

MINUTES OF THE JUNE 21, 2010, MEETING OF THE BOARD OF REGENTS

ATTENDANCE

This scheduled meeting of the Board of Regents was held on Monday, June 21, 2010, in the Regents' Room of the Smithsonian Institution Castle. The meeting included morning, afternoon, and executive sessions. Board Chair Patricia Q. Stonesifer called the meeting to order at 8:38 a.m. Also present were:

The Chief Justice ¹	Shirley Ann Jackson	John W. McCarter Jr.
Thad Cochran	Robert P. Kogod	David M. Rubenstein ³
France Córdova	Patrick J. Leahy	Roger W. Sant
Christopher J. Dodd ²	Doris O. Matsui	Alan G. Spoon

Paul Neely, Smithsonian National Board Chair
David Silfen, Regents' Investment Committee Chair

Vice President Joseph R. Biden Jr., Representatives Xavier Becerra and Sam Johnson, and Dr. Phillip Frost were unable to attend the meeting.

Also present were:

G. Wayne Clough, Secretary	T.A. Hawks, Assistant to Senator Cochran
Patricia L. Bartlett, Chief of Staff to the Secretary	Joe Hepp, Assistant to Senator Dodd
Claudine K. Brown, Director of Education	Kevin McDonald, Assistant to Senator Leahy
Amy Chen, Chief Investment Officer	Melody Gonzales, Assistant to Congressman Becerra
Virginia B. Clark, Director of External Affairs	David Heil, Assistant to Congressman Johnson
Barbara Feininger, Office of the Regents Senior Writer-Editor	Kari Lacosta, Assistant to Congresswoman Matsui
Richard Kurin, Under Secretary for History, Art, and Culture	Mara Lee, Assistant to Congresswoman Matsui
John K. Lapiana, Chief of Staff to the Regents	Kevin Gover, Director of the National Museum of the American Indian ⁴
Judith Leonard, General Counsel	Anson Hines, Director of the Smithsonian Environmental Research Center ⁴
Evelyn S. Lieberman, Director of Communications and Public Affairs	Terry Chesser, U.S. Geological Survey Research Zoologist in the National Museum of Natural History's Department of Vertebrate Zoology ⁵
Alice C. Maroni, Chief Financial Officer	Helen F. James, Curator of Birds, Division of Birds in the National Museum of Natural History's Department of Vertebrate Zoology ⁵
Alison McNally, Under Secretary for Finance and Administration	Barbara W. Stauffer, Chief of Temporary Exhibitions for the National Museum of Natural History ⁵
Tom Ott, President of Smithsonian Enterprises	
Nell Payne, Director of Government Relations	
Eva J. Pell, Under Secretary for Science	
A. Sprightley Ryan, Inspector General	
Evan Ryan, Assistant to the Vice President	
Jeffrey P. Minear, Counselor to the Chief Justice	

¹ The Chancellor, Chief Justice John G. Roberts Jr., attended the afternoon and executive sessions.

² Senator Dodd arrived at 1:00 p.m., departed at 2:44 p.m., and voted on resolutions 2010.06.04–2010.06.08.

³ Mr. Rubenstein arrived at 10:10 a.m. and voted on resolutions 2010.06.02–2010.06.08.

⁴ Mr. Gover and Dr. Hines provided presentations on, respectively, the National Museum of the American Indian and the Smithsonian Environmental Research Center.

⁵ Drs. Chesser and James and Ms. Stauffer participated in the presentation on the National Museum of Natural History's centennial activities and work in support of endangered species.

MORNING SESSION

OPENING REMARKS

Executive Committee and Board Chair Patricia Stonesifer welcomed the attendees and introduced National Museum of Natural History representatives Terry Chesser, Helen James, and Barbara Stauffer. Noting that the museum first opened to the public on March 17, 1910, the three gave a short presentation on the museum's centennial activities and the importance of its work in support of endangered species. Two birds from the museum's collections were displayed, including "Martha," the last known passenger pigeon. The Regents discussed the parallels between the demise of the passenger pigeon population and the wildlife currently under threat from the oil spill in the Gulf of Mexico in context of the Grand Challenge "understanding and preserving a biodiverse planet."

REPORT OF THE BOARD AND EXECUTIVE COMMITTEE CHAIR

May 18 and June 9, 2010, Meetings of the Executive Committee

Ms. Stonesifer reported that the Executive Committee met twice after the April 12, 2010, meeting of the Board. On May 18, 2010, the Committee approved a gift action and an advisory board appointment on behalf of the Board. The timing of both actions required consideration by the Executive Committee in advance of this meeting of the Board. The first was the appointment of David Rockwell to the Board of Trustees of Cooper-Hewitt, National Design Museum and the second was the approval of a gift from Warner Bros. to the National Museum of American History. The Executive Committee's consideration of the gift agreement included a discussion of gift policies with regard to size, recognition, duration, and investment value, especially in relation to the pipeline of future gifts in the national campaign. The Executive Committee also met on June 9, 2010, to review and approve the agenda materials for this meeting of the Board.

Strategic Retreat with Advisory Board Chairs

On April 26, 2010, Ms. Stonesifer and Secretary Clough hosted the second annual strategic retreat with the Smithsonian's advisory board chairs. Fourteen advisory board chairs were briefed on the status of the strategic plan and received an in-depth presentation on the national campaign. Ms. Stonesifer reported that the advisory board chairs expressed their satisfaction with the enhanced communications between their boards and both the central administration and the Board of Regents. The chairs also expressed concern about centralized versus decentralized management of donor prospects. Ms. Stonesifer said that strengthening the linkages between the advisory boards and the central administration, and enhancing their knowledge of the scope of the Smithsonian's activities, will support the success of the national campaign.

Visit to Las Campanas Observatory

Ms. Stonesifer reported on her visit to the Las Campanas Observatory on Cerro Las Campanas in Chile, the site of the future Giant Magellan Telescope (GMT). The Smithsonian is hoping for a share of at least 10 percent in the GMT partnership. Secretary Clough, Under Secretary for Science Eva Pell, and Smithsonian

Minutes of the April 12, 2010, Meeting

Astrophysical Observatory (SAO) Director Charles Alcock are leading efforts to strengthen funding for and secure Smithsonian's leadership in astrophysical research.

The minutes of the April 12, 2010, meeting of the Board of Regents were approved.

See attached Resolution 2010.06.01 (*Minutes of the Board of Regents, Appendix A*).

REPORT OF THE SECRETARY

Introductory Comments

Responding to Ms. Stonesifer's comments about Las Campanas Observatory, SAO, and the Giant Magellan Telescope, Secretary Clough reported that the contributions of the Harvard-Smithsonian Center for Astrophysics to the *From Earth to the Universe* exhibit resulted in the project receiving the International Year of Astronomy 2009's Mani Bhaumik Prize for Excellence in Astronomy Education and Public Outreach.

He then showed a photograph of a naturalization ceremony held at the National Museum of American History on June 12, 2010, two days prior to Flag Day. The museum also hosted an event honoring the state winners of the National History Day. Such events reflect the Smithsonian's ability to reach and inspire youth.

Copies of the 40th anniversary edition of *Smithsonian* magazine were provided to the Board.

The Four Grand Challenge Consortia

The implementation of the strategic plan is advancing with the development of four consortia in support of the four Grand Challenges. The process of hiring the consortia directors, whose offices will be based in the Castle, is nearing its conclusion and the consortia will be launched by the end of summer 2010. Two idea fairs related to the Grand Challenges have been held, and two more are planned, to encourage the development of collaborative initiatives.

Education and Broadening Access

The Secretary said that Claudine Brown, the new Director of Education, had assumed her position and thanked Mr. Kogod for his financial support for the Smithsonian's educational and access initiatives.

The Smithsonian has submitted \$30 million in funding proposals to the Department of Education (DOE). U.S. Secretary of Education Arne Duncan requested that the Smithsonian and DOE cohost a summer 2010 conference on rural education, and submit an education proposal targeting Indian youth, especially those in Bureau of Indian Affairs schools. National Museum of the American Indian Director Kevin Gover and Ms. Brown are leading this initiative.

The Smithsonian has conducted three successful online conferences between Smithsonian experts and nearly 20,000 participants from across the world. Two more online conferences are being developed with the support of Microsoft Partners in Learning. The Secretary noted that the demand for online Smithsonian educational programs is growing.

The Pearson Foundation and Nokia are providing support for three digital media programs for students, educators, and educational leaders that will occur during summer 2010. Registration for each event is full. High-end learning labs are being developed at the Hirshhorn Museum and Sculpture Garden and the National Postal Museum.

There are now more than 300 social media accounts throughout the Smithsonian. The YouTube program on the presentation of First Lady Michelle Obama's inaugural gown has received more than 260,000 views; the MEanderthal app has had more than 125,000 hits; and the Hirshhorn's Yves Klein app is the twelfth most popular educational app. Smithsonian National Board members Judy and Bob Huret are supporting the development of an app that will guide Smithsonian visitors.

Creating a Digital Smithsonian

The Regents' meeting materials included copies of the new "Digital Smithsonian" strategic plan, which was developed under the leadership of Chief Information Officer Ann Speyer. With digitized images being added daily, over 2 million images of Smithsonian collections are now available on Smithsonian Web sites, which also provide for online access to Smithsonian exhibitions.

Organizational Excellence

The best practices study conducted by McKinsey & Co. has concluded. Now called "Smithsonian Redesign," the initiative will help the Smithsonian become a high-performing organization and achieve the goals of the strategic plan. The study noted the longstanding perception of distance between the central administration and the units. To address this issue, implementation groups are being formed to facilitate communications, simplify processes, and encourage the participation of unit directors. The Secretary noted that the Redesign initiative would be discussed at length later in the morning session.

Identifying the Smithsonian's Income Streams

The Smithsonian's submission rate for grant and contract proposals rose 41 percent over the previous year's all-time Smithsonian record. Under Secretary for Finance and Administration Alison McNally is overseeing efforts to achieve a higher indirect cost recovery rate. She reported that SAO has achieved the highest indirect cost recovery rates to date. The national campaign will provide another source of new income.

Fund Raising

The Smithsonian's fiscal year-to-date 2010 fund-raising efforts have resulted in securing \$72.5 million, or 51 percent, of the fiscal year goal of \$142 million. Of that total, \$51.7 million has been raised for the Endowment, which is significant for both the Smithsonian and the national campaign.

Branding Initiative

The branding initiative has benefited from the participation of several Regents and Regent representatives. The Smithsonian seeks to change the perception of the Institution as "the nation's attic" and achieve greater understanding of—and credit for—its leadership, resources, and accomplishments in collections, research, science, and education. A competition to select a private firm to support the branding initiative resulted in numerous responses.

National Museum of African American History and Culture

The National Museum of African American History and Culture (NMAAHC) has achieved a significant milestone in the development of its collections. Now

numbering 10,000 objects, the collection is one-third of the way towards its goal. In recognition of this achievement, NMAAHC Director Lonnie Bunch hosted a tour of the collections now held in the museum's storage facility. The Secretary said the experience of viewing the objects and hearing Dr. Bunch's commentary was powerful and inspirational.

Significant effort is being directed towards securing \$205 million in fiscal year 2012 Federal funding for NMAAHC. The Secretary noted that Vice President Biden, members of the Congressional Black Caucus, and other key stakeholders support this goal. In addition, Senators Brownback (R-KS), Durbin (D-IL), and Inoyue (D-HI) sent a letter to President Obama supporting full authorization.

Arts and Industries Building

Secretary Clough, Ms. Stonesifer, and Under Secretary for History, Art, and Culture Richard Kurin met with key members of the National Museum of the American Latino Commission to discuss potential sites for a future National Museum of the American Latino. The Arts and Industries Building (AIB) is one of the sites under consideration, although it is not the preferred site at this time. Created by Congress and signed into law in 2008, the Commission will report its recommendations back to Congress shortly.

Ms. Stonesifer noted that the Commission has not yet determined if the museum should be part of the Smithsonian or established as a separate institution. This question is based in part on longstanding concerns about the Smithsonian's commitment to Latino Americans. The Regents discussed the 1994 report "Willful Neglect: The Smithsonian Institution and U.S. Latinos," which noted the Smithsonian's failure to represent both contemporary and historic Latino culture, and led to the creation of the Latino Pool, the Latino Center, and other initiatives.

The Board agreed that the Smithsonian should be at the forefront of initiatives that celebrate the American Latino heritage and community, and discussed whether the Smithsonian's efforts to date have been vigorous enough. The Secretary will attend the Commission's meeting in August 2010; the agenda will include the future governance of the museum. The Regents also discussed the different roles and responsibilities of the advisory boards of the National Museum of the American Indian and the NMAAHC.

The Secretary will meet with Senator Dianne Feinstein (D-CA) on June 22, 2010, to discuss the protection and ultimate release of \$30 million in matching monies from the Legacy Fund. He said that the Smithsonian is moving forward on two possible uses for the Arts and Industries Building: an education center or the home of the Latino Museum. Part of his discussion with Senator Feinstein will include the careful balance that the Smithsonian must maintain as it advances renovation efforts for a building that has not yet been assigned a definite purpose.

The Regents discussed the use of AIB as an educational center and expressed concern about the possibility that the facility could take resources and visitors away from Smithsonian museums that are already underutilized and underappreciated. The oversight of the building's programmatic purpose will be largely clarified by the Latino Commission's recommendation. The Regents agreed that the future use of the building is unclear and will be the subject of future

discussions by the Board.

Annual Goals Update

Progress against 44 targets is tracked weekly to measure the Smithsonian's progress on its 2010 goals. The Secretary reported that 41 targets are on track; three are lagging while consistent and accurate measures of digitization activities are tested.

Visitation and Exhibitions

As anticipated, the Smithsonian's visitation dropped slightly from 2009 records, which included high visitorship due to the January 2009 inaugural activities. The storm-related closing of Smithsonian museums for six days in February 2010 also impacted Smithsonian visitorship. Nevertheless, Smithsonian visitation is now less than 1 percent behind 2009 records and tracking well above 2008 records.

New Smithsonian exhibitions have resulted in positive media reviews: the Ripley Center exhibition of children's artwork made in the aftermath of the January 2010 earthquake in Haiti; the opening of a new wing of the Anchorage Museum that presents objects from Smithsonian collections and hosts the new Smithsonian Arctic Studies Center; and the exhibition *Read My Pins: The Madeleine Albright Collection* in the Smithsonian Castle.

Haitian Recovery Effort

Under Secretary Kurin is coordinating Smithsonian efforts to help recover, stabilize, and restore Haitian art and cultural artifacts impacted by the earthquake. A facility has been leased to house a cultural heritage recovery center and a team is on site to both lead the recovery effort and train Haitians in conservation and restoration activities. This humanitarian effort, which will conclude in November 2011, is a partnership with the Haitian government, the White House, the President's Council on Arts and Humanities, and the U.S. State Department. The Secretary and Dr. Kurin will visit Haiti in July 2010.

The 2010 Smithsonian Folklife Festival will feature Haitian art and music, and its marketplace will highlight Haitian crafts. "Our Man in Haiti," a blog hosted by Smithsonian American Art Museum Conservator Hugh Shockey, is the museum's most popular blog to date.

Abu Dhabi Pilot Center

The Smithsonian is developing a term sheet to support negotiations with the Abu Dhabi Authority for Culture and Heritage. Dr. Kurin and Director of Government Relations Nell Payne had positive discussions with representatives of nine congressional committees on the proposed museum professional education center.

Federal Budget Update

The outlook for the fiscal year 2010 and 2011 Federal budgets is positive, although the 2011 budget may be subject to a Continuing Resolution. The fiscal year 2012 Federal budget remains a great concern. Budget guidance is to anticipate a decrease of up to 9 percent in Federal funding. Combined with federally mandated increases, such as salaries and expenses, this would result in a funding decrease of at least \$70 million in the Smithsonian's budget. Under Secretary McNally is coordinating a transparent, pan-institutional budget review. The Smithsonian also has received budget guidance that would allow for the submission of a requirements budget, which would result in a more positive outcome for the Institution.

**Congressional
Testimony**

As a result of efforts by Ms. Payne to increase the visibility of the Smithsonian's science resources, the Secretary will testify before the House Subcommittee on Research and Science Education on July 22, 2010. The Director of Education, a science unit director, and a researcher will also testify at the hearing.

The National Museum of Natural History (NMNH) has the most comprehensive record of the Gulf of Mexico's environment prior to the current oil spill disaster. In a June 15, 2010, hearing titled "Hearing on Ocean Science and Data Limits in a Time of Crisis: Do NOAA and the Fish and Wildlife Service have the Resources to Respond?", Dr. Jonathan Coddington, NMNH Associate Director of Research and Collections, testified on the Smithsonian's collections and scientific resources before the House Subcommittee on Insular Affairs, Oceans and Wildlife (Committee on Natural Resources).

Collaborations

Memos of Understanding (MOU) have been signed or are being developed with the University of Maryland, Arizona State University, George Washington University, and the Société civile Synchrotron SOLEIL in France. The latter will support the application of a third-generation synchrotron to study and preserve Smithsonian collections.

Pan-STARRS

In collaboration with outside partners, Harvard-Smithsonian Center for Astrophysics research successfully launched the first Panoramic Survey Telescope and Rapid Response System, also known as Pan-STARRS. The device searches for asteroids and meteors that could potentially strike the Earth.

The Lost Symbol

A movie based on the Dan Brown novel *The Lost Symbol*, which features a Smithsonian Secretary, is under development. The screenwriter met with Secretary Clough to discuss the film.

Discussion

Ms. Stonesifer requested that future quarterly reports include more detailed information about the visitation patterns of individual museums and discussion of how to address the low visitation rates of certain units.

Mr. McCarter encouraged the development of partnerships with the Department of Energy's National Laboratories, among others. The Secretary said that partnerships are already either in place or under development. Dr. Pell reported that discussions with the Department of Energy have included the application of the Smithsonian's resources with regard to carbon sequestration studies to support the development and enforcement of an international carbon treaty.

Senator Leahy requested a breakdown of net income from Smithsonian Enterprises (SE) stores. SE President Tom Ott said that SE contributions to the Central Trust reflect net income and that, of its fiscal year 2010 current contributions to date, some \$19 million of the \$26 million in SE net income comes from SE retail sales. Ms. Stonesifer requested that the September 2010 Regents' meeting materials include an overview of the SE retail environment. Director of External Affairs Virginia Clark noted that cash donations to the museums' collection boxes total approximately \$200,000 each year; the proceeds from the donation boxes are retained by each museum.

DIRECTOR'S REPORT: THE SMITHSONIAN ENVIRONMENTAL RESEARCH CENTER

Ms. Stonesifer said that, in response to the best practices recommendation to strengthen the Board of Regents' understanding of and relationship with the Smithsonian units, each meeting of the Board will include reports from the directors of two Smithsonian units. Each report will address the unit's mission, activities, successes, challenges, and ways that the Regents can better support the vision of that unit. She then introduced Dr. Anson Hines, Director of the Smithsonian Environmental Research Center (SERC).

History and Mission of the Smithsonian Environmental Research Center

Dr. Hines said that the Edgewater, Maryland-based research center is dedicated to the discovery and communication of scientific knowledge of sustainable ecosystems. SERC researchers conduct large-scale, long-term ecological research that focuses primarily on land-sea interactions, including the interaction of natural processes and human activities in coastal areas. SERC researchers use the center's location on the Chesapeake Bay, the world's largest estuary, as a large-scale model system to better understand how ecosystems, watersheds, and landscapes are connected and function. The close proximity of SERC to the greater Washington-Baltimore metropolitan area provides easy access for researchers, educators, visitors, and policy-makers.

The subestuary Rhode River provides a model research platform to study land-sea interactions, which Dr. Hines characterized as complicated, interactive, and competing. Much of the SERC's research focuses on land use, including agro-ecosystems, forests, developed land, watersheds, and wetlands. SERC research also includes studies of estuarine and marine ecosystems, including water quality, food webs, and fisheries.

SERC began in 1965 with the unanticipated bequest of 368 acres and \$2 million from the estate of oceanographer and farmer Robert Lee Forrest. Then-Smithsonian Secretary S. Dillon Ripley developed an innovative land conservation strategy to conserve the site for research and educational purposes by scientists from around the world. Today SERC has 2,650 acres of land and 16 miles of shoreline along the Rhode River and is the largest site for environmental research, public education, and access on the western shore of the Chesapeake Bay.

Successes and Challenges, Goals and Strategies

SERC's world-class ecosystem research focuses on five major ecosystem impacts: global change, nutrient pollution, coastal food webs, invasive species, and the effects of land use. SERC researchers have studied the impact of rising CO₂ levels on natural plant communities and documented the accelerated growth of forests in response to climate change. The latter study found that the growth rate of certain forests has increased two-to-four-times faster in the past 20 years than in the previous 300 years.

SERC studies of nutrient pollution provide a 40-year record of changes and responses to weather and subsequent sediment discharges. SERC scientists have extended their studies to the 64,000 square miles of land that comprise the Chesapeake Bay watershed. SERC models have been used to advise the

Environmental Protection Agency on the management and setting of limits on the total discharge of nutrients, which fuel the overproduction of plankton, lower water oxygen levels, and compromise the health of marine organisms. One SERC study documented the dramatic decline of blue crabs since 1990.

SERC also studies invasive species, such as the Chinese Mitten Crab, in the largest and most comprehensive program on marine invasive species in the nation. SERC has conducted baseline surveys in all the major ports, bays, and estuaries around the United States. These analyses have shown that the growth rate of invasive species has risen markedly in recent decades in response to increases in commercial shipping and the dumping of ballast water. SERC is the home of the National Ballast Information Clearinghouse, which was established by the National Invasive Species Act of 1996. The Clearinghouse, charged with monitoring and reporting all commercial ship arrivals in every U.S. port, produces some 115,000 records each year that reflect changes in ballast water management practices. SERC researchers also study the impact of land use, in particular urbanization and agricultural activities, on estuarine ecosystems.

SERC hosts some 20,000 visitors each year, half of whom are students, who see researchers at work and learn from on-site educators.

SERC's vision is to support sustainable ecosystems in coastal landscapes and enhance global recognition of the Smithsonian as a primary source for ecosystem expertise and solutions. SERC's world-class research seeks solutions for issues related to fisheries, climate change, ecosystem goods and services, and coastal water quality. To support its research activities, SERC competes for grants and contracts that provide approximately \$2 for each \$1 in Federal funding.

SERC faces several challenges. Research programs have expanded threefold in the past 20–30 years, and much of the office and lab space that support these programs reside in temporary trailers. Staffing and technology requirements continue to grow. SERC's facilities, operating plan, and management of its environment must be sustainable. The center must expand its educational programs and cultivate greater understanding of current and future environmental challenges.

The Mathias Laboratory, which is scheduled to open in 2011–2012, is anticipated to be one of the most energy-efficient facilities of its kind in the country. It will provide significant support for SERC's programs, increase awareness of the center, and support fund-raising activities. A primary goal of SERC's fund-raising campaign is to support the development of a "Green Village" of sustainable housing for the hundreds of scientists and students who work at SERC each year.

SERC's long-term master plan reflects its commitment to increasing the physical and virtual accessibility of its resources. The center has conducted video conferences and satellite-based electronic field trips that have reached 81 million students in 49 states or countries.

SERC's success will be measured by its ability to sustain world-class environmental research, provide for innovative and integrative thinking in support of environmental sustainability, expand its science-based education and

communication initiatives, and identify itself as both a model system and a physical and virtual destination. Dr. Hines encouraged the Board of Regents to support SERC by visiting the center, working to sustain Federal funding for SERC, advancing the national campaign, and embracing the urgent need to address global climate change.

Discussion

The Regents discussed the global importance and immediate relevance of SERC's mission and activities, as well as its close alignment with the Smithsonian strategic plan. Dr. Hines discussed SERC's unique and preeminent ability to conduct both marine and terrestrial research, its leadership in the study of land-sea interactions, and its participation in multidisciplinary and collaborative programs around the world.

The Board discussed current and potential collaborations with other Smithsonian units, such as the Smithsonian Tropical Research Institute, and with outside organizations, such as the National Science Foundation's National Ecological Observatory Network (also known as NEON) and Woods Hole, Massachusetts, research communities. Ecology-based economics, such as the implementation of carbon sequestration credits, was discussed. The Board agreed that the Smithsonian should be a resource in the development of science-based policies and partnerships between resource managers and economists.

Mr. Sant noted that only 1 percent of the Smithsonian's budget is dedicated to SERC and expressed concern that SERC's programs might not receive sufficient support. He asked how to make SERC a more integral part of the Institution and maximize its impact.

Dr. Hines explained that, although SERC is a relatively small part of the Smithsonian's Federal budget, it receives significant funding from other sources. SERC's demonstrated ability to apply for and receive outside grant and contract funding has been notable from the center's inception.

Because of its successful grant and contract funding history, substantial research and education programs, digital access resources, and construction of LEED-certified facilities, SERC exemplifies many aspects of the Smithsonian's strategic plan. Because of SERC's commitment to "walk the walk," the Secretary has asked Dr. Hines and National Zoological Park Director Dennis Kelly to develop a mission statement about the Smithsonian's commitment to conservation resource initiatives.

The Regents discussed the potential for the Smithsonian to assume a leadership role in international conservation resource and sustainability efforts. The Board also considered the Institution's ability to organize and "brand" a consortium of recognized leaders to address global environmental challenges. Mr. McCarter suggested that this effort could be developed into a fifth "Grand Challenge" for the strategic plan.

The Board considered the Smithsonian's status with regard to life science studies. As is often the case in educational institutions, the Smithsonian's life science research has not received support equal to that of other science units, such as the

Smithsonian Astrophysical Observatory. The Board discussed the impact of high-tech engineering on both research and the life sciences over the last two decades, and noted that the Smithsonian should be a leader in such initiatives. One of the goals of the national campaign is to create endowed chairs that will strengthen the Smithsonian's intellectual capital, including research in life sciences. The Board discussed the areas of expertise represented by SERC's Board of Advisors, which is primarily an advancement board, and the importance of using scientific, economic, and policy experience in support of fund-raising efforts.

Ms. Stonesifer said that the Board's ability to champion these causes effectively would benefit from an overview of the Smithsonian's assets and abilities with regard to life sciences, conservation initiatives, and climate change. She asked that Dr. Pell provide this overview at the January 2011 Regents' meeting, and that the presentation include proposed ways to strengthen and brand the Smithsonian's life science programs. In addition, Ms. Stonesifer asked that Dr. Pell review the science units' advisory boards and offer her opinion with regard their composition and ability to evaluate the work of their units, including work directed towards the life sciences. Ms. Stonesifer also suggested that SERC might host a meeting of the Board after its new facility opens.

FINANCIAL SNAPSHOT

As Ms. Stonesifer requested, each Board meeting includes a financial "snapshot" of the day-to-day financial management of the Smithsonian. Ms. McNally said that the format of the new report, which had been prepared with the support of the Finance Committee, will continue to be refined, particularly in the reporting of expenses.

Revenues

The Smithsonian's overall financial strength is good, particularly in comparison to its status at this point in 2009. Revenues are strong: second quarter fund-raising revenues total approximately \$72 million and are on target to meet the annual fund-raising stretch goal of \$142 million; government grants and contracts are ahead and on target to meet a stretch goal of \$130 million; Smithsonian Enterprises is anticipated to reach its \$26 million net gain stretch goal; and the Endowment, after experiencing a slight drop in May 2010, is at approximately \$904 million, which is better than its policy benchmark.

Expenses

With the exception of gift-related expenses, the Smithsonian is on budget. The timing of certain gifts and a change in accounting reporting resulted in the reported discrepancy.

Fiscal Year 2011 Forecast

With regard to fiscal year 2011, the Smithsonian is cautiously optimistic. The Office of Management and Budget (OMB) recommended a 4.8 percent budget increase for the Smithsonian and the April 14, 2010, budget hearing went well. Management has begun planning for the likelihood of a fiscal year 2011 Continuing Resolution.

Fiscal Year 2012 Budget Planning Process

As anticipated, the fiscal year 2012 budget process is extremely challenging. OMB guidance for all Federal agencies includes reduced budget levels in fiscal year 2012. For the Smithsonian, the guidance level budget is 9 percent below the fiscal year 2011 level, a reduction of about \$72 million. Additional mandatory increases, such

as pay raises and utilities, would increase the funding shortfall to approximately \$90 million. If enacted, this would result in a fiscal year Federal budget that is about \$35 million below the Institution's fiscal year 2010 Federal budget.

OMB also directed the Institution to identify for reduction or elimination programs that constitute at least 5 percent of the fiscal year 2010 appropriation and are least critical to advancing the Smithsonian's mission. Using some of the information from the best practices study, management is conducting a pan-institutional effort to project the impact of a 10 percent reduction, standardize criteria to determine programmatic priority, and identify candidates for administrative consolidation. The results of this process will be presented to the Finance Committee at its August 2010 meeting. The Board agreed that the least-favorable reduction options would include closing Smithsonian museums or reducing museum hours.

At the same time, OMB indicated that the Smithsonian might be able to submit a "requirements" budget which, if accepted, would present a much more favorable financial forecast for fiscal year 2012.

SMITHSONIAN REDESIGN

Process Overview

An update on the Smithsonian best practices study, renamed "Smithsonian Redesign," was presented. The first phase of the study, which concluded in April 2010, included an assessment by McKinsey & Co. of the Smithsonian's organizational structure and financial resources with respect to the Institution's ability to realize its stated goals, implement its strategic plan, and maximize its present resources. The first phase also included a series of recommendations that were derived from the study.

The second phase of Smithsonian Redesign is focusing on the Institution's financial and administrative processes. The purpose of the second phase is to ensure that the Smithsonian's financial organization and management is best positioned to ensure the ability of the Smithsonian to achieve its strategic goals. Both phases of the Smithsonian Redesign initiative have benefited from the participation of the Finance Committee and that committee's ad hoc advisory group.

Phase One

The study included a Smithsonian Organization Health Index (OHI) survey, which found that the Smithsonian scores high with regard to employee motivation, values, capabilities, and leadership and low with regard to decision-making, innovation, and external orientation. The Smithsonian's coordination and control of its decision-making processes is slightly below that of other organizations. However, Smithsonian employees are significantly more motivated when compared to the employees of most organizations.

The best practices study resulted in specific recommendations to improve upon the Smithsonian's current processes. It also identified key goals towards which the Smithsonian should aspire. The recommendations include rebalancing relationships between the central administration and the units in order to achieve more effective partnerships.

The report also called the Institution's current goal-setting process inefficient. The ideal process for establishing the Smithsonian's annual goals and budget will include, among other things, better communications with the units and the application of operational metrics. It will take approximately two years to implement a new annual goals and budget process.

The current organizational structure of the Smithsonian was reviewed with regard to the Institution's ability to achieve its stated goals and a proposed reorganization plan was presented for consideration. The reorganization would better align the Smithsonian with its strategic plan and four Grand Challenges, maximize its resources, and provide for more coordinated, collaborative initiatives. Changes to the Smithsonian's organizational structure must be approved by OMB, and then the House and the Senate interior appropriations subcommittees.

Phase Two

The Secretary reported that several financial and administrative processes were identified for improvement. A "Change Taskforce" has been created to oversee internal "change teams" tasked with successfully implementing the strategic change initiatives. The process is intended to result in a more effective and transparent Smithsonian.

Observations of the Finance Committee's ad hoc Advisory Group

Finance Committee Chair Roger Sant provided the ad hoc advisory group's observations and recommendations on the Smithsonian Redesign effort. The group was comprised of outside experts. Mr. Sant, Secretary Clough, and Ms. Stonesifer also participated in the group's meetings. The group's report expressed two concerns and one strong recommendation.

Mr. Sant expressed the advisory group's conclusion that the Redesign project presents an important opportunity to transform the culture of the Smithsonian. The group strongly suggests the implementation of bolder initiatives than those currently articulated; it said that "unstoppable momentum" would provide for more substantive, transformative change. The group also concluded that, in light of the current budget environment, the Redesign plan would benefit from an increased emphasis on cost savings and the articulation of goals to guide that effort. This would include creating criteria to identify activities and programs that may no longer be sustainable. The group urged clarification of the functions and benefits of the consortia and ongoing assessment of the financial feasibility of new programs against cost efficiencies and consolidations.

The advisory group strongly recommended that the Regents' Executive Committee, with the continued support of Mr. Sant and two members of the advisory group, provide regular and ongoing oversight of and support for the Redesign initiative. It also recommended that follow-up surveys be conducted to track the Smithsonian's progress.

Discussion

The Board discussed how the public receives regular updates about the Smithsonian's goals, organizational changes, and progress. Director of Communications and Public Affairs Evelyn Lieberman noted that the Smithsonian's success can be measured by the stories about the tremendous work the Smithsonian accomplishes. The branding initiative also will highlight the Smithsonian's initiatives and excellence.

The Secretary said that the Smithsonian's contract with McKinsey includes support for the development of a "change story" that communicates the important initiatives that the Institution has undertaken and those that will be launched. Governance and Nominating Committee Chair Shirley Ann Jackson reminded the Board that its September 2010 meeting will include discussion of that committee's review of the Smithsonian's progress over the previous three years, particularly with regard to the Government Accountability Office's 2008 report on the Smithsonian's governance. The committee's report will likely provide for a comprehensive statement about the Smithsonian's current organizational health, as well as its aspirations for the future.

Ms. Stonesifer reminded the Board that their ongoing support for Smithsonian leadership is of critical importance as the Institution implements the Smithsonian Redesign and communicates the transformative changes to which it aspires.

REPORT OF THE FINANCE COMMITTEE

Finance Committee Chair Roger Sant said the committee met twice since the April 2010 meeting of the Board of Regents. In addition to considering the observations and recommendations of the best practices advisory group, it also reviewed funding options for the national campaign. The committee took action on two routine but important issues: the fiscal year 2011 Endowment payout and the fiscal year 2012 Federal budget priorities.

Fiscal Year 2011 Payout

With regard to the Endowment payout, the current policy is to pay out each year 5 percent of the average market value per share over the previous five years. In fiscal year 2010 the Endowment payout was frozen at the fiscal year 2009 level of \$38.72 per share in response to the economic crisis and in the interest of preserving the Endowment principal. For fiscal year 2011, the Finance Committee proposed a payout of \$39.30 per share, which is projected to result in a total payout of \$49.86 million. The committee also recommended that the difference between the fiscal years 2010 and 2011 payouts, which totals \$1.13 million, be set aside to provide bridge funding for the national campaign. The set-aside would not apply to endowments where donor restrictions prohibit such a use. The Board approved the Endowment payout recommendations of the Finance Committee.

See attached Resolution 2010.06.02 (Minutes of the Board of Regents, Appendix A).

Fiscal Year 2012 Federal Budget Priorities

Because the outlook for the fiscal year 2012 Federal budget is of great concern, the Regents were asked to review and approve proposed priorities that will inform the development of the fiscal year 2012 Federal budget request. The Finance Committee will review the Smithsonian's fiscal year 2012 budget submission during its August 23, 2010, meeting and recommend it for the approval of the Executive Committee. All Regents are invited to participate in the telephonic Finance Committee meeting.

Mr. Sant reiterated the key issues previously identified by the Secretary and noted that the number one budget priority is to secure \$205 million in Federal funding to complete the construction of the National Museum of African American History and

Culture (NMAAHC). Mr. Sant emphasized that the NMAAHC funding requirement will be exceptionally challenging should OMB's recommended 9 percent Federal budget reduction be applied.

The remaining budget priorities reflect non-discretionary costs and areas emphasized in the strategic plan. These include Federally mandated pay raises and necessary rent and utilities; strengthening collections care; and broadening access via education, digitization, and the Web. The proposed budget priorities also take advantage of the best practices study and reflect the recommendations of the Trust team, particularly with regard to anticipated fiscal year 2012 Federal reductions.

The Board approved the proposed fiscal year 2012 Federal budget priorities.

See attached Resolution 2010.06.03 (Minutes of the Board of Regents, Appendix A).

REPORT OF THE INVESTMENT COMMITTEE

Portfolio Update

Investment Committee Chair David Silfen reported that the portfolio continues to perform well. The Endowment's balance was \$938.5 million at the end of March 2010. For the year-to-date period ending March 31, 2010, the Endowment reflected a return of 3.9 percent versus its policy benchmark of 3.6 percent. With regard to one- and three-year benchmarks, returns are solidly in the second quartile compared to peer organizations. Five-year numbers are anticipated to improve as the 2005 returns are retired from benchmark metrics. The Investment Committee regularly compares the Endowment's performance against those of non-profit organizations that operate on a June fiscal year.

The Smithsonian's long-term benchmark policy was revised in January 2010. As of June 20, 2010, the Endowment's performance was largely on track with regard to its revised asset allocation; fixed income and cash levels remain highly liquid.

Uniform Prudent Management of Institutional Funds Act

The Board discussed the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The act is intended to align charitable institutions' investment decision-making processes with contemporary portfolio theory. Although the Smithsonian has already been adhering to UPMIFA standards, the Investment Committee proposed that the Board formally adopt the new investment guidelines. A chart comparing the standards of UPMIFA against those of its predecessor, the Uniform Management of Institutional Funds Act (UMIFA), was provided for the Regents' review and a proposed motion that the Smithsonian be guided by the UPMIFA standards was presented.

The Board's review of the comparison chart, which was written by the Uniform Law Commission, revealed an unintentional vagary, or editorial error. The Board asked that the Smithsonian's position with regard to this issue be clarified and that the motion be presented for approval at the September 2010 Regents' meeting.

Infrastructure Update

Filling the vacant investment officer position continues to be a challenge because of the Smithsonian's inability to offer compensation that competes with industry standards. The Office of Investments will be hiring an investment operations

assistant to support its work.

The core module of the new portfolio system, Backstop PM, is active and staff are learning to use the system. In the first week of July 2010, the Office of Investments will move to new office space in closer proximity to the Smithsonian's central administration facilities on the National Mall.

Next Steps

The Investment Committee continues to be apprised of the status of the national campaign, particularly with regard to funding options. Following the approval of the campaign plan, staff will prepare for the committee's review a recommendation regarding the use of the Endowment as a funding source for the campaign.

AFTERNOON SESSION

The Chair called the afternoon session to order at 1:10 p.m. Claudine K. Brown, the new Director of Education, was introduced to the Board of Regents.

THE NATIONAL CAMPAIGN

Five Key Questions to Guide the Development of the Campaign

Advancement Committee Chair Alan Spoon introduced the report on the national campaign. He said that the development of the campaign has been shaped by five key questions:

- Are the campaign needs right for the Smithsonian?
- Is the Smithsonian's capacity for achieving the campaign's goals sufficient?
- Is the administrative structure (budget, staffing, and policies) appropriate for the plan?
- What are the roles and expectations of volunteers?
- What is the relationship between this private initiative and the Smithsonian's Federal support?

Establishing the Campaign's Goal

Secretary Clough reported on the activities that have been conducted on the campaign. Internal meetings have been conducted with Regents, unit directors, and five staff groups representing nearly 20 units, and feedback has been gathered from each stakeholder group. The staff group meetings, which will continue, have considered the "needs" (staffing, budgets, and funding) of the campaign. Ideas and budgets for pan-institutional initiatives and unit-specific programs were gathered, resulting in an initial "needs" budget of \$3 billion. With the help of a consultant, refinements were made that resulted in an initial campaign goal of \$1.5 billion over a seven-year period. This goal represents an increase of about 40 percent over what the Smithsonian normally raises without a campaign.

Breakdown of the Total Needs Budget

Of the \$1.5 billion total proposed needs budget, 85 percent (\$1.275 billion) will be directed toward the units' needs and 15 percent (\$225 million) will be directed toward Smithsonian-wide initiatives, such as digitization projects, education, the revitalization of the Arts and Industries Building, the consortia, and endowed directorships and fellowships. The total needs budget also was broken down into five divisions representing the strategic plan's four Grand Challenges and unit-specific needs. Reflecting the funding needs of the National Museum of African American History, some 49 percent of the total needs budget is dedicated to the Grand Challenge "understanding the American experience."

The Secretary emphasized that the campaign plan is focused on the Smithsonian units, not central administration. He noted that the elements that comprise the "needs" budget will likely change as the campaign plan is developed, the results of the feasibility study are known, and the reaction of donors is ascertained during the "quiet phase" of the campaign.

With regard to endowments versus "spendable" targets, the endowment goal is ambitious: 44 percent (\$660 million) of the total campaign goal. The Secretary noted that this stretch goal is necessary, given that the Smithsonian does not have enough endowment funding for an institution of its size. He said that three factors should support the ability of the Smithsonian to achieve this target: many directors have established ambitious goals for their units; planned-giving goals will be increased from 2 percent to about 20 percent of total donor giving; and a pool of previously untapped donors have expressed strong interest in the campaign.

Capital projects, such as the construction of the National Museum of African American History and Culture and the revitalization of the Arts and Industries Building, comprise about 33 percent of the total campaign goal. Initiatives in support of the strategic plan's "broadening access" goal comprise 26 percent of the total and include such programs as exhibitions, Web and digitization efforts, and public programs. Research comprises 17 percent of the campaign total, although funding for some research-based initiatives, such as education programs, are included in the broadening access category; the Secretary added that this relatively low figure recognizes the campaign's commitment to funding research through endowment-based fund raising.

Under Secretaries Pell and Kurin Discuss the Importance and Potential of the Campaign

Under Secretary Pell addressed the importance of the national campaign for the Smithsonian's "people, places, and things." With regard to the intellectual resources of the science units, monies from the campaign will help address the base erosion of the Smithsonian's intellectual capital and provide for endowed positions and fellowship programs that attract and keep the best minds in the field. The creation of new structures, such as SERC's "Green Village," and the renovation of existing facilities, such as the National Zoological Park's Elephant Trails, will support the Smithsonian's commitments to world-renowned research and public access. These commitments also will be advanced with new funding for "things," such as the Giant Magellan Telescope, the digitization of the collections and libraries, and oral history projects.

Under Secretary Kurin spoke of the transformational potential of the campaign; the moments in the Smithsonian's history when it has been able to contribute to

national and international issues, such as the industrial revolution and subsequent rationalization of the American economy; and the compelling global needs that the Smithsonian is uniquely positioned to address at this time, such as global warming and understanding the peoples and cultures of the world. He said that, with the support of the national campaign, the aspirations of the Smithsonian's strategic plan will benefit the nation and the world, giving increased purpose to the Smithsonian's mission to support the "increase and diffusion of knowledge."

Challenges and Opportunities

The Secretary then addressed the challenges and opportunities of the national campaign. The development of the first-ever comprehensive Smithsonian campaign has identified the Smithsonian's challenges, and offered unifying opportunities for the Smithsonian. Smithsonian-wide efforts have contributed to the identification and prioritization of the Smithsonian's needs. These efforts also confirmed that the Smithsonian needs to increase its fund-raising activity and streamline its operations.

Current fund-raising staff levels were assessed with regard to the Institution's fund-raising capacity. The assessment showed that the work of certain fund-raising staff should be realigned and that increases should be made to overall fund-raising staff levels, particularly with regard to planned giving and individual contribution functions. The Smithsonian must find new funding sources to support the expansion of fund-raising staff.

The Smithsonian has benchmarked its campaign needs against the campaign funding models of comparable organizations. The Smithsonian's unique status as a public-private partnership creates a slight handicap, as the use of Federal funding to support fund-raising activities is prohibited. The benchmarking results produced funding models, which were discussed with the Advancement, Investment, and Finance committees of the Board of Regents. A more detailed discussion on funding models will be held during the September 2010 Regents' meeting.

Review of the Campaign Planning Calendar

Mr. Spoon noted the many contributions of the Advancement and other Regent committees, as well as the staff working groups. He then reviewed the revised campaign planning calendar.

The internal assessment final report was completed in March 2010, at which time the Advancement Committee began discussions of certain campaign plan components (needs, priorities, macro goals). Previews of campaign budget and funding models began in June 2010; the Board will closely review these models during its September 2010 meeting. Previews of other campaign plan components (staffing, policies, messaging) also began in June 2010; these also will be closely examined by the Board at its next meeting. It is anticipated that the plan will be presented for the Board's approval in January 2011.

Discussion

Mr. Spoon asked for feedback on the campaign plan, including the proposed weight of the endowment target in the total campaign goal.

The Smithsonian historically targeted 10 to 15 percent of its raised funds towards endowments. However, capital campaign goal norms are changing. Institutions are

now asking for more money; it is not uncommon to set an endowment target of 44 percent.

The Board considered the total campaign goal. Some Regents expressed concern that the \$1.5 billion campaign goal is too conservative; others were of the opinion that an achievable goal will likely gather momentum and offer the opportunity to raise the goal once into the campaign. The impact of the current economic climate was noted. The Regents discussed the fact that this will be the Smithsonian's first national campaign, a distinction that could ensure a strong and sustainable campaign and possibly support a more ambitious campaign goal.

The Board also discussed the importance of carefully explaining the Smithsonian's public-private partnership, the Institution's sizable needs, and the limitations of its Federal funding. Donors must also be assured of the Federal government's support for the Institution.

The Board acknowledged that, regardless of the overall campaign goal, difficulties will likely arise during the implementation of the campaign. For example, units might feel uneasy sharing information about donor prospects. The Board agreed that streamlining and centralizing the reporting structure of the Smithsonian's development offices, which currently do not report directly to the central Office of External Affairs, will strengthen the campaign.

The Board acknowledged that both the campaign's overall goal and budgets are placeholders at this time. More information will continue to be gathered from Smithsonian staff, unit directors, and advisory board members. The Secretary was asked to provide an update to the Board at its September 2010 meeting about the Smithsonian's progress on communications to staff about the campaign. Mr. Spoon also asked for guidance on establishing a non-contractual alliance with the Federal government to ensure its continued support as the Smithsonian achieves its campaign fund-raising goals.

REPORT OF THE ADVANCEMENT COMMITTEE

Notable Gifts and Proposed Gift Actions

Director of External Affairs Director Virginia Clark commented on six notable gifts recently received by the Smithsonian. The six gifts, which did not require the approval of the Board of Regents, aligned with the strategic plan and its stated needs, including broadening access and educational initiatives. One gift was from an individual, one from a foundation, one from an association, and three were from corporations.

Naming and Endowment Actions

Five naming and endowment actions that required the approval of the Board were presented. The proposed motions were approved en bloc.

See attached Resolutions 2010.06.04–2010.06.08 (Minutes of the Board of Regents, Appendix A).

DIRECTOR'S REPORT: THE NATIONAL MUSEUM OF THE AMERICAN INDIAN

Ms. Stonesifer welcomed National Museum of the American Indian (NMAI) Director Kevin Gover, who has served as the museum's director since 2007.

History and Mission of the National Museum of the American Indian

NMAI is the first national museum dedicated to the preservation, study, and exhibition of the life, languages, literature, history, and arts of Native Americans. It was established by Congress in 1989 to protect and preserve an important, but financially threatened, collection of Native American art and artifacts.

By its founding statute, NMAI maintains three facilities: the New York City-based George Gustav Heye Center, which was named after the collection's founder; the Cultural Resources Center, a research and collections facility in Suitland, Maryland; and the National Museum of the American Indian, which opened in 2004 on the National Mall.

The museum's founding statute also included other specific provisions. It defined the Native American peoples to include all of the indigenous peoples from the southernmost parts of South American to the top of the Arctic Circle, as well as those in Hawaii. In addition to the oversight of the Board of Regents, the governance of NMAI is largely managed by its Board of Trustees, the majority of whom must be Native American. The NMAI Board of Trustees possesses the sole authority over the accession and deaccession of the NMAI collections, and over certain endowments from the Heye Foundation.

Successes and Challenges, Goals and Strategies

The successes of NMAI over the last two decades have been many. The Heye collection was rescued and is now well cared for by conservators at the Cultural Resources Center. NMAI has steadily dealt with repatriation requests for human remains, as well as funerary and sacred objects.

Reflecting NMAI's commitment to community engagement, the exhibits in the museum's facility on the National Mall were designed with the input of numerous Native American communities. The museum is now "renewing connections" and engaging in a new round of consultations with tribal communities. In addition to its displays of historic art and artifacts, the museum is committed to exhibiting the work of contemporary Native American artists.

The museum has an active publishing program that produces publications that range from scholarly exhibition catalogues to book series for children. It also is test-marketing accessible publications for the general reading public. Lively cultural arts events, such as the annual "Power of Chocolate" and outdoor concert series, contribute to the museum's outreach.

Mr. Gover discussed NMAI's fund-raising history and the upcoming Smithsonian national campaign. During its three most successful fund-raising years, the museum raised \$23 million, \$26.5 million, and \$18 million which, if replicated, would advance the museum most of the way towards its campaign goal. Mr. Gover said that the museum's campaign goal is achievable but challenging. To be

successful the museum must sell the idea of the museum's impact on the public's understanding of Native Americans, just as funds for the creation of the Mall facility were raised by selling the idea of a facility dedicated to the art and culture of the American Indian.

NMAI membership revenues are key to maintaining the museum's level of programming. NMAI has about 46,000 members, which is approximately half of the total membership of the Friends of the Smithsonian and well above that of many other Smithsonian museums. Its membership also is significantly higher than that of other Native American art and culture museums, a comparison that is especially significant given that free admission is not a membership benefit at NMAI.

The museum does not have the high attendance of the large Mall museums. Nevertheless, its membership is deeply committed, geographically diverse, and largely not Native American. The membership, however, is both aging and declining in size. The museum's membership fell after its peak membership levels in 2004–2005. Membership levels now compare to those in 2003. A membership goal of 60,000 to 65,000 in the next few years has been established.

Visitation at the museum dropped following the initial surge of visitors to the new facility on the Mall, and visitation numbers are now flat. Visitation to the Heye Center was severely impacted by the events of 9/11.

Other challenges to the museum include the ongoing need to address misconceptions about American Indians. The museum must continually compete against powerful, ill-informed narratives presented in historic and contemporary media. The belief that "there are no more real Indians" is regularly encountered.

The sustainability of the NMAI budget was discussed. Seventy percent of the fiscal year 2006 Federal appropriation was dedicated to salaries and benefits; some 80 percent of the fiscal year 2011 Federal budget will be devoted to the same. Staff levels are not top-heavy and have remained flat.

The museum has identified several strategies to support its goals. It has created a new scholarship unit and developed themes that correspond to the strategic plan's four Grand Challenges. It also is refurbishing the Mall facility's permanent exhibitions to increase the museum's attendance.

The reinstallation of the exhibitions will include a more uniform curatorial voice, and will present the impact of European immigration on Native American communities. Family activity centers will be opened in both the Washington, D.C., and New York City facilities.

New exhibitions will consider the Great Inka Road; the relationship between the environment and culture in native Hawaiian communities; treaties; histories of Native American tribes in the United States; and, in New York City, the first survey of the permanent collection and materials about the history of the tribes of New York. The museum provides access to its collections through travelling exhibitions, loans, Web-based exhibitions, and the digitization of its collections. Over 12,000 digitized images representing some 2,000 Native American communities are now

available online. Online visitorship is growing about 15 percent each year, and the length of these visits are increasing.

Mr. Gover said that the most important strategy, and goal, is to instill and nurture the understanding that Native American history and culture is also the history and culture of each visitor, no matter who they are or where they are from. Collaborative initiatives and revitalized education programs can explain, for example, that corn was developed by Native Americans; corn and corn products now provide for 20 percent of the world's food supply. The language recovery program at the National Museum of Natural History is another example of a successful collaborative initiative.

To continue to tell the story of the Native American peoples, NMAI must carefully manage increasingly limited resources. It must generate new sources of revenues and non-revenue contributions and expand and diversify its membership base. New education and exhibition strategies, such as installing exhibitions in the Mall facility's popular cafeteria, will be implemented.

The museum has identified two major goals for the national campaign: to fund all new exhibitions and to increase the size of its endowments. Mr. Gover noted that the museum has carefully managed and increased the size of its endowment. It now must focus even more on preparing for the financial challenges of the future.

Discussion

Mr. Gover was asked about the underlying rationale behind naming the museum the National Museum of the American Indian, and not Native Americans. After first explaining that the museum's name was derived from the title of the Heye collection, Mr. Gover noted that both are equally inaccurate.

The National Park Service Board recently established a process for the disposition of culturally unaffiliated Native American remains in museum collections or on exhibit. Mr. Gover explained that the Park Service's process is controversial because some stakeholders believe it needs refining. He said that the museum could convene Native American advisors in an effort to provide additional input on the process.

In response to a question about what the museum needs from the Regents and the central Smithsonian leadership, Mr. Gover said that NMAI would benefit from as much certainty as possible about budgets, directives and rules, and the national campaign.

INSPIRING GENERATIONS THROUGH KNOWLEDGE AND DISCOVERY: NEW RESEARCH

Under Secretaries Kurin and Pell each highlighted three examples of recent research activities in their respective divisions.

Dr. Kurin spoke of Cooper-Hewitt, National Design Museum's forthcoming exhibition *Critical Mass: Design and Urbanization*, which will explore proposed

solutions to some of the complex issues that are projected to occur over the next 20 years in response to unprecedented rates of urban growth. He noted the March 2010 colloquium “Collaborations in the Conservation of Time-Based Media Art,” which was co-organized by the Hirshhorn Museum and Sculpture Garden, the National Portrait Gallery, and the Smithsonian American Art Museum. He also commented on the collaborative initiative between the National Museum of American History and the National Museum of African American History and Culture to search for an historic American slaver wreck off of the coast of Cuba. If approved by the Cuban Ministry of Culture, the search could provide unvarnished insights into the realities of the American slave trade before 1820.

Dr. Pell discussed the recent discovery by Harvard-Smithsonian Center for Astrophysics astronomers of a red giant star considered to be among the second generation of stars to form after the Big Bang. Smithsonian Tropical Research Institute (STRI) researchers discovered a previously unknown prehistoric turtle species in Colombia; the fossil’s relationship to six contemporary turtle species, including one in Madagascar, provides evidence of the continental drift that separated India and Madagascar some 90 million years ago. STRI scientists also discovered two new frog species during their studies of a deadly fungal disease that has wiped out more than 100 frog species to date.

REPORT OF THE SMITHSONIAN NATIONAL BOARD

SNB Fund Raising Update

Smithsonian National Board (SNB) Chair Paul Neely updated the Regents on the activities of the Smithsonian’s pan-institutional advisory board. The results of the Board Annual Giving campaign, which provides discretionary funds for the Secretary, have surpassed the 2010 goal of \$1 million. Gifts from individual SNB members have provided support for the Smithsonian branding initiative, an education center at the National Zoo’s Conservation Biology Institute, and the development of a universal Smithsonian mobile Web site and applications.

SNB’s Review of the Arts and Industries Building

Mr. Neely said that the SNB April 2010 meeting included a guided tour of the Arts and Industries Building, followed by an in-depth review of the design concept that had been previously presented to the Regents. SNB members broke into discussion groups and expressed a range of opinions about possible design and program concepts for the building.

SNB members also asked about the renovation needs of the Castle and suggested that the future use of both buildings be addressed at the same time. The Regents agreed that the Castle is in need of renovation. Dr. Córdova noted that establishing a vision for the Castle in concert with that for the Arts and Industries Building could provide a powerful fund-raising tool that could attract significant donors. Mr. Neely concluded his report by noting that the discussions of the AIB design concept demonstrated the Smithsonian National Board’s ability to serve as an important stakeholder focus group that can provide critical input on the Smithsonian and its initiatives.

REVIEW OF GOVERNMENT RELATIONS: LEGISLATIVE ACTIVITIES AND ISSUES

Director of Government Relations Nell Payne said there were no updates to the Review of Government Relations that was provided in the Regents' meeting materials.

REPORT OF THE GENERAL COUNSEL

General Counsel Judith Leonard said that there were no updates to the confidential litigation update included in the Board's meeting materials.

INTERNATIONAL MUSEUM PROFESSIONAL EDUCATION PROGRAM

Under Secretary Kurin provided an update on the proposed international museum professional education program and discussions with the Abu Dhabi Authority for Culture and Heritage (ADACH) regarding the launch of a pilot program in Abu Dhabi. The Smithsonian is seeking the Board's guidance on whether to go forward, using a detailed draft term sheet, in good faith negotiations with ADACH and how to conduct such negotiations.

Overview of Activities To Date

The Board and the Strategic Planning and Programs Committee previously conducted frank discussions about pursuing a pilot museum education program in Abu Dhabi. In January 2010, the Board endorsed the general idea for an international museum education program but did not approve the selection of any specific locations for the program. Since that time, the Office of the General Counsel and other senior management developed a draft term sheet outline to support, with the concurrence of the Regents, negotiations with ADACH. Briefings were conducted with representatives of various congressional committees and the U.S. Department of State, the Smithsonian's OMB examiner, and members of the Anti-Defamation League (ADL), among others. The Smithsonian received a memorandum of support for the proposed program from the State Department.

Director of Government Relations Nell Payne reported that the proposed program was discussed with representatives from nine congressional committees. Reactions from the committees' staff ranged from neutral to very positive. Mild concern was raised over the possibility that, during a time of reduced resources, the initiative might distract from the Smithsonian's ability to fulfill its mission. The program could create new and robust revenue sources.

Accessibility Concerns

Ms. Payne noted that there are ongoing discussions about access to the program, particularly with regard to the ability of Israeli faculty and students to secure visas. Dr. Kurin reminded the Board that the underlying reason to pursue the museum education program in Abu Dhabi is because of the area's need for museum training, which does not appear to be the case in Israel. Dr. Kurin also commented on the success of the Institution's prior negotiations in support of Chinese and Cuban

researchers who desire to work with the Smithsonian.

Draft Term Sheet

The Board reviewed a draft term sheet that, when finalized, could support further negotiations in support of the pilot program.

The Board agreed to continue this discussion during the Report of the Strategic Planning and Programs Committee.

REPORT OF THE STRATEGIC PLANNING AND PROGRAMS COMMITTEE

Discussion of the Proposed International Museum Education Pilot Program in Abu Dhabi

Strategic Planning and Programs Committee Chair Doris Matsui thanked the Board for the input it continues to provide with regard to the proposed development of an international museum education program and the creation of a pilot program in Abu Dhabi. She reminded the Board that the Smithsonian had received a multi-million dollar proposal to establish the Abu Dhabi program about one year before this meeting. Since that time the Board has provided guidance on the necessary structure and due diligence that must occur if the program is to proceed. Staff have created a draft term sheet to guide negotiations and conducted substantive discussions with key stakeholders, such as representatives of the Congress, the White House, the U.S. Department of State, outside legal counsel, and organizations and universities that are currently engaged in similar programs in Abu Dhabi.

Representative Matsui noted that these discussions have been conducted in the transparent manner that also would guide the proposed program. She stated that the Smithsonian's reputation and close ties with the Federal government both demand that the Institution establish higher standards than those set by some organizations that have undertaken similar initiatives.

She said that the Strategic Planning and Programs Committee was not asking the Board to endorse the proposed initiative at this time but believes that the Smithsonian could advance to the next level of discussions with ADACH. She acknowledged that the remaining unanswered questions could only be addressed during the next course of negotiations. She also emphasized that the Smithsonian should not depend solely on the support of the U.S. Department of State and that the Institution should anticipate taking "ownership" of the program.

To work towards achieving a greater level of clarity and comfort, the Board was invited to continue its discussion of issues of concern. Accessibility issues, particularly with regard to potential visa requests for Israeli citizens, were again discussed, as also was the rationale for selecting Abu Dhabi as the pilot site for the international museum education program.

As recently evidenced in Haiti, the need for an international museum education program is great. Funding from the Abu Dhabi pilot program could support the Smithsonian's ability to provide training for countries without such financial resources.

The Board requested that the draft term sheet clarify the pilot program's terms with regard to termination, liability, and indemnification issues. Participants must fully understand that due process varies in different sovereign states, and therefore cannot hold the Smithsonian or its Board liable if they choose not to abide by local laws. The term sheet should make clear that, should the Smithsonian withdraw from the program because of changes in either country's foreign policies, it will not bear the exit costs.

The potential for the Smithsonian to become a world leader in museum education programs was discussed.

Advancement Committee Chair Alan Spoon said that this discussion raised issues that must be reviewed, negotiated, and addressed in the draft term sheet. He also agreed with a point raised by Mr. Sant that the differences and underlying logic of gift donations versus funding for administrative support should be clarified. The Regents agreed to continue its discussion in executive session.

ADJOURNMENT

The afternoon session was adjourned at 3:48 p.m., after which the Board met in Executive Session. The meeting of the Board of Regents was adjourned at 4:15 p.m.

Respectfully Submitted,

G. Wayne Clough
Secretary

APPENDIX A

APPROVED RESOLUTIONS

JUNE 21, 2010, MEETING OF THE BOARD OF REGENTS

VOTED that the Board of Regents approves the minutes of the April 12, 2010, meeting of the Board of Regents. [2010.06.01]

VOTED that the Board of Regents approves a payout rate of \$39.30 per share for all Endowment funds for fiscal year 2011, with the \$0.58 per share increase from fiscal year 2010 to be set aside as bridge financing for National Campaign expenses to the extent not prohibited by donor restrictions. [2010.06.02]

VOTED that the Board of Regents approves the fiscal year 2012 annual budget priorities proposed by the Secretary. [2010.06.03]

VOTED that the Board of Regents approves the creation of an endowment to support and administer a fellowship and internship program at the National Museum of Natural History to train museum professionals, including but not limited to scientists, collection managers, and educators. In addition, the Board recognizes the donor's generosity to the Museum, and approves naming the program The Peter Buck Fellowship Program. [2010.06.04]

VOTED that the Board of Regents recognizes the generosity of Ann and Gilbert Kinney to the Freer Gallery of Art and the Arthur M. Sackler Gallery and creates and names the Ann and Gilbert Kinney Endowment, an endowment for unrestricted support of the Galleries with a preference for support of Southeast Asian art and culture. [2010.06.05]

VOTED that the Board of Regents recognizes the generosity of George and Holly Stone and their children, Elianna, Emma, Sophia, and Yuri, to the National Zoological Park and, in honor of Holly Stone's parents, names the Homer and Martha Gudelsky Elephant Outpost for the life of the facility or until its first major renovation, whichever comes first. [2010.06.06]

VOTED that the Board of Regents recognizes the generosity of Target Corporation to Cooper-Hewitt, National Design Museum, and names the Target Master's Students' Lounge for a period of 40 years from the date of the gift. [2010.06.07]

VOTED that the Board of Regents recognizes the generosity of Joseph G. Tompkins to the National Zoological Park and approves naming the Jay and Toshiko Tompkins Elephant Stall for 20 years, or until the first major renovation of the facility, whichever comes first. [2010.06.08]