

MINUTES OF THE JANUARY 25, 2016 SCHEDULED* MEETING OF THE BOARD OF REGENTS

SCHEDULED MEETING

This meeting of the Board of Regents of the Smithsonian Institution (“Smithsonian”) was scheduled to take place Monday, January 25, 2016. Due to inclement weather, the scheduled meeting was cancelled and business was conducted by electronic ballot distributed on January 28, 2016, and completed on February 4, 2016.

PARTICIPATION

The following Regents participated in the electronic ballot:

John W. McCarter, Jr., Chair	Representative Tom Cole	Senator Patrick J. Leahy
Dr. Shirley Ann Jackson, Vice Chair	John Fahey	Michael Lynton
Barbara M. Barrett	Representative Sam Johnson	David M. Rubenstein
Representative Xavier Becerra	Robert P. Kogod	Senator David Perdue
Steve Case	Risa Lavizzo-Mourey	

The Chief Justice, Vice President, and Senator John Boozman, did not participate in the electronic ballot.

ELECTRONIC BALLOT

ACTIONS OF THE BOARD OF REGENTS

In accordance with Board bylaw 2.08, the Board of Regents was presented with the following motions and supporting action papers for review via email. The following motions were approved by the Board of Regents, through an electronic ballot, completed on February 4, 2016.

2016 SENIOR EXECUTIVE COMPENSATION DECISIONS

The Compensation and Human Resources Committee met on January 20, 2016, and voted to recommend that the full Board of Regents approve the Committee’s recommendations regarding senior executive compensation levels for 2016. By electronic ballot, the 2016 senior executive compensation recommendations were approved.

See attached Actions 2016.02.01 (Minutes of the Board of Regents, Appendix A).

APPRECIATION FOR NON-REGENT COMMITTEE MEMBERS

The Executive Committee recommended that the Board of Regents vote to express its appreciation for the service of several non-Regent committee members who have completed their terms of service. Each departing committee member has displayed outstanding service and dedication to his/her

**Meeting cancelled due to inclement weather. All business conducted by electronic ballot.*

respective committees and to the Board. By electronic ballot, the Board voted to express its deep appreciation and gratitude to non-Regent committee members George Hartman, Afsaneh Beschloss, Paul Neely, and Judy Huret for their dedication and contributions to the Board of Regents and the Smithsonian Institution.

See attached Actions 2016.02.02 (Minutes of the Board of Regents, Appendix A).

APPROVAL OF THE CONSENT AGENDA

Action items listed on the Consent Agenda include the minutes of the October 19, 2015, Regents' meeting; amendments to the bylaws of the National Zoological Park and Conservation Biology Institute Advisory Board and the Board of Trustees of the Joseph H. Hirshhorn Museum and Sculpture Garden; the appointment and reappointment of candidates to ten Smithsonian Advisory Boards; and the approval of four proposed gift actions, all of which comply with all relevant Smithsonian policies. By electronic ballot, the Board voted to adopt the Consent Agenda, which constitutes the approval of all action items listed therein.

See attached Actions 2016.02.03 (Minutes of the Board of Regents, Appendix A).

AMENDMENTS TO THE CHARTER OF THE AUDIT AND REVIEW COMMITTEE CHARTER

The Governance and Nominating Committee voted to recommend to the Board of Regents the approval of the proposed amendments to the Audit and Review Committee charter at its meeting on December 3, 2015. The proposed amendments to the Audit and Review Committee's charter ensure that the Committee is following best practices and that the charter language is consistent with other Regent committee charters. Substantive changes to the charter include recognizing the Committee's discretion to appoint a non-voting advisor; officially recognizing the Committee's responsibility to review the IRS Form 990 and 990T prior to filing; and requiring the Committee to perform an annual review of its charter. By electronic ballot, the Board voted to approve the proposed amendments to the Audit and Review Committee charter.

See attached Actions 2016.02.04 (Minutes of the Board of Regents, Appendix A).

COMMITTEE ASSIGNMENTS AND CHAIRMANSHIPS

The Governance and Nominating Committee voted to approve and recommend the proposed committee assignments and chairmanships at its December 3, 2015, meeting. The Board was presented with a proposed Regent committee membership roster and matrix. By tradition, Citizen Regents typically serve on three Regent committees and chair at least one committee, and Congressional Regents are assigned to two committees. By electronic ballot, the Board voted to approve the proposed committee assignments and chairmanships and recommended that the Chancellor make the necessary appointments.

See attached Actions 2016.02.05 (Minutes of the Board of Regents, Appendix A).

FISCAL YEAR 2017 FEDERAL BUDGET REQUEST TO CONGRESS

On January 7, 2016, the Smithsonian received final settlement on the fiscal year 2017 budget request (“Passback”) from the Office of Management and Budget (“OMB”). The settlement reflects the amount the President will include in his overall fiscal year 2017 budget submission to Congress. The settlement provided \$922 million for the Smithsonian, which is a 9.8 percent increase over fiscal year 2016. This includes an increase of \$63.2 million, or nine percent, over the fiscal year 2016 enacted budget for Salaries and Expenses; and \$163 million for Facilities Capital, which is \$18.8 million, or 13 percent, over the fiscal year 2016 enacted amount. The fiscal year 2017 budget is due to Congress on February 9, 2016. By electronic ballot, the Board voted to authorize the Secretary to submit the Federal budget request for appropriated funds for fiscal year 2017 to Congress.

See attached Actions 2016.02.06 (Minutes of the Board of Regents, Appendix A).

ADDITIONAL INFORMATION PRESENTED TO THE BOARD OF REGENTS

The Regents were provided with informational reports on the following topics.

REPORT OF THE CHAIR AND EXECUTIVE COMMITTEE

Since the October 19, 2015, Board of Regents meeting, the Executive Committee voted by email ballot to approve four gifts on behalf of the Board of Regents. The first gift was a gift from Debbie Frank Petersen to the Smithsonian American Art Museum; the second gift was from Jerry H. Labowitz to the Smithsonian American Art Museum; and the third gift was a corporate sponsorship by the Mitsubishi Corporation benefiting the Freer Gallery of Art and Arthur M. Sackler Gallery. The fourth gift was a gift from Regent David Rubenstein to the National Museum of African American History and Culture. David Rubenstein was recused from consideration of this matter.

On November 12, 2015, the Executive Committee, on behalf of the Board, voted to approve a loan extension of the original copy of the Thirteenth Amendment and also voted to approve a new loan of the original copy of the Emancipation Proclamation. Both documents are owned by Regent David Rubenstein and loaned to the National Museum of African American History and Culture. David Rubenstein was recused from consideration of these matters.

REPORT OF THE INVESTMENT COMMITTEE

The Investment Committee met on Tuesday, November 17, 2015. During the meeting, the Committee reviewed the Investment Portfolio, Investment Guidelines, Current Actions and Operations. The Committee reviewed the Smithsonian Endowment’s performance as of June 30, 2015, with final private valuations. Over the trailing three-year, five-year and ten-year periods, the Endowment generated returns against the policy benchmark of 6.0% versus 0.2%, 11.5% versus 7.1%, 10.0% versus 7.4%, and 7.0% versus 4.8%, respectively. The Endowment’s preliminary one-year return as of September 30, 2015, was 1.3% versus -4.3% for the policy benchmark.

REPORT OF THE FACILITIES COMMITTEE

The Facilities Committee met on December 3, 2015. During the meeting, the Committee reviewed the status of the Consolidated Administrative Headquarters Initiative and discussed the next steps. The six shortlisted proposals have been evaluated and ranked. The Smithsonian expects to present a final recommendation to the Facilities Committee later in 2016, and will begin a plan for implementation once approval is secured. The Committee was also briefed on the current progress of the Smithsonian's Major Capital Projects and the National Zoological Park's plan to construct a parking deck in accordance with its Master Plan. Finally, the Committee was provided with a Close-Out briefing for fiscal year 2015.

REPORT OF THE STRATEGY, INNOVATION, AND TECHNOLOGY COMMITTEE

The Strategy, Innovation, and Technology Committee met on December 16, 2015. The Committee discussed issues of access and diversity, including ways to expand the Smithsonian's reach and connection to underserved communities, with the underlying goal of making the Smithsonian more relevant to all Americans and global citizens. The Committee discussed the diversity of the Smithsonian's workforce, leadership, advisory boards, and both physical and digital visitors. The need to evaluate the success and sustainability of the Smithsonian's signature programs, particularly those that cross disciplinary boundaries and those of science and art, was also a topic of discussion.

REPORT OF THE ADVANCEMENT COMMITTEE

The Advancement Committee met on November 30, 2015, and again on January 6, 2016. The Committee was updated on the status of the Smithsonian Campaign and annual fundraising efforts. The Smithsonian Campaign reached \$1.32 billion as of December 2015, or 88% percent of the \$1.5 billion goal. As of December 2015, annual fundraising for fiscal year 2016 had reached \$58.9 million, or 24% of the \$250 million goal for the year.

REPORT OF THE AUDIT AND REVIEW COMMITTEE

The Audit and Review Committee met on January 21, 2016. During the meeting, the Committee reviewed the results of the fiscal year 2015 audit results and the federal closing package. The Committee was also updated on the Integrated Risk Management and Mitigation Program, which tracks the top 25 risks to the Smithsonian.

REPORT OF THE SMITHSONIAN NATIONAL BOARD

The Smithsonian National Board ("SNB") held its fall meeting from October 19 - 20, 2015, in conjunction with the Installation of Secretary Skorton. The fall meeting program focused on the strategic plan's biodiversity priority, with emphasis on the Smithsonian's *Living in the Anthropocene* initiative. Interim Under Secretary for Science John Kress introduced the broad scope of the Smithsonian's Anthropocene related scholarship in science, history, and art. The fall meeting also focused on the work of the Smithsonian Environmental Research Center ("SERC"). The SNB travelled to SERC for a series of presentations and tours led by SERC Director Tuck Hines and 14 SERC scientists. The SNB plans to reconvene in Washington, DC from February 4 - 6, 2016, to learn about the role of music-related

collections and scholarship, exhibitions, education, and performance in advancing important Smithsonian initiatives and strategic plan priorities.

REPORT OF THE GOVERNANCE AND NOMINATING COMMITTEE

The Governance and Nominating Committee met on December 3, 2015. During the meeting, the Committee reviewed and accepted revisions to the Regents' annual self-assessment. The revised assessment was circulated to the Regents on January 4, 2016, and results will be shared with the Board at the April 2016 Regents' meeting. The Committee reviewed and recommended that the Board of Regents approve both the proposed amendments to the Audit and Review Committee charter, and the proposed Committee assignments and chairmanships for 2016. The Committee was also provided with an update on the Smithsonian's policy on disclosure of research funding in publications.

REPORT OF THE FINANCE COMMITTEE

The Finance Committee met on December 7, 2015. During the meeting, the Committee reviewed the fiscal year-end financial data as of September 30, 2015, and received an update on the outlook for the federal budget for fiscal years 2016 and 2017. Revenues for the fiscal year totaled \$1.6 billion. The Smithsonian's main trust revenue sources including gifts, business activities, and sponsored research, all performed ahead of budget for the year, while expenses were within budgetary guidelines.

The Smithsonian began the year operating under a Continuing Resolution but has since received the fiscal year 2016 appropriation. Since the Committee's December 7 meeting, the President has signed into law the *Consolidated Appropriations Act, 2016* on Friday, December 18, 2015. It provided a total of \$840.2 million for the Smithsonian through the end of September 2016, or \$696 million for Salaries and Expenses and \$144.2 million for Facilities Capital. The Salaries and Expenses number represents an increase of \$20.7 million above the fiscal year 2015 funding level while the Facilities Capital remains flat.

NEXT SCHEDULED MEETING

The next meeting of the Board of Regents is scheduled to be held on April 11, 2016.

Respectfully submitted,

David J. Skorton
Secretary

APPENDIX A: ACTIONS OF THE JANUARY 25, 2016, SCHEDULED MEETING OF THE BOARD OF REGENTS

VOTED that the Board of Regents approves the Compensation and Human Resources Committee's compensation recommendations for senior executive positions. [2016.02.01]

VOTED that the Board of Regents expresses its deep appreciation and gratitude to George Hartman, Afsaneh Beschloss, Paul Neely, and Judy Huret for their dedication and contributions to the Board of Regents and the Smithsonian Institution. [2016.02.02]

VOTED that the Board of Regents adopts the Consent Agenda, which constitutes the approval of all action items listed therein. [2016.02.03]

VOTED that the Board of Regents approves the minutes of the October 19, 2015, meeting of the Board of Regents.*

VOTED that the Board of Regents approves the proposed amendments to the bylaws of the National Zoological Park and Conservation Biology Institute Advisory Board.*

VOTED that the Board of Regents approves the proposed slate of candidates for appointment or reappointment to 10 Smithsonian advisory boards.*

VOTED that Board of Regents approves the proposed amendments to the bylaws of the Board of Trustees of the Joseph H. Hirshhorn Museum and Sculpture Garden.*

VOTED that Board of Regents recognizes the generosity of Atlantic Philanthropies to the National Museum of African American History and Culture and accepts the gift.*

VOTED that the Board of Regents recognizes the generosity of S.C. Johnson & Son, Inc. to the National Museum of American History and names the Johnson-Louis Gateway for a period of no less than twenty years from the date the Gateway is completed and opened.*

VOTED that Board of Regents creates the Kenneth J. Boss Invertebrate Zoology Fellowship Endowment for the National Museum of Natural History, a quasi-endowment to support fellowships for students to study invertebrate animals, particularly mollusks. Further, the Board authorizes the transfer of the funds identified for this purpose.*

VOTED that the Board of Regents recognizes the generosity of Lilly Endowment Inc. to the National Museum of African American History and Culture and accepts the grant and approves the creation of the endowment to support the Center for the Study of African American Religion.*

* Included in Consent Agenda

VOTED that the Board of Regents approves the proposed amendments to the charter of the Audit and Review Committee. [2016.02.04]

VOTED that the Board of Regents approves the proposed committee chairmanships and member assignments for 2016 and requests that the Chancellor make the necessary appointments. [2016.02.05]

VOTED that the Board of Regents authorizes the Secretary to submit to Congress a federal budget request for appropriated funds for fiscal year 2017, as part of the President's budget in the amount of \$922 million, as negotiated with OMB, and authorizes the Secretary to inform OMB and Congress fully about the implications of the President's budget for the mission and priorities of the Smithsonian. [2016.02.06]