITUTION
Minutes of the Meeting of the Board of Regents
November 17, 2008

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MINUTES OF THE BOARD OF REGENTS

November 17, 2008

ATTENDANCE

This regularly scheduled meeting of the Board of Regents was held on Monday, November 17, 2008. The morning session, which included an executive session, was held in the Executive Conference Room of the National Museum of Natural History. The afternoon meeting in the National Museum of Natural History's Baird Auditorium was the first annual public Board meeting. Board Chair Roger Sant presided over both sessions as the Chancellor of the Smithsonian, Chief Justice John G. Roberts Jr., was unable to attend either session. The morning session was called to order at 9:14 a.m. Present during the meeting were:

Xavier Becerra ¹	Shirley Ann Jackson	John W. McCarter Jr. ⁵
Eli Broad	Sam Johnson	Doris Matsui
Thad Cochran ²	Robert P. Kogod ³	Roger W. Sant
Christopher Dodd	Patrick Leahy ⁴	Alan G. Spoon
Phillip Frost		Patricia Q. Stonesifer

L. Hardwick Caldwell, Smithsonian National Board Chair
David Silfen, Investment Committee Chair⁶

Vice President Richard B. Cheney was unable to attend either session.

Also present were:

G. Wayne Clough, Secretary	A. Sprightley Ryan, Inspector General
Charles Alcock, Acting Under Secretary for Science	Marsha S. Shaines, Acting General Counsel
Richard Kurin, Under Secretary for History, Art, and Culture	Barbara Feininger, Senior Writer-Editor, Office of the Regents
Alison McNally, Under Secretary for Finance and Administration	Grace L. Jaeger, Program Officer, Office of the Regents
Patricia L. Bartlett, Executive Assistant to the Secretary	John Yahner, Speechwriter to the Secretary
Amy Chen, Chief Investment Officer	Jeffrey P. Minear, Counselor to the Chief Justice
Virginia B. Clark, Director of External Affairs	Marie Fishpaw, Assistant to the Vice President
John K. Lapiana, Chief of Staff to the Regents	T.A. Hawks, Assistant to Senator Cochran
Evelyn Lieberman, Director of Communications and Public Affairs	Colin P. McGinnis, Assistant to Senator Dodd
Alice C. Maroni, Chief Financial Officer	Kevin McDonald, Assistant to Senator Leahy
Tom Ott, President of Smithsonian Enterprises	Melody Gonzales, Assistant to Congressman Becerra
Nell Payne, Director of the Office of Government Relations	David Heil, Assistant to Congressman Johnson
	Alexis Marks, Assistant to Congresswoman Matsui

¹ Mr. Becerra was unable to participate in the morning session (including the consideration of all proposed motions).

² Senator Cochran arrived at 9:40 a.m. and was present for the consideration of all proposed motions.

³ Mr. Kogod recused himself from the action to approve proposed motion 2008.11.05.

⁴ Senator Leahy arrived at 9:20 a.m. and was present for the consideration of all proposed motions.

⁵ Mr. McCarter was present for the consideration of all proposed motions, with the exception of motion 2008.11.09.

⁶ Mr. Silfen was present for the Report of the Investment Committee.

Prior to the morning plenary session, the Board took a tour of the National Museum of American History, which will open to the public on November 21, 2008. The morning session concluded at 11:42 a.m., after which an executive session was held until about 12:25 p.m. The annual public meeting of the Board convened at 1:30 p.m. and concluded at 3:30 p.m. The following matters were discussed:

MORNING PLENARY SESSION

OPENING REMARKS

Board Chair Roger Sant greeted the attendees and, on behalf of the Board, expressed appreciation for the opportunity to tour the newly renovated National Museum of American History. He then directed the Regents' attention to their supplemental agenda materials, including the timed agenda for the morning session, and reminded the Regents that the abbreviated morning session would include time to prepare for the public meeting.

REPORT OF THE CHAIR

Plans for the 12th Secretary's Installation

Mr. Sant commented that, like the public meeting that afternoon, the January 26, 2009, Board of Regents' meeting would be an historic event, as Dr. G. Wayne Clough will be formally installed as the 12th Secretary of the Smithsonian. Although the details of the installation were not final, he advised the members of the Board that the event would include a formal academic procession.

New Ex Officio Regent: Vice President-Elect Joseph Biden

He then reminded the Board that the recent election of Vice President-elect Joseph Biden would result in a new ex officio member of the Board of Regents. Mr. Sant said that the Board would like to encourage the active engagement of Senator Biden in the Board's activities, including the forthcoming installation of Secretary Clough. He reported that preliminary responses from Senator Biden's staff had been very encouraging, adding that the Congressional Regents might be called upon to encourage his involvement. As Vice President Cheney had been unable to attend Board of Regents' meetings, his representatives, Neil Patel and Marie Fishpaw, were thanked for their participation.

Duties of the Board Chair

Mr. Sant reported that he recently had provided Chair-Elect Patricia Stonesifer with an in-depth review of the Chair's duties. Among the issues discussed was the ex officio status of the Chair on all Regents' committees. Mr. Sant requested that Ms. Stonesifer review this commitment, the demands of which had proven to be impracticable given the increased number of both Board committees and their meetings.

Anticipated Governance Reform Milestone

Mr. Sant said that the January 26, 2009, meeting of the Board of Regents also will serve as a milestone in the Smithsonian's efforts to reform its governance. He reported that all 25 recommendations of the Independent Review Committee were on

track to be completed by that date. The Smithsonian’s financial controls had proven to be the most difficult governance reform to address. Mr. Sant thanked Audit and Review Committee Chair John McCarter and Chief Financial Officer Alice Maroni for their diligent efforts to identify the controls that require immediate attention, those that demand less, and those that are fully compliant with the stated goals and standards of the Institution.

Engaging the Smithsonian Community

Mr. Sant next spoke of the Regents’ visits to various Smithsonian units, noting that these activities recognize the Smithsonian’s mission and role in American society, as well as underscore the importance of the Board’s work. He thanked Senator Dodd for his concerted effort to personally tour as many museums and other Smithsonian units as possible in the coming months. At the time of this meeting, the Senator had met with the directors and staff of seven museums, including the National Air and Space Museum, where staff familiarized him on issues related to a proposed deaccession, and the Anacostia Community Museum.

Mr. Sant then read an e-mail from Anacostia Community Museum Director Camille Akeju to her staff, thanking them for their contributions to Senator Dodd’s visit. Ms. Akeju was very appreciative of the strong interest and support expressed by Senator and Mrs. Dodd, as well as the Senator’s assistant and driver.

Regents’ Predecessors

The Board expressed its interest in two draft documents included in the Regents’ agenda books. The papers provide an overview of the lineage underlying each Board appointment, noting, for instance, that Dr. Jackson’s position is that formerly held by Alexander Graham Bell from 1898 to 1922. The documents are part of the “Regents’ History Project” under development by the Office of the Regents and the Smithsonian Archives.

REPORT OF THE SECRETARY

Support from Regents Emeriti

Secretary Clough reported on the relationships he continued to foster with Smithsonian stakeholders, adding that he had been contacted by Regents emeriti Howard Baker and Norman Mineta, who both offered him their support.

Documenting the 2008 Presidential Election in the Smithsonian Collections

The Secretary expressed his appreciation to the staff and contractors of the newly renovated National Museum of American History, noting the considerable efforts that contributed to the long-awaited reopening of the Museum. He reported that American History curators Harry Rubenstein and Larry Bird had been engaged in documenting the recent campaign season and election, collecting, for example, campaign memorabilia for the Museum’s extensive political history collection. The election of the nation’s first African American president also had provided prodigious material for the growing collection of the National Museum of African American History and Culture. Secretary Clough said that Museum Director Lonnie Bunch had secured materials from the Barack Obama Virginia campaign headquarters, adding that the absence of a physical building had not impeded the Museum’s energetic development of its collection.

Smithsonian Visits

The Secretary then updated the Board on visitation statistics to Smithsonian museums, exhibitions, Web sites, and other avenues of contact. In fiscal year 2008 the Smithsonian recorded 24.9 million physical visits to its museums and the National Zoo, reflecting a 2% drop from fiscal year 2007. Smithsonian Web sites also recorded a drop in visits. There were 173 million Web visits in fiscal year 2008, a 6% drop from fiscal year 2007 visits. Secretary Clough noted, however, that the 183 million Web site visits logged in fiscal year 2007 reflected a significant 26% increase in Web visits from fiscal year 2006. The Secretary also pointed out that, since that time, the Smithsonian has engaged in other Web vehicles, such as the photo-sharing Web site Flickr, that expand the public's exposure and access to the Institution but do not record Smithsonian-specific Web visits. He added that the Smithsonian's involvement in the production of two of the top 10 most-anticipated movies — *Transformers 2* and *Night at the Museum II: Battle of the Smithsonian* [both working titles] — will likely benefit Smithsonian visitation.

Secretary Clough also noted that, in fiscal year 2008, Smithsonian Institution Traveling Exhibitions attracted 5.15 million visitors to 58 traveling exhibitions in 510 locations throughout all 50 states, the District of Columbia, Guam, and American Samoa. In addition, he said that the Smithsonian had 162 affiliate museums in 40 states, Panama, and Puerto Rico.

With regard to his own record of Smithsonian-related visits, the new Secretary provided a handout that outlined his visits with key Smithsonian stakeholders. To date, he had met with 19 members of Congress, more than 31 Smithsonian units, and many of the Smithsonian's advisory boards, including a strategic-planning program that was conducted with the Smithsonian National Board. An all-staff meeting was well-attended and positively received; it also was available via Webcast for those who could not attend in person. The Secretary said that he looks forward to being introduced to the rest of the Smithsonian units and continues to schedule visits, such as a late January 2009 trip to the Smithsonian Tropical Research Center in Panama, to familiarize himself with the extensive community that comprises the Smithsonian.

The Secretary said that he continues to meet with Smithsonian donors and cultivate the support of these critical stakeholders. Accompanied by Director of External Affairs Ginny Clark, he recently had meetings in Los Angeles, San Francisco, Denver, Chattanooga, and New York City. Over the course of these visits, as well as through gatherings in Washington, the Secretary met with donors from more than 15 different Smithsonian units. He said these visits, which he looks forward to continuing, and the Smithsonian's ability to raise \$135.6 million in fiscal year 2008 have engendered a cautious optimism about the Smithsonian's ability to weather the current international economic crisis.

Outreach to the New Administration

Secretary Clough then discussed the Institution's initiatives to engage the forthcoming Administration with the Smithsonian. He spoke of the Smithsonian's interest in contributing to the nation's efforts to address problems of national and global importance, such as climate change, biodiversity, and other scientific and cultural issues. Office of Government Relations Director Nell Payne reported that contacts

with the new administration, especially with the office of Vice President–elect Joseph Biden, have been and continue to be developed. She said that preliminary feedback was quite positive and that discussions already were under way with regard to how the Smithsonian can effectively work with the administration.

The Secretary also commented on the proposed Economic Stimulus Bill. He reported that, in response to a request from the Office of Management and Budget, the Smithsonian had provided a \$400 million project list that included the revitalization of the Arts and Industries Building and energy-efficient upgrades. Although some \$270 million of the proposed agenda items are ready to be implemented, action on the proposed bill has been postponed until 2009. He added that the guidance and support of the Congressional Regents will likely be needed to successfully advance these critical funding requests in the new Congress.

Staff and Unit Updates

Progress on the appointment of several senior staff appointments was then discussed. Secretary Clough reported that, following a very competitive national search, Tom Ott was appointed President of Smithsonian Enterprises. The Secretary said that searches for all senior positions were under way and that he was optimistic that the search process for the next General Counsel would soon conclude. He reported that the Smithsonian had received an extremely large number of applications for that position.

The Secretary noted that the Smithsonian had successfully vacated its leased space at 1111 North Capitol Street in the District of Columbia and that support operations previously based there were successfully relocated to the 3400 Pennsy Drive facility in Landover, Maryland. The move was completed ahead of schedule and on budget.

He then gave a brief overview of Smithsonian exhibitions currently on view. Among the recently opened exhibitions cited were the new Sant Ocean Hall, *Fritz Scholder: Indian/Not Indian* at the National Museum of the American Indian, and *Alphabetilately: An Alphabet of Philately* at the National Postal Museum. The Secretary spoke of the success of the Hirshhorn Museum and Sculpture Garden's after-hours events, which have attracted large crowds of young people, and the National Museum of African American History's exhibition *Road to Freedom*, on view in the S. Dillon Ripley Center.

Strategic Planning

Noting that Congressional Regent Doris Matsui would provide a more comprehensive update on the development of the Smithsonian's strategic plan, Secretary Clough said that the initiative had been launched and that some \$400,000 had been raised to offset the project's costs.

Death of Curator David Shayt

The Secretary paused to comment on the death of National Museum of American History curator David Shayt. Secretary Clough said that, from crayons to coffins, the dedicated curator had assembled vast collections of objects that reflect the American experience and recognize the intrinsic value of objects to mankind.

Giant Magellan Telescope

The final topic in the Secretary's presentation was the Smithsonian's participation in the Giant Magellan Telescope project (GMT). The Secretary introduced Dr. Charles

Alcock, Smithsonian Astrophysical Observatory (SAO) Director and Acting Under Secretary for Science, who contributed to the discussion.

The development of a giant segmented mirror telescope was recently identified by the National Academy of Science as the nation's next top priority with regard to the future of astronomy and astrophysics. When completed, GMT will offer scientists an unprecedented ability to explore the universe by supporting ground-breaking research into issues such as the nature of dark energy, dark matter, and the origins of the universe. The telescope's 25-meter diameter mirror will be 100 times more sensitive than the Smithsonian's largest existing telescope (the MMT Telescope) and will provide images that are 10 times sharper than those captured by the Hubble Space Telescope. As one of three giant telescopes in the world, and one of two based in the United States and funded in part by the National Science Foundation, GMT will strengthen SAO's position as one of the top three world leaders in astronomy and astrophysics.

The development of GMT has been supported by an eight-member partnership of universities and research institutions that includes SAO and its close associate, the Harvard College Observatory. The project's governing consortium has developed a founders' agreement business document, established the partnership's status as a 501(c)(3) organization, and created "pay to play" guidelines that link observation allowances to financial contributions.

The \$1.3 billion price tag for GMT will provide for the telescope's construction and operating costs for 30 years. The National Science Foundation will be requested to provide 25 percent of the funding for GMT and the remaining costs will be split among the partners and paid over time. The 10–15% portion of the costs required of the Smithsonian and Harvard would be provided by monies secured through private fund raising and increases in Federal funding over the course of 15 years. Secretary Clough reminded the Board that it had approved support for GMT in its last three budget cycles (most recently in the fiscal year 2010 budget) and that the project remained a top priority for the Smithsonian. He also noted that funding for GMT had yet to be approved by the Office of Management and Budget.

The Secretary said that the next stage of the partnership's development is contingent upon the signing of the GMT Founders' Agreement. He said that all the founding partners but the Smithsonian had signed the agreement, which does not obligate the Smithsonian to commit money to the project. He also made clear that, out of respect for the incoming Secretary, Acting Secretary Cristián Samper had withheld the Smithsonian's commitment to this latest stage of the partnership in order to allow Secretary Clough sufficient time to familiarize himself with this important project.

The Board agreed that the realization of GMT would build upon the Smithsonian's record of world-renowned accomplishments in the fields of astronomy and astrophysics. It also recognized that SAO researchers, 13 of whom are members of the National Academies, are uniquely positioned to both increase knowledge about the universe and share such findings with the general population.

Regarding the costs associated with the project, Dr. Alcock explained that cost of GMT is in fact a great value; GMT is anticipated to cost approximately \$300–400 million less than the other giant telescope under development at the California Institute of Technology. He also noted that the design of the Caltech giant telescope is radically different than that of the GMT.

Dr. Alcock then described SAO's successful track record in executing such large-scale projects, as well as its demonstrated fund-raising abilities. The partnership between Chandra X-Ray Observatory and the National Air and Space Administration, which provides \$52 million in funding to SAO each year, was cited as one of several successful collaborations. The Submillimeter Array project on Mauna Kea in Hawaii is now recognized as the premiere instrument of its kind in the world. Dr. Alcock also said that SAO had recently received a \$2.8 million grant from the Gordon and Betty Moore Foundation. He noted that the California-based foundation rarely awards grants to organizations on the East Coast.

Dr. Alcock acknowledged that the original plans for the development of GMT, which call for \$133 million in Smithsonian funds over the course of 30 years and the launch of its construction phase in five years, may need to be postponed in light of the current economic crisis. He explained that the Smithsonian's commitment to the Founders' Agreement is intended to confirm the Smithsonian's position in the future development of GMT and that the Founders' Agreement is a non-binding agreement that, should it prove necessary, would allow the Smithsonian to withdraw from the project.

The Board acknowledged that, like other important initiatives, the initial investment in GMT will be overshadowed by its long-term benefits. The Regents again expressed their support for the project. After Mr. Sant made clear that a formal approval was not required from the Board, the Board agreed to back the Secretary's decision to proceed with the planning of the GMT. It also continued to discuss the initiative.

Secretary Clough noted that the GMT project resonates with the Smithsonian's origins as a science institution. He said that the Smithsonian has become known primarily as an organization of museums and that its leadership role in global research initiatives needs to be made clear to the public. Senator Leahy agreed, adding that enhanced public knowledge of the Smithsonian's critical research activities would support the Institution's fund-raising efforts.

Mr. McCarter reminded the Board that, with the nation's overarching infrastructure needs, funding for the GMT project would likely be difficult to secure. Secretary Clough said that the project will allow time for the Smithsonian to carefully address associated funding issues. Secretary Clough also said that he had asked three key questions when first introduced to the GMT initiative:

- Is this SAO's top priority?
- Is there an exit strategy if the Smithsonian must withdraw?

- Is this project worth the reprioritization of other Smithsonian initiatives, if such measures prove necessary?

The Secretary reported that the answer in each case was a resounding “yes.”

Mr. Spoon said that the GMT project addresses “threshold” issues wherein an organization must maintain its leadership position or concede that it will drop to a lower tier of influence. He noted that the cutting edge nature of the GMT project is representative of the hallmark achievements for which the Smithsonian is known. Ms. Stonesifer added that the Smithsonian’s strategy should be to fund the very best of its initiatives and that the GMT project clearly meets that standard.

Dr. Frost commented that an overview (“map”) of the Smithsonian’s top initiatives would help prioritize its commitments. Each project’s goals, required tools, funding needs, and position within the overall organization would be identified. Ms. Stonesifer agreed that each of the Smithsonian’s disciplines would benefit from this exercise.

Dr. Jackson concluded the discussion by noting that the development of the Smithsonian’s strategic plan includes the prioritization of its commitments. She said that the strategic plan would provide a natural vehicle to prioritize the Smithsonian’s initiatives, as well as move the GMT project forward.

REPORT OF THE EXECUTIVE COMMITTEE

Executive Committee Chair Roger Sant reported on the activities of the Committee. The Committee had last met on November 6, 2008, to review the proposed agenda for the November 17, 2008, Board of Regents’ meeting, including plans for the afternoon public meeting.

Mr. Sant said that the Committee approved the morning meeting agenda and reviewed the plans for the public meeting. He said that, whereas preliminary plans had been made to conduct a topic-specific public meeting, the Chancellor proposed a more open format that would allow the audience to express its questions and concerns more freely. The Committee agreed that the Chancellor’s suggestion would better support the Regents’ interest in engaging with its stakeholders and, as reported by Mr. Sant, grew increasingly enthusiastic about the public meeting as the discussion progressed.

An Executive Committee action was then reported. Mr. Sant explained that the Committee previously had agreed, as part of his compensation package, to reimburse Secretary Clough for relocation expenses, pursuant to Smithsonian policy. The final moving expenses totaled less than \$14,500, more than two-thirds of which was paid for by Georgia Tech by prior agreement with Dr. Clough. Of the remaining fees, the Smithsonian Comptroller determined that, according to Smithsonian policy, approximately \$2,000 could not be reimbursed. Mr. Sant said that the Executive Committee, because of the small amount at issue, decided to waive Smithsonian policy in this instance and pay the remainder of the relocation expenses in full.

The minutes of the September 22, 2008, Board of Regents' meeting were then presented for approval. Ms. Stonesifer commented that the revised format of the minutes supported the Board's efforts to make its actions clear and transparent. The minutes were approved.

See attached Resolution 2008.11.01 (Minutes of the Board of Regents, Appendix A).

REPORT OF THE GOVERNANCE AND NOMINATING COMMITTEE

Update on FOIA

Governance and Nominating Committee Chair Shirley Ann Jackson presented the report of the Committee. She said that the Committee anticipated that it would present a revised FOIA policy to the Board at its January 2009 meeting and asked Acting General Counsel Marsha Shaines to update the Regents on the status of the Smithsonian's efforts to revise its information disclosure process with respect to FOIA.

Ms. Shaines reminded the Board that approximately one year ago the Smithsonian implemented a revised FOIA policy that was not well-received by FOIA advocacy groups. Since that time, the Smithsonian has undertaken a concerted effort to revise its policy to adhere more closely to FOIA, which has included multiple reviews and revisions, as well as numerous meetings with requester groups and key members of Congress, including staff from the offices of Senators Feinstein and Grassley. Lydia Griggsby, the Chief Counsel for Privacy and Information Policy for the Senate Judiciary Committee, has provided considerable assistance to this process. The comments and concerns of each stakeholder group were carefully considered and incorporated into a revised document that more closely reflects FOIA while protecting unique Smithsonian information that must be exempted from disclosure.

Ms. Shaines reported that the revised document was now with Ms. Griggsby for final review. She said that a meeting also would be conducted later in the week with a House Committee on Oversight and Government Reform staff member to assure that all comments have been received from the House, as well as the Senate. The revised policy will then be considered by the Governance and Nominating Committee at its December 2009 meeting, after which it will be presented to the Board for its approval.

Secretary Clough thanked Ms. Shaines, along with Assistant General Counsel Craig Blackwell, for their contributions to this project. He also acknowledged the efforts of Executive Assistant to the Secretary Patty Bartlett and Director of Government Relations Nell Payne for their work with requestor groups and Congressional staff. Mr. Sant added that the development of the revised Smithsonian policy has been a model for how such projects should be conducted. Senator Leahy added that these efforts should assist the policy's anticipated review by the Senate Judiciary Committee.

Nomination of New Citizen Regent

Dr. Jackson then introduced the nomination of a new citizen Regent for the Board's consideration, noting that a second candidate would likely be presented to the Board at its January 2009 meeting. Providing background on the process by which the Committee reached its decision, she reminded the Board that the Committee had

retained the services of search firm Isaacson, Miller to strengthen the candidate pool, vet potential nominees, and help the Committee “close the deal.”

She said that since the Regents’ September meeting the search firm had interviewed Regents, senior staff, and outside stakeholders to identify both individual candidates and the key skill sets desired in the next two Regents. The Board’s recent efforts to establish the duties and expectations for Regents, as well as areas of strength and weakness in the skill sets of current Board members, aided in the firm’s efforts.

Dr. Jackson reported that the Committee conducted two conference calls with Isaacson, Miller, the Secretary, and senior staff to discuss and narrow down the lists of potential nominees. Two short lists, each with three ranked candidates, were created; they included candidates who possessed either great depth in substantive areas related to the Smithsonian’s mission or a strong commitment to philanthropy and/or exceptional and creative business acumen. Dr. Jackson said that each candidate’s ranking was determined by characteristics determined to be most beneficial to the Board.

The Committee determined that it would recommend the nomination of David M. Rubenstein, the Co-Founder and Managing Director of The Carlyle Group, to the Board for its consideration and approval. Dr. Jackson noted that, in addition to his successful business career, Mr. Rubenstein possesses extensive national and international government experience and is a recognized philanthropist who serves on the advisory boards of the National Museum of American History and the National Museum of Natural History. She added that the Committee anticipates that its next candidate will possess exceptionally strong academic credentials.

The Regents agreed that the addition of Mr. Rubenstein would greatly enhance the composition of the Board. It also was noted that Mr. Rubenstein had expressed his willingness and enthusiasm to serve on the Board if so asked. The motion was approved, with recusals from Messrs. Sant and Kogod because of their prior associations with The Carlyle Group.

See attached Resolution 2008.11.02 (Minutes of the Board of Regents, Appendix A).

REPORT OF THE ADVANCEMENT COMMITTEE

Overview of Smithsonian Fund- Raising Activities

Advancement Committee Chair Alan Spoon updated the Board on the Committee’s activities, including the topics discussed during its recent meeting. Mr. Spoon reported that the Committee reviewed the Smithsonian’s fiscal year 2008 fund-raising results; fiscal year 2009 fund-raising goals; pending gifts to the Smithsonian; the upcoming national campaign; and the Institution’s policy with regard to the placement of outside entities’ logos and links on Smithsonian Web sites. He then called on Director of External Affairs Ginny Clark.

As Secretary Clough had recently reported, Ms. Clark said that the Smithsonian had successfully raised \$135.6 million during fiscal year 2008, which was 18% above its

goal. Several museums' fund-raising achievements were noted, including the National Museum of Natural History (\$26.2 million), the National Air and Space Museum (\$21.5 million), and the National Museum of African American History and Culture (\$12.2 million), which was especially noteworthy as construction for that museum's building is in the planning stages.

Ms. Clark said that the Smithsonian had received 24 gifts of at least \$1 million, of which three were first-time donors. She noted that new donors at these levels, coupled with loyal donors who will increase the level of their giving or continue to give at such high levels, will be essential to the success of the upcoming national campaign.

Legacy Fund Update

With respect to the Legacy Fund, Ms. Clark said that the Smithsonian had received 551 gifts totaling \$305,000 over three months through advisory board appeals and online fund raising, of which all but \$61,000 had been secured through the support of generous members of the Smithsonian's body of advisory committees. It was noted that Secretary Clough had sent a letter to the fund's co-author, Senate Committee on Rules and Administration Chairman Senator Dianne Feinstein, to advise the Senator of the Smithsonian's efforts. The Committee agreed that Secretary Clough should continue to talk with Senator Feinstein about the spirit of the Fund as a vehicle by which the Smithsonian could secure additional Federal funding and relaxing the restrictions on which gifts are eligible to be credited to the Fund. It was reported that the Senator was planning to visit the Smithsonian. It also was noted that the chairmanship of the Committee on Rules and Administration will likely change with the incoming administration.

**Fiscal Year 2009
Fund-Raising Goals**

With respect to fiscal year 2009, Ms. Clark said that the Smithsonian had established a fund-raising goal of \$120 million and that, as of October 30, 2008, the Institution had raised \$3.75 million, which was about equal to that sum raised at this time a year ago. She noted that the fiscal year 2009 goal had been set with regard to the current economic climate, adding that her office was working closely with the individual museums to establish flexible but realistic fund-raising goals.

**Consideration of
Five Proposed Gift
Agreements**

Ms. Clark then presented five proposed gift agreements for the Regents' consideration, stating that all conform to Smithsonian policies and procedures. Additional information was provided about three of the agreements. An overview of a recently signed gift agreement from Airbus had been included in an updated information packet given to the Regents that morning, as that agreement had been finalized over the previous weekend. It was noted that a second agreement with philanthropist and Board nominee David Rubenstein had been made long before Mr. Rubenstein's name had been offered for consideration as a potential Regent. Ms. Clark also made clear that the signing of the Clarice Smith gift agreement was pending, as the donor was out of the country. She said that that agreement would be brought back to the Board for its review if any unforeseen changes arose.

A motion to approve the five proposed gift agreements was presented, seconded, and approved. Because of a personal relationship with the donor, Mr. Kogod recused

himself from the vote on the proposed gift to create the Clarice Smith American Art Education Initiative.

See attached Resolutions 2008.11.03–2008.11.07 (Minutes of the Board of Regents, Appendix A).

Development of the National Campaign

Mr. Spoon then updated the Board on the development of a national fund-raising campaign for the Smithsonian. He said that planning for the campaign had included the careful articulation and balancing of the campaign's priorities and ambitions with plans for its execution, including the resources needed to develop both the campaign's blueprint and its execution.

He said that planning for the campaign was continuing apace and that a case statement was being developed. Mr. Spoon said that the campaign's plans will include the deliberate consideration and balance of the needs and goals of the overall Smithsonian and those of its individual units. The campaign will first launch with a quiet fund-raising stage.

Ms. Clark then explained that the selection of an outside campaign counsel was as almost complete. The desired attributes of the counsel include experience in the development of campaigns of at least \$1 billion, campaigns for cultural organizations, and campaigns for multi-cultural organizations. The selected firm will assist with planning and preparation efforts, provide benchmarking analysis, and conduct evaluations regarding the campaign's structure, staffing, and allocation of resources, as well as assist with the necessary policies that must be in place. Ms. Clark said that the selection review process had followed Smithsonian contracting policy. She noted that she anticipated that the selected firm would be on board over the next month and that an internal assessment would be launched.

She also reported that the selection of a campaign director was nearly complete. She said that the Secretary was scheduled to interview the finalists the following week and that the selected candidate would likely start by the beginning of January 2009.

Ms. Clark said that the Advancement Committee also had directed its attention to the development of an approval process for unit-based campaign plans and projects. It was noted that individual units' strategic plans and campaigns were in different stages of development.

In response to a question, Secretary Clough said that the theme of the national campaign would likely be identified by April or May 2009. Another question was raised with regard to areas of overlap between the strategic planning process and the development of the national campaign, as each could inform the development of the other. Strategic Planning and Programs Committee Chair Doris Matsui responded, stating that the three phases of the strategic planning process will be integrally tied to the national campaign. She added that fund raising will be critical to the successful implementation of a strategic plan and that the identification of an overall theme will unite and inform both initiatives.

Another Regent voiced concern about the timing of a campaign launch when the national economic mood remains bleak. Mr. Spoon assured the Board that plans for the campaign acknowledge the impact of a recession on the campaign's launch and length, and that both would be adjusted to current economic realities. Ms. Clark emphasized that the needs and direction of the Smithsonian will not change, even if the scale and speed of fund-raising initiatives may change, including determining where such funds will be directed. She also noted that, when the campaign's blueprint is articulated, the proposed timing of the campaign will be a critical issue brought to the Regents for their consideration and approval.

Secretary Clough added that the planning phase of the campaign will help identify key questions and requests likely to be posed by potential donors, and the appropriate responses that the Smithsonian must be prepared to provide, especially during the "soft" stage of the campaign.

Another comment was made with respect to the economy's anticipated impact on the campaign and the possible need to revise the campaign's tactics. As an example, Mr. McCarter suggested that the Smithsonian consider placing added emphasis on planned giving versus outright gifts.

**Web-Use Policy
With Regard to
Donor Support**

Mr. Spoon concluded his presentation by commenting on the Smithsonian's policies with regard to donor-related logos and links on Smithsonian Web pages. He reported that a survey had been conducted to analyze the Smithsonian's policies against those of comparable non-profit organizations. He said that the survey made clear that the Smithsonian's practices are well within those practiced by similar organizations and that its policies and practices are responsible, thoughtful, and comprehensive, and also are under ongoing review.

REPORT OF THE COMPENSATION AND HUMAN RESOURCES COMMITTEE

**Revision of
Compensation
Decision-Making
Responsibilities**

Compensation and Human Resources Committee Chair Patty Stonesifer presented an overview of the Committee's proposed restructuring of compensation decision-making responsibilities with regard to senior management. The intention of the proposal was to differentiate between compensation decisions made by the full Board versus those made by the Committee, and followed the Committee's prior decision to delegate the majority of senior management compensation decisions to the Secretary.

Ms. Stonesifer explained under that the new system the Secretary would have responsibility for the initial compensation review of 225 senior management positions, and that the Secretary would make the final compensation determinations for 189 of those positions. The Secretary would in turn offer recommendations regarding the remaining 36 positions to the Committee.

Of the 36 compensation decisions referred to the Committee, 21 would receive final review and decision by that group. The remaining 15 would be reviewed and referred

with recommendations to the full Board of Regents. Ms. Stonesifer noted that all 225 positions had previously been referred to the full Board for decision in the past.

Ms. Stonesifer said that the Committee solicited input from both external and internal counsel, as well as outside compensation consultants, in its consideration of the compensation decision-making process. In addition, the proposal, which was proposed by the Smithsonian's Office of Human Resources, was carefully vetted by that office with regard to best practices.

Dr. Jackson asked about the delegation of compensation decisions with regard to certain high-impact positions that report directly to the Board. Ms. Stonesifer agreed to strengthen and make consistent the internal language regarding compensation determinations for chief gatekeeper positions. The motion was approved.

See attached Resolution 2008.11.08 (Minutes of the Board of Regents, Appendix A).

REPORT OF THE STRATEGIC PLANNING AND PROGRAMS COMMITTEE

Strategic Plan Overview

Committee Chair Doris Matsui presented the Report of the Strategic Planning and Programs Committee. Ms. Matsui reminded the Regents that the Smithsonian's Strategic Plan will be a dynamic construct that will look into the future and include an ongoing process of review and renewal that adapts to changing conditions. She noted that the plan will inform the forthcoming national campaign, as well as help determine the Smithsonian's priorities as it defines its role in the 21st century.

The Strategic Planning Process

Ms. Matsui said that the strategic planning process will entail three discrete phases and will employ the consulting services of Booz Allen Hamilton and subcontractor Global Business Network. Phase One, stakeholder outreach, was launched with the dissemination of a short, structured questionnaire designed to generate meaningful responses to inform the process and will conclude on January 30, 2009. Ms. Matsui said that \$400,000 had been raised to fund the \$492,554 in estimated costs for Phase One.

Phase Two will include scenario planning efforts and will be conducted from February through May 2009. Using data gathered during Phase One, small groups will explore the ways the Smithsonian's future might develop under alternative futures or scenarios. The estimated cost for this phase is \$448,888.

Phase Three will address the crafting of the Strategic Plan, which will be written using information gathered during the first two stages of the process. Scheduled for May through September 2009, this phase is estimated to cost \$349,862. Ms. Matsui said that the completed Strategic Plan will inform the internal implementation of the Strategic Plan and help identify funding priorities for the forthcoming national campaign.

Strategic Plan Steering Committee

Ms. Matsui then updated the Regents on the Secretary's formation of a 22-member Steering Committee to help guide and facilitate the planning process, ensure that the

process is inclusive and represents a diversity of viewpoints, and validate the process's overall results. Appointed by the Secretary and co-chaired by National Museum of the American Indian Director Kevin Gover and National Museum of Natural History Senior Research Scientist Vicki Funk, the members of the Committee are primarily staff and represent the breadth of the Smithsonian's academic disciplines and functional areas. The Committee also includes one volunteer, one Smithsonian National Board member, two outside experts who have been involved in past Smithsonian planning efforts, and Chief of Staff to the Regents John Lapiana, an ex officio member who will provide a direct link between the Steering Committee and the Regents. Ms. Matsui noted that Mr. Gover and Ms. Funk had been asked to provide an update on their efforts to the Regents' Strategic Planning and Programs Committee at its December 8, 2008, meeting.

Strategic Planning Exercise

Ms. Matsui said that consultants from Booz Allen Hamilton and Global Business Networks led a strategic planning exercise with the Smithsonian National Board (SNB) at its meeting in October 2008 and asked SNB Chair Hacker Caldwell to elaborate upon the experience. Mr. Caldwell said that the exercise had been very successful, the assignment and process had been clear, and the scenario planning discussions had been particularly engaging. He noted that the members were pleased to be involved in both the exercise as well as the overall strategic planning process.

Secretary Clough elaborated further upon Mr. Caldwell's comments, stating that the experience with SNB provided an excellent launch for the strategic planning process, as well as an opportunity to "test drive" its implementation. He said that the external consultants had worked well with the internal team from the Office of Policy and Analysis and that the documentation of the experience provided an excellent summary of the range and depth of the participants' responses. The Secretary said that the questionnaire used for the SNB planning process would soon be provided to Smithsonian staff but that, to prevent undue influence, the results of the SNB exercise would not be disseminated to staff prior to their own participation in the process. He also noted that the Smithsonian anticipated that a significant amount of useful information would be received as a result of these engagements.

Mr. Sant noted that Phase Two of the strategic planning process would begin only after the Smithsonian is satisfied that Phase One had been successfully completed. Ms. Matsui added that the Committee would remain open and available to further questions and comments about the strategic planning process.

Deaccession of B-17G

Ms. Matsui next presented the proposed deaccession and transfer of a B-17 aircraft from the National Air and Space Museum collection to the Mighty Eighth Air Force Museum in Savannah, Georgia. She first noted that the review process for the proposal had been expedited directly to the Board, bypassing the Committee's consideration, in response to grave concerns about the rapidly declining health of the Mighty Eighth Museum's director, who had long advocated for this transfer.

Ms. Matsui made clear that the proposed deaccession was routine in nature, of mutual benefit to both institutions, and of no cost to the Smithsonian. She noted that it had received her careful review and subsequent support, as well as that of Secretary

Clough and Mr. Sant. Ms. Matsui also said that, absent special circumstances, future proposed deaccessions will be reviewed by the Committee prior to their consideration by the Board. The proposed motion was approved.

See attached Resolution 2008.11.09 (Minutes of the Board of Regents, Appendix A).

Concluding Remarks

Secretary Clough also updated the Board on activities related to the future of the Arts and Industries Building. He said that an internal “possibilities group” had been formed under the direction of Acting Under Secretary for Finance and Administration Alison McNally and that the group had been exploring options for the building’s use. The Secretary said that an update would be provided to the Board at its January 26, 2009, meeting.

REPORT OF THE INVESTMENT COMMITTEE

Prior to introducing Investment Committee Chair David Silfen, Mr. Sant noted that current economic conditions demanded the dedication of extra time for the Board’s consideration of the Committee’s report. He also commended the efforts of Mr. Silfen to guide the Committee and the management of the Smithsonian’s Endowment during a time of enormous market upheaval. Mr. Silfen in turn recognized Chief Investment Officer Amy Chen.

Mr. Silfen reported that the Committee had recently increased the number of its meetings in response to the market downturn and the recent presidential election. He said that during its last meeting the Committee had discussed changing asset allocations, end-of-year analyses of managers with regard to upgrades, the proposed Committee Charter, and recent news about peer endowments and cash liquidity issues.

**Fiscal Years 2007–
2008 Review and
Goals for 2009**

An overview of the changes to the Smithsonian Endowment was provided to the Board. From fiscal years 2007 to 2008 the Smithsonian reduced the Endowment’s outright exposure to global equities (52.7% to 36.5%), increased its exposure to absolute and alternative assets, and markedly increased the Institution’s fixed income in cash to slightly above its policy target. With regard to first quarter 2009 goals and in light of the Endowment being in capital preservation mode, Mr. Silfen said that outright exposure to global equities will continue to be reduced and incremental investments in convertible bonds and senior bank loans may be made. Reflecting the volatile market, cash and fixed income totals will be raised to about 21%. Additionally, the Endowment’s liquidity will continue to be reviewed to ensure that all capital requirements and commitments are met.

Mr. Silfen reviewed the Committee’s investment strategy, performance, and objectives. He noted that proactive efforts had helped mitigate, but by no means eliminate, the effects of recent market upheavals on the Endowment’s performance. The Board discussed whether or not the Endowment’s return goals and payout were realistic in light of the new economic conditions. Dr. Jackson noted that many university boards

were reconsidering the formulas previously used to determine their payout returns. The Board agreed that a review of the Smithsonian's payout policy and the consideration of more caution projections were important.

Next Steps

Before outlining the next steps proposed by the Committee, Mr. Silfen commented on the contributions of the members of the Committee members, as well as Chief Investment Officer Amy Chen and her staff. He noted that the Committee's excellent mix of talent, chemistry, and dedication had been extremely important during such difficult economic times.

Mr. Silfen said that necessary year-end actions, such as strategic policy decisions and manager replacements, would be undertaken next. Endowment strategies will continue to be diversified and private equity and real estate programs will be developed, although probably at a slower pace. Mr. Silfen noted that the Office of Investments is severely understaffed, particularly with regard to the number of investment managers overseen by staff.

The Board was reminded that majority (62%) of the Endowment is comprised of restricted funds. The remainder is unrestricted. The unrestricted payout in fiscal year 2008 (\$17 million) was used to fund ongoing programs.

Committee Charter

The Investment Committee report concluded with a motion to approve the proposed Investment Committee Charter. The motion was seconded and approved.

See attached Resolution 2008.11.10 (Minutes of the Board of Regents, Appendix A).

Closing Remarks

The Board concluded its morning session with a discussion of the goals and format for the afternoon public meeting. The meeting adjourned at 11:42 a.m., after which the Regents met in executive session until approximately 12:25 p.m.

ANNUAL PUBLIC MEETING

The first annual public meeting of the Smithsonian Board of Regents convened at 1:30 p.m. in the Baird Auditorium of the National Museum of Natural History. The meeting was made available to the public via a simultaneous Webcast of the proceedings, as well as a broadcast by C-SPAN. Because of the unanticipated absence of the Chancellor, Board Chair Roger Sant called the meeting to order at 1:30 p.m. Mr. Sant welcomed the audience and introduced the members of the Board of Regents; he also expressed the Chancellor's deep regret that he was unable to participate in the meeting.

Mr. Sant then provided a brief overview of the anticipated purpose and structure of the meeting, as well as the events that led to its creation. He spoke of the numerous governance reforms that had been enacted by the Smithsonian and the Board of

Regents over the prior 18 months and noted the creation of two new Board positions, the Chair and the Vice Chair, as well as the addition of four new standing Regents' committees. Mr. Sant emphasized that the Board's decision to conduct an annual public meeting reflected its commitment to transparent governance and strengthening the engagement of its stakeholders.

Although the meeting was initially designed to focus on the forthcoming strategic planning initiative, Mr. Sant said that the Board instead agreed to host a meeting wherein stakeholders could discuss a broader range of Smithsonian-related questions and concerns. He said that the comments and questions were being directed to the Board via three formats: e-mail, handwritten notes, and spoken comments using microphones in the auditorium. As an e-mail address had been posted previously for this purpose, some comments had been collected in advance of the meeting. None, however, had been shared with the Regents prior to the meeting.

Secretary Clough also welcomed the public to the meeting. He reported on the current state of the Smithsonian, including its remarkable assets and the challenges it faces. He provided an overview of the strategic planning process and noted the important role of stakeholders' participation in a bottom-up process designed determine the future of the Smithsonian. The Secretary then posed several questions to the audience, stating that stakeholders' input on these topics was of special interest to Smithsonian management. He also emphasized that the questions were not intended to limit the scope of the discussions.

The Secretary first noted that the Smithsonian encompasses science, art, history, culture, and education and asked participants to consider which national and global challenges should the Smithsonian focus on for the future. He then asked how the Smithsonian could improve its revenues and position in light of the fact that its financial resources are not increasing, its workforce is declining, and a Federal bailout is unlikely. Secretary Clough's third question considered what the Smithsonian should do to remain relevant in light of the dramatic changes in the ways people communicate, learn, and gather information. He also asked how the Smithsonian can attract a young and diverse audience.

The Board then engaged in a public discussion of comments and questions offered by Smithsonian stakeholders. Questions and concerns were directly voiced by members of the audience and Chief of Staff to the Regents John Lapiana presented written and e-mail comments. A wide range of topics were considered, such as the future of the Arts and Industries Building; the effectiveness of the Smithsonian's governance reform initiatives; diversity among Smithsonian staff and advisory boards, as well as in the content of Smithsonian programs and exhibitions; the status of the Endowment; and the terms of donor gift agreements.

The discussions were substantive and energetic. At the conclusion of the meeting, Mr. Sant thanked the audience, the Board, and the Secretary for their participation in this important meeting. He reminded participants that this meeting was the first of many future opportunities for Smithsonian stakeholders to directly engage with the Board

of Regents. Mr. Sant also noted that the designated e-mail address would remain available for the receipt of additional comments and questions.

The Smithsonian Webcast of the public meeting is available at <http://www.si.edu/about/regents/> and the C-SPAN broadcast of the proceedings may be accessed at http://www.c-spanarchives.org/library/index.php?main_page=product_video_info&products_id=282437-1&showVid=true.

ADJOURNMENT

The first annual public meeting of the Board of Regents was then adjourned at about 3:30 p.m.

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read "G. Wayne Clough", with a long horizontal flourish extending to the right.

G. WAYNE CLOUGH
SECRETARY

MINUTES OF THE BOARD OF REGENTS

November 17, 2008

APPENDIX A APPROVED RESOLUTIONS

VOTED that the Board of Regents approves the November 10, 2008, final draft of the Minutes of the September 22, 2008, Meeting of the Board of Regents. [2008.11.01]

VOTED that the Board of Regents nominates David M. Rubenstein of Bethesda, Maryland, for a statutory term of six years, succeeding Anne d'Harnoncourt, effective immediately. Furthermore, the Board asks its Congressional members to introduce and support legislation to this effect as soon as possible. [2008.11.02]

VOTED that the Board of Regents names the IMAX theater at the National Air and Space Museum's Steven F. Udvar-Hazy Center the Airbus IMAX Theater for 10 years. [2008.11.03]

VOTED that the Board of Regents names The David M. Rubenstein EOL Fellows Program at the National Museum of Natural History, a fellows program intended to advance the Encyclopedia of Life (EOL) initiative by devising a model and process for scientists to compile and upload knowledge, images, data, and other information into EOL species pages. The fellows program will support post-doctoral students, graduate students, and others who will work under the supervision of scientists at the Museum and other institutions working with the EOL initiative. [2008.11.04]

VOTED that the Board of Regents names the Clarice Smith American Art Education Initiative, a national education initiative at the Smithsonian American Art Museum supported by this gift. [2008.11.05]

VOTED that the Board of Regents creates and names the John A. Burnham Jr. and Helen L. Burnham Endowment for Galapagos Research, a quasi-endowment for the National Museum of Natural History's Galapagos research, and authorizes the transfer of funds identified for this purpose. [2008.11.06]

VOTED that the Board of Regents creates and names the Marcella Brenner Fund, a quasi-endowment to support the Hirshhorn Museum and Sculpture Garden's exhibition of, and creation of educational material about, works of art by Morris Louis, and to conserve works by the artist. [2008.11.07]

VOTED that the Board of Regents approves the revised compensation decision levels for the 2009 Senior Executive Compensation Decision Cycle. [2008.11.08]

VOTED that the Board of Regents approves the deaccession of the National Air and Space Museum's B-17G and the aircraft's transfer to the Mighty Eighth Air Force Museum in Savannah, Georgia. [2008.11.09]

VOTED that the Board of Regents approves the Charter of the Investment Committee. [2008.11.10]