

MINUTES OF THE JUNE 13, 2016, MEETING OF THE BOARD OF REGENTS

ATTENDANCE

This scheduled meeting of the Board of Regents of the Smithsonian Institution (“Smithsonian”) was held on Monday, June 13, 2016. The Board conducted morning, afternoon, and executive sessions in the Regents’ Room in the Smithsonian Castle in Washington, DC. Board Chair John W. McCarter, Jr., called the meeting to order at 8:29 a.m. Also present were:

The Chief Justice ¹	Representative Tom Cole	Risa Lavizzo-Mourey
Barbara M. Barrett	John Fahey	Senator Patrick J. Leahy
Representative Xavier Becerra	Shirley Ann Jackson	Michael Lynton
Senator John Boozman	Representative Sam Johnson ²	Senator David Perdue
Steve Case	Robert P. Kogod	David M. Rubenstein

Robert MacDonald, Smithsonian National Board Chair

Alan Spoon, Advancement Committee Chair

Vice President Joseph R. Biden, Jr., Dr. Shirley Ann Jackson, and Tim O’Neill were unable to attend the meeting.

Also present were:

David J. Skorton, Secretary	Richard Kurin, Acting Provost/Under Secretary for Museums & Research
Patricia Bartlett, Acting Assistant Secretary Education & Access	John K. Lapiana, Deputy Under Secretary for Finance & Administration and Acting Assistant Secretary Communications & External Affairs
Greg Bettwy, Acting Chief of Staff to the Secretary	Judith Leonard, General Counsel
Epin Christensen, Counsel to the Inspector General	Era Marshall, Director for the Office of Equal Employment and Minority Affairs
Derrick Dickey, Assistant to Senator Perdue	Grisella Martinez, Assistant to Congressman Becerra
Zully Dorr, Office of Advancement Deputy Director	Kevin McDonald, Senior Adviser to Senator Leahy
Jim Douglas, Office of Human Resources Director	Jeffrey P. Minear, Counselor to the Chief Justice
Jennifer Ehlinger, Office of the Regents Senior Researcher & Writer (recorder)	Sean Murphy, Assistant to Representative Cole
Virginia Gomez, Assistant General Counsel	Rachel Parker, Deputy Chief of Staff to the Regents
Amanda Hamilton, Assistant to Representative Johnson	Nell Payne, Director of Government Relations
Tony-Marie Higgins, Assistant to Senator Boozman	Porter N. Wilkinson, Chief of Staff to the Regent
Cathy Helm, Inspector General	
Albert Horvath, Under Secretary for Finance & Administration/Chief Financial Officer	
Kirk Johnson, Director of the National Museum of Natural History	

¹ The Chancellor, Chief Justice John G. Roberts, Jr., participated in the afternoon session.

² Participated in the morning session.

MORNING SESSION

REPORT OF THE BOARD AND EXECUTIVE COMMITTEE CHAIR

Call to Order and Introductions

The meeting began in open session. Board Chair John W. McCarter, Jr. welcomed Regents, Regent staff, and Smithsonian staff and called for introductions around the room. Mr. McCarter reminded the Board of the procedural modifications, which were adopted at the June 2015 meeting, and have been in use since the October 2015 meeting. The modifications allow for more time to be dedicated during toward strategic discussions and include the use of a consent agenda, comprehensive written Committee reports, and modified Committee Chair reports.

Recognition of Regent Accomplishments

Mr. McCarter recognized recent accomplishments of the Regents, including Robert P. Kogod receiving the Keystone Award, Vice Chair Dr. Shirley Ann Jackson being awarded the National Medal of Science, and the approved design and beginning phases of the David M. Rubenstein Forum being built at the University of Chicago.

OREG Personnel Update

Mr. McCarter noted that the Office of the Regents Special Assistant Will McDonnell would be leaving the Smithsonian in July. He thanked Mr. McDonnell for his service and wished him luck in his future endeavors.

Smithsonian Presence in Armenia

Mr. McCarter reported that the only item of business the Executive Committee has to discuss with the full Board is the matter of the Smithsonian registering to carry out grant activities in foreign countries. He turned to General Counsel Judith Leonard to brief the Board on establishing a legal presence in Armenia. Upon motion duly made and seconded, the Board voted to approve the Smithsonian's establishment of a local legal presence in Armenia, which is required for the Smithsonian to enter into an interagency agreement with the United States Agency for International Development ("USAID") to carry out a cultural sustainability and tourism project in Armenia.

See attached Actions 2016.06.01 (Minutes of the Board of Regents, Appendix A)

APPROVAL OF THE CONSENT AGENDA

Approval of the Consent Agenda

Mr. McCarter briefly reviewed the procedures of the Board's use of the consent agenda: an item will remain on the Consent Agenda ("Agenda") only by unanimous consent, and any Regent may ask the Office of the Regents to remove an item from the consent agenda for discussion by providing three-days' notice in advance of the scheduled Board meeting. Action items listed on the present meeting's Agenda include minutes of the April 11, 2016, and May 1, 2016, Regents' meetings; the appointment and reappointment of candidates to seven Smithsonian Advisory Boards; and the approval of one proposed gift action, which complies with all Smithsonian policies. Upon motion duly made and seconded, the Board voted to adopt the Agenda, constituting the approval of all action items listed therein.

See attached Actions 2016.06.02 (Minutes of the Board of Regents, Appendix A).

REPORT OF THE SECRETARY

Report of the Secretary

Secretary David J. Skorton updated the Board on the state of the Smithsonian. He reported on his activities during his first few months in office and entertained questions from the Board. The Secretary reported on his recent trip to Cuba. The Smithsonian is currently working on two Memoranda of Understanding (“MOU”) with regards to Cuba: one umbrella MOU that would cover any number of partnerships and interactions; and one MOU specific to hosting Cuba at the 2017 Folklife Festival. The Secretary briefly updated the Board on the status of a potentially sensitive proposed exhibition at the Hirshhorn Museum and Sculpture Garden, including a scheduling and location change.

Trip to Cuba

National Academies Study

The National Academies has asked the Secretary to lead a study lasting 18-24 months on the integration of science, engineering, and medical education with the arts and humanities at the undergraduate and graduate levels. The study will provide the Smithsonian with an opportunity to demonstrate its leadership in those vital areas of scholarship and thought.

Zoo Discussion

The Secretary and the Board discussed the recent debate regarding the situation with the gorilla in the Cincinnati Zoo. The Smithsonian does not comment on the actions of other zoos in the cases of accidental or intention ingress to animal enclosures. The Director of the Smithsonian’s National Zoological Park (“Zoo”) and Conservation Biology Institute Dennis Kelly has reviewed the current systems at the Zoo and is confident that accidental ingress is highly unlikely; due to the installation of enhanced barrier systems, including railings, planters with thick foliage, mesh, and thick glass.

Cultural Recovery Program

Lastly, the Secretary reported on the *First Aid to Heritage in Times of Crisis* cultural recovery program, organized by the Smithsonian together with the International Center for the Study of the Preservation and Restoration of Cultural Property. Program participants include 21 representatives from across 18 countries, who have had first-hand experience protecting cultural heritage in emergency situations.

REPORT OF FACILITIES COMMITTEE

NASM Revitalization Update

Facilities Committee Chair Robert P. Kogod presented the report of the Committee and led the Board on a discussion of the National Air and Space Museum (“NASM”) Revitalization Project. He reported that during the Committee’s last few meetings, a major focus has been on the complex and extensive revitalization of the 40-year-old museum, which is one of the most heavily visited museums in the world. Mr. Kogod detailed the scope and funding details of the project. He explained that the renovation would likely take place over five years, and would be done in such a way that portions of the museum would remain open to the public. The detailed scope of the project has now been fully developed and will include replacement of the building’s exterior envelope, modernization of the museum’s internal systems, optimization of the building’s energy systems, expansion of the security vestibules and systems, and a functional upgrade to administrative spaces.

In order to accomplish this massive and necessary renovation, the museum will need \$676 million in federal appropriations, in addition to the \$250 million the Smithsonian seeks to raise in private funds to revitalize exhibitions. The Smithsonian intends to carry-out the renovation in phases, with the goal of keeping at least 50 percent of the museum open to the public at all times throughout the seven-year construction process. An additional \$50 million will be needed to construct a module where collection items can be safely stored during the phased renovation. The project's next milestone will be set for the end of calendar year, with the aim of having 65 percent of the renovation's design complete. The Board discussed the revitalization and potential sources of funding for the project.

**Consolidated Headquarters
Initiative Update**

Under Secretary for Finance & Administration and Chief Financial Officer Albert Horvath updated the Board on the status of the Consolidated Administrative Headquarters Initiative ("Initiative"). The Initiative will address the Smithsonian's need for more administrative space, while also working to consolidate these areas to make for better functionality. The Smithsonian issued a non-binding Request for Proposals ("RFP") in November 2014 to elicit responses from the commercial real estate sector with respect to both leased and owned space consolidation alternatives. Management has narrowed an initial group of 16 respondents down to six shortlisted proposals, which have been evaluated and ranked. The Smithsonian intends to explore three different scenarios with one of the Offerors including various combinations of lease consolidation with purchase options. Next steps will include initiating detailed discussions with the Offeror; working with the Office of Management and Budget ("OMB") to resolve leasing authority issues; and exploring the potential of a purchases alternative with OMB and congressional staff.

REPORT OF THE STRATEGY, INNOVATION, AND TECHNOLOGY COMMITTEE

Strategy, Innovation, and Technology Committee Member Michael Lynton presented the report of the Committee. Several initiatives are underway to foster a culture of innovation and shape the Smithsonian's strategic direction, including the Smithsonian Secretary's Scholars initiative, which aims to enhance the Smithsonian's creative and intellectual workforce by funding 40 new positions in the curatorial, conservation, research, and science fields. A number of other programs from the Office of the Acting Provost/Under Secretary for Museums and Research and the Office of the Acting Assistant Secretary for Education and Access are also underway.

The Office of the Acting Provost/Under Secretary for Museums and Research highlighted the Smithsonian's involvement with a successful event held on May 9, 2016, entitled Dialogue on Exhibitions, which focused on controversy in museum exhibitions. The Smithsonian has also partnered with Yale University to focus on common interests in conservation and preservation of cultural heritage, digital

humanities, environment and climate change, race and human diversity, and material culture and object-based teaching and research.

The Office of the Acting Assistant Secretary for Education and Access produced the 2015 Smithsonian Education Awards and effectively launched Word Expeditions, a program supported by a \$1 million grant from the PNC Foundation. The office has also collaborated with the National Portrait Gallery and the Smithsonian Latino Center to produce the *Sí se puede Dolores Huerta Family Day*, highlighting the exhibition, *One Life: Dolores Huerta*.

REPORT OF THE GOVERNANCE AND NOMINATING COMMITTEE

Advisory Board Ethics Statement

Governance and Nominating Committee Chair Steve Case presented the report of the Committee. The Board was presented with a recommendation from the Office of the General Counsel (“OGC”) that all advisory board members adopt a set of ethical guidelines and sign an advisory board ethics statement on an annual basis. Upon motion duly made and seconded, the Board voted to approve OGC’s recommendation.

See attached Actions 2016.06.03 (*Minutes of the Board of Regents, Appendix A*).

Committee Charter Amendments

Next, the Board considered the proposed amendments to the Governance and Nominating Committee’s Charter, which was reviewed by the Governance and Nominating Committee during its meeting on May 9, 2016. The Committee’s Charter mandates that the Committee annually review and assess the Charter and that the Committee evaluate its own performance with respect to the Charter’s requirements. Two modifications were proposed, to revise the Charter’s language in order to accurately reflect current Committee practices and bring it more in-line with language used by other Regent committees. The first modification is a change to the language that requires committee chairs to notify the Governance and Nominating Committee every November of their preferred membership. Membership conversations typically happen informally over the course of the year and this change reflects that practice.

The second modification is to the language requiring that all committees maintain a Regent majority. The Board had previously approved non-Regent majorities for committees like Investment and Advancement. The change to the Governance and Nominating Charter reflects the Board’s decisions with regards to these committees. Upon motion duly made and seconded, the Board voted to approve the proposed Charter amendments.

See attached Actions 2016.06.04 (*Minutes of the Board of Regents, Appendix A*).

Regent Search

Mr. Case also updated the Board on the status of the search for new Regents to fill Dr. Shirley Ann Jackson's and Robert Kogod's seats since each of their Regent terms will expire in May 2017. Mr. Kogod's seat must be filled by a DC resident and Dr. Jackson's replacement can be from any state not already represented by a citizen Regent. The Office of the Regents has issued an RFP to find a search firm to assist with identifying candidates and should have a firm selected by mid-July.

In terms of timeline, the Governance and Nominating Committee hopes to provide a slate of candidates for the Board's review at the October 2016 meeting and the Board will vote on final candidates in January 2017.

REPORT OF THE ADVANCEMENT COMMITTEE

Campaign Update

Advancement Committee Chair and Regent Emeritus Alan Spoon presented the Committee's report. Mr. Spoon briefed the Board on the status of the Smithsonian Campaign ("Campaign"), reporting that the Smithsonian has raised \$1.4 billion of the \$1.5 billion total Campaign goal. Annual fundraising as of April 2016 has reached \$135 million of the \$250 million goal set for fiscal year 2016.

He reported that the National Museum African American History and Culture ("NMAAHC") has raised \$263 million toward its \$270 million goal. NMAAHC has also raised another \$10 million for the dedication and opening, as well as another \$40 million in support of programming and endowed positions.

Gift Review

Mr. Spoon presented one gift agreement for the Board's review. Upon motion duly made and seconded, the Board voted to approve the gift and naming term of two spaces at NMAAHC.

See attached Actions 2016.06.05 (Minutes of the Board of Regents, Appendix A).

Mr. Spoon noted that as the opening of NMAAHC gets closer, the Office of Advancement anticipates a few more gifts will require approval from the Board of Regents. Given that the Board will not meet again before the museum opens, the Office of Advancement will work with the Office of the Regents to secure approval from the Executive Committee on behalf of the full Board.

Mr. Spoon reminded the Board that during the June 2014 meeting, a two-week notice was requested for any exceptions to the Smithsonian gift policy, to include the pre-approved exceptions on naming terms for Cooper-Hewitt and NMAAHC. The Office of Advancement requested that the Board consider a temporary suspension of the two-weeks' notice requirement for a period of three months, as it relates to the naming terms for NMAAHC. The temporary suspension would allow for the approval of gifts for NMAAHC to be expedited in time for the museum's grand opening. The Board agreed that given the timing of the opening, a temporary suspension of the two-weeks' notice requirement for gift policy exceptions would be allowed.

REPORT OF THE FINANCE COMMITTEE

2017 Endowment Payout

Committee Chair David Rubenstein presented the report of the Finance Committee. The fiscal year 2017 Endowment Payout was presented for the Board's review. The Smithsonian's long-standing policy is to pay out five percent of the trailing average market value of the portfolio over the previous five years. Since 2012, an additional annual payout has been included of up to one percent to pay for the costs of the Campaign on eligible funds. This practice is expected to end in fiscal year 2017, following the conclusion of the Campaign. The projected payout to support the programmatic activity for fiscal year 2017 is \$63.1 million and the campaign financing payout is projected at \$5.8 million. Upon motion duly made and seconded, the Board approved the fiscal year 2017 Endowment Payout.

See attached Actions 2016.06.06 (Minutes of the Board of Regents, Appendix A).

REPORT OF THE INVESTMENT COMMITTEE

Endowment Update

Investment Committee member David Rubenstein presented the Committee's report and updated the Board on the status of the Endowment. As of March 31, 2016, the Endowment stood at \$1.28 billion. The Endowment's one-year return against the policy benchmark was -2.0% versus -3.5% for the policy benchmark.

REPORT OF THE SMITHSONIAN NATIONAL BOARD

Report from SNB Chair

Robert MacDonald presented the report of the Smithsonian National Board ("SNB"). Mr. MacDonald presented a brief overview of the SNB's current work and details from its spring meeting held on April 28 – 30, 2016.

Between January and April of this year, 36 SNB members either attended or spoke at regional campaign events, or connected individuals or organizations in their communities with the Smithsonian. Seven National Board members hosted events in their home cities or brought groups to the Smithsonian here in Washington.

During the spring meeting, SNB members spent time in discussion with Secretary Skorton about issues of interest to the Smithsonian, including potentially controversial exhibitions, reasons controversy can develop, considerations for evaluating potential areas of controversy, and safeguards and guidelines the Smithsonian currently has in place to prepare for and protect against potential controversies. The meeting also focused on the Smithsonian's presence in communities across America. The objective was to educate SNB members about units whose mission is to take Smithsonian scholarship, collections, and research programs to communities in the Washington, DC region and across the country. Members visited the Smithsonian's Anacostia Community Museum. Director

Camille Akeju provided an overview and arranged for behind-the-scenes tours with senior Anacostia Museum staff. The spring meeting concluded with a special performance produced by Smithsonian Associates.

REPORT FROM THE OFFICE OF GOVERNMENT RELATIONS

OGR Report

Director of Government Relations Nell Payne presented the report from the Office of Government Relations (“OGR”). Ms. Payne reported that Congressional and White House engagement has continued with a number of programs and events. Smithsonian management and OGR have conducted a series of briefings to update key Congressional Committees on the current status of important projects and initiatives, including the potential for a Smithsonian presence in London and the NASM revitalization. On June 14, 2016, the Smithsonian will host its annual Congressional Night for members of Congress, their families, and staff at NMAH. The event will feature programs, including activities for kids, special museum exhibitions, and a reception. This year’s Congressional Night is themed “The Nation We Build Together” and is made possible for the sixth year in a row by the support of Nissan North America.

RECOMMENDATIONS FROM THE TASK GROUPS

Task Group Recommendations

The Board heard a report from the leaders of each of the four task groups that were established to review the Smithsonian’s policies and practices in the areas of transparency, unified compensation, contracting, and the use of funds. The task groups presented a number of reasonable recommendations to allow for appropriate flexibility and make day-to-day processes more effective and efficient.

REPORT FROM THE TASK GROUP ON TRANSPARENCY

Under Secretary for Finance & Administration and Acting Assistant Secretary for Communications & External Affairs John K. Lapiana presented the findings and recommendations of the task group on transparency. The task group was charged with the review of the Smithsonian’s transparency policies and procedures as they relate to the non-federal (Trust) funding of exhibits, research, collections, and publications.

Following review and evaluation, the task group concluded that a fourth area--public programming (e.g., lecture series, culture labs, “living” demonstrations, and pop-up displays)--should also be subject to this review. As a result, the task group recommended that an appropriate policy should be developed to help ensure that Smithsonian public programming be subject to a process reflecting the spirit of Smithsonian Directive (“SD”) 603 to promote transparency, better identify sensitive issues and conflicts of interest, and anticipate and manage potential controversies.

Regarding exhibitions, the task group recommended a modification of SD 603 to provide directors more concrete guidance on potential triggers for review, such as certain outside funding sources and the relationships with collectors whose objects will be displayed.

Regarding collections, the task group recommended a revision of the Smithsonian's collections management policy, SD 600, to more explicitly address the expectations for transparency regarding outside funding used to purchase objects and the objects' provenance.

Lastly, regarding research, the task group concluded that the recent revisions to SD 103, requiring the disclosure of the source of non-federal funding greater than \$10 thousand adequately promotes transparency of sponsored research funding.

REPORT FROM THE TASK GROUP ON UNIFIED COMPENSATION

Director of the Office of Human Resources James Douglas presented the report of the task group on unified compensation. The task group was charged with reviewing the Smithsonian's compensation policies for Trust executives in the areas of board service, compensation methodology, competitive recruitment requirement, and executive leave policies. Following review and evaluation, the task group determined that all of the current policies are adequate and should remain unchanged, except with regard to the policy on board service. The task group recommended that the current policy be reviewed by the Governance and Nominating Committee, with the possibility of permitting Smithsonian covered executives to serve on a for-profit board in limited circumstances.

REPORT FROM THE TASK GROUP ON CONTRACTING

Mr. Horvath presented the report of the task group on contracting. The task group was charged with reviewing the Smithsonian's use of federal contracting guidelines. The task group concluded that the principle of a consistent approach to contracting, regardless of whether the funding source is Federal or Trust, is not an inherent problem. The task group did note a few specific issues that if addressed, would result in a more efficient process for Smithsonian staff and would not undermine the guiding principles of the contracting policy. These areas include competition, the federal government's System for Award Management ("SAM"), and the RFP process.

The task group determined that competition appears to serve no legitimate purpose when the market is known, the service is so specialized that it is generally provided by a select few vendors, and/or the vendors are requested by donors and artists who have been commissioned. Changes to procedures covering such specific cases would provide significant efficiencies for procurements that do not benefit from a traditional competition approach.

The task group found that the process of registering in SAM, particularly for individuals and very small engagements, is cumbersome and inefficient. The group recommended identifying situations where contracting actions could be more effectively completed without the vendor being required to register in SAM. Lastly, the task group concluded that the RFP process does not work for contracting actions that are very different from federal procurements and that the process precludes customary negotiation. The impact of using such an approach for "revenue" contracts, primarily impacting Smithsonian Enterprises, has been an

obstacle to a number of possible business ventures that could have proved beneficial to the Smithsonian.

The task group intends to form an ad-hoc working group to advise the contracting office and Smithsonian leadership on beneficial changes that could be pursued with regard to the current issues as determined by the task group, and any other issues that may arise in the future.

REPORT FROM THE TASK GROUP ON USE OF FUNDS

National Museum of Natural History Director Dr. Kirk Johnson presented the report of the task group on use of funds. The task group was charged with reviewing the Smithsonian's use of funds policies, governing what can and cannot be purchased with Trust funds. The task group sent a survey to Smithsonian directors and financial staff on March 10, 2016, soliciting their feedback on the matter. Following review and evaluation, the group determined that the Smithsonian should launch a wider assessment of the use of Trust funds in the realm of travel, contracting, and hiring with the intent of increasing efficiency and capitalizing on the opportunities that exist due to the Smithsonian being a trust instrumentality, rather than a purely federal organization.

The task group also determined that the current prohibition of using Trust funds to purchase modest items for common staff use such as food, bottled water, dish soap, and decisions regarding employee recognition should be allowed. Modest expenses to support memorial events for deceased staff, donors, and volunteers should be permitted. Modest gifts for potential donors should also be allowed to be purchased with Trust funds, in order to help foster the relationship with the potential donor. The task group recommended that the authority to approve these presently prohibited Trust purchases should fall under the purview of unit directors rather than the Under Secretary for Finance & Administration/Chief Financial Officer as a means of increasing efficiency.

The Board discussed each of the task group's findings and agreed that the recommendations were reasonable and would improve operations and make systems easier to navigate for staff. The Board agreed that a routine review of the policies is necessary and effective for best practices.

LUNCHEON PRESENTATION

Plans for NMAAHC Opening

Founding Director of NMAAHC Lonnie G. Bunch III and Deputy Director Kinshasha Holman Conwill briefed the Board on the status of the new museum and plans for the grand opening. The Regents were presented with a breakdown of milestone dates and activities that will culminate in the public opening ceremony on September 24, 2016. Events will begin on Friday, September 23, with a celebratory festival; the dedication ceremony on Saturday, September 24; and celebratory activities will continue through Sunday, September 25. Programs will include musical performances, curated activities, and evening concerts that will explore and celebrate the museum's rich content and stories. The public opening events will be designed to accommodate the vast crowds that are anticipated.

AFTERNOON SESSION

The meeting reconvened and the Chancellor called the afternoon session to order at 1:04 p.m.

SMITHSONIAN VISION STATEMENT DISCUSSION

The Board discussed the status of the plan for revising the Smithsonian's strategic plan, which is set to expire in 2017, and developing a complementary vision statement. The Secretary reported that he has assembled a team from across the Institution to assist in developing the next strategic plan.

During the April 2016 Strategic Meeting, the Board provided its feedback regarding the future of the Smithsonian and how that could be reflected in a comprehensive vision statement. The Secretary and the Office of the Regents worked to compile all of the Regents' comments and draft a working vision statement for the Board's review. The Board discussed the draft and provided additional feedback, stressing the importance for the Smithsonian to be viewed as a convener, working to build important connections between the Institution and between other institutions for the benefit of the common good.

The Secretary thanked the Board for the constructive feedback. He will work with the Office of the Regents and members of his newly assembled strategic planning committee to re-work the statement and present an updated draft to the Board at the October 2016 meeting.

STRATEGIC INITIATIVES

On May 1, 2016, the Board held a special teleconference and voted to approve the Secretary's request to engage in a long-term collaboration with the Victoria & Albert Museum ("V&A") to develop a jointly organized, permanent gallery space, to be housed in the new V&A East Building at Queen Elizabeth Olympic Park. On June 13, 2016, the day of the Board of Regents' Meeting, the Smithsonian and the V&A publically announced plans for the international collaboration to co-develop one of three permanent galleries in the new museum.

The Secretary and Mr. Horvath updated the Board on plans for the future use of the Arts and Industries Building. Renovations to facilitate interim use of the building were complete in March 2016, and the space is currently being used as a special events venue, with a significant number of bookings. Management is currently in the process of hiring a project manager for the building, who would be responsible for the development and implementation of all plans, to include programming, exhibitions, and infrastructure. A design firm has also been retained to aid in the development of conceptual ideas that will be used to advance the long-term objectives of the project.

EXECUTIVE SESSION: SMITHSONIAN CHANNEL PUT OPTION UPDATE

The Committee then conducted an executive session to discuss the status of the Smithsonian Channel Equity Put Option. In 2011, the Smithsonian purchased additional equity interest in the Channel. The joint venture agreement provided that the Smithsonian could sell back (“put”) to its partner a portion, or all, of its ownership interest in 2014, 2016, or 2018. Under the agreement, Showtime is only obligated to execute against one of these possible dates. The Smithsonian declined to exercise this option in January 2014. The milestone dates that remain are 2016 and 2018. If the Smithsonian exercises the option in 2016, Showtime will not be obligated to exercise against a proposed put in 2018.

EXECUTIVE SESSION: “GATEKEEPERS” REPORT

The Board then conducted an executive session with General Counsel Judith Leonard.

Finally, the Board conducted a Regent-only executive session.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at approximately 3:13 p.m.

Respectfully submitted,

David J. Skorton
Secretary

ADDENDUM

By email ballot completed on September 12, 2016, the Board of Regents voted to recognize the generosity of the William and Sue Gross Family Foundation to the National Postal Museum and extend the minimum naming of the William H. Gross Stamp Gallery for an additional five years, should the Smithsonian renew the lease for the Gallery space following the expiration of the current lease agreement and execution of the two five-year extensions provided for in the current lease agreement, or until the next major renovation of the Gallery, whichever occurs later. The gift action required approval prior to the next scheduled Board meeting in order to facilitate the timing of specific programs and announcements. The Board was provided with two-weeks’ advanced notice of the gift action due to the inclusion of an exception to the approved naming policy.

See attached Actions 2016.06.07 (Minutes of the Board of Regents, Appendix A).

APPENDIX A: ACTIONS OF THE JUNE 13, 2016, MEETING OF THE BOARD OF REGENTS

VOTED that upon the deliberation of the issue of establishing the Armenia branch of the Smithsonian Institution, the Board hereby decides to issue a resolution to: (1) establish the Armenia branch of the Smithsonian Institution (hereinafter, the “Branch”); (2) approve the charter of the Branch; (3) appoint Olivier Messmer (citizen of France) as the Country Director of the Branch and authorize him to implement all actions for the state registration of the Branch; and (4) approve the Power of Attorney attached hereto and issued for the Country Director of the Branch (“POA”) (collectively referred to hereinafter as the “Resolution”). [2016.06.01]

VOTED that the Board of Regents adopts the Consent Agenda, which constitutes the approval of all action items listed therein. [2016.06.02]

VOTED that the Board of Regents approves the minutes of the April 11, 2016, Meeting of the Board of Regents.

VOTED that the Board of Regents approves the minutes of the May 1, 2016, Special Telephonic Meeting of the Board of Regents

VOTED that the Board of Regents approves the proposed slate of candidates for appointment or reappointment to seven Smithsonian advisory boards.

VOTED that the Board of Regents recognizes the generosity of Rolex Watch U.S.A., Inc. and accepts the terms of the sponsorship agreement.

VOTED that the Board of Regents approves the Advisory Board Ethics Statement to be used with all Smithsonian Advisory Boards. [2016.06.03]

VOTED that the Board of Regents approves the proposed amendments to the Governance and Nominating Committee’s Charter. [2016.06.04]

VOTED that the Board of Regents recognizes the generosity of Robert F. Smith to the National Museum of African American History and Culture and accepts the gift and names the Robert Frederick Smith Explore Your Family History Center and the Robert Frederick Smith Family Pavilion for 25 years or until the next major renovation, whichever occurs later. [2016.06.05]

VOTED that the Board of Regents approves a five percent payout from the Smithsonian’s Endowment in fiscal year 2017 to support programmatic activity. The Finance Committee further recommends up to an additional one percent payout from eligible Smithsonian Endowment funds in fiscal year 2017 to cover expenses associated with the national fundraising campaign. The payout shall be calculated against the current five-year average market value of the Smithsonian Endowment. [2016.06.06]

VOTED* that the Board of Regents recognizes the generosity of the William and Sue Gross Family Foundation to the National Postal Museum and extends the minimum naming of the William H. Gross Stamp Gallery for an additional five years, should the Smithsonian renew the lease for the Gallery space following the expiration of the current lease agreement and execution of the two five-year extensions provided for in the current lease agreement, or until the next major renovation of the Gallery, whichever occurs later. [2016.06.07]

**Approved via email ballot on September 12, 2016*