

MINUTES OF THE OCTOBER 19, 2015, MEETING OF THE BOARD OF REGENTS

ATTENDANCE

This scheduled meeting of the Board of Regents of the Smithsonian Institution (“Smithsonian”) was held on Monday, October 19, 2015. The Board conducted morning, afternoon, and executive sessions in the Regents’ Room in the Smithsonian Castle in Washington, D.C. Board Chair John W. McCarter, Jr., called the meeting to order at 8:30 a.m. Also present were:

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

Robert MacDonald, Smithsonian National Board Chair
Alan Spoon, Advancement Committee Chair²

Vice President Joseph R. Biden, Jr., Senator David Perdue, and David Silfen were unable to attend the meeting.

Also present were:

David J. Skorton, Secretary	Richard Kurin, Under Secretary for History, Art, and Culture
Albert Horvath, Under Secretary for Finance and Administration and Chief Financial Officer	John K. Lapiana, Acting Under Secretary for Finance and Administration/Chief Financial Officer
Greg Bettwy, Acting Chief of Staff to the Secretary	Judith Leonard, General Counsel
Claudine Brown, Assistant Secretary for Education and Access	Christopher Liedel, President of Smithsonian Enterprises
Amy Chen, Chief Investment Officer	Grisella Martinez, Assistant to Congressman Becerra
Epin Christensen, Counsel to the Inspector General	Kevin McDonald, Senior Advisor to Senator Leahy
Virginia B. Clark, Director of Advancement and Philanthropic Giving	Jeffrey P. Minear, Counselor to the Chief Justice
Jennifer Ehlinger, Senior Researcher & Writer for the Office of the Regents (recorder)	Sean Murphy, Assistant to Representative Cole
Amanda Hamilton, Assistant to Representative Johnson	Rachel Parker, Deputy Chief of Staff to the Regents
Tony-Marie Higgins, Assistant to Senator Boozman	Nell Payne, Director of Government Relations
Pamela Henson, Director of the Institutional History Division of the Smithsonian Institution Archives ³	Porter N. Wilkinson, Chief of Staff to the Regents
John Kress, Interim Under Secretary for Science	

1 The Chancellor, Chief Justice John G. Roberts, Jr., participated in the afternoon session.
2 Mr. Spoon participated in the morning session.
3 Ms. Henson participated in the luncheon presentation.

MORNING SESSION

EXECUTIVE SESSION:

BOARD LEADERSHIP ELECTIONS AND OBSERVATIONS FROM THE SECRETARY

Board Leadership Elections

The meeting of the Board of Regents (“Board”) began with an executive session. The Board reviewed the Governance and Nominating Committee’s recommendation to reappoint Board Chair John McCarter, Vice Chair Shirley Ann Jackson, and Executive Committee member David Rubenstein to serve as the 2016 Board leadership team. Mr. McCarter, Dr. Jackson, and Mr. Rubenstein recused themselves from the discussion. Upon motion duly made and seconded, the reelections were approved en banc.

See attached Actions 2015.10.01–2015.10.03 (Minutes of the Board of Regents, Appendix A).

Observations from the Secretary

Secretary David Skorton shared some of his preliminary observations on the state of the Smithsonian and outlined his plans for the future. Upon motion duly made and seconded, the Board approved the Secretary’s proposed plans for restructuring the Smithsonian’s management organization.

See attached Actions 2015.10.04 (Minutes of the Board of Regents, Appendix A).

The executive session was adjourned at 9:46 a.m.

OPEN SESSION:

The meeting reconvened at and Smithsonian and Regent staff members entered the room. Board Chair John W. McCarter, Jr. called the open session to order at 9:49 a.m.

REPORT OF THE BOARD AND EXECUTIVE COMMITTEE CHAIR

Introduction of SNB Chair Robert MacDonald

Mr. McCarter welcomed Smithsonian National Board (“SNB”) Chair Robert MacDonald to his first Board meeting. Smithsonian and Regent staff went around the room and introduced themselves to Mr. MacDonald, who began his term as SNB Chair on October 1, 2015. Mr. McCarter noted that due to Secretary Skorton’s Installation Ceremony, which will take place immediately following the Board meeting, the Regents’ Annual Public Forum is scheduled to be held on Friday, December 11, 2015. Mr. McCarter reminded the Board that this meeting would be the first to incorporate the procedural modifications, which were adopted at the June meeting, including the use of a consent agenda and shortened Committee Chair reports.

Important Upcoming Dates

Regents' Self-Assessment

The Board discussed changes to the Regents' annual self-assessment, to make the assessment a more effective evaluation tool. Mr. McCarter stressed the importance of the self-assessment and encouraged participation from the entire Board.

Actions Between Meetings

Mr. McCarter reported that, on behalf of the Board, the Executive Committee approved two actions between the June and October meetings. The first was the approval of a gift from David Rubenstein to the Giant Panda Habitat, a vote which Mr. Rubenstein was recused from participation. Mr. McCarter noted and applauded Mr. Rubenstein's generosity and steadfast commitment to the Smithsonian. The second action was the approval of the Smithsonian's fiscal year 2017 federal Budget request for submission to the Office of Management and Budget ("OMB").

APPROVAL OF THE CONSENT AGENDA

Approval of the Consent Agenda

Mr. McCarter briefly reviewed the procedures of the Board's use of the consent agenda: an item will remain on the Consent Agenda ("Agenda") only by unanimous consent, and any Regent may ask the Office of the Regents to remove an item from the consent agenda for discussion by providing three-days' notice in advance of the scheduled Board meeting. Action items listed on the present meeting's Agenda include minutes of the June 15, 2015, Regents' meeting, routine amendments to the bylaws of the Archives of American Art Board of Trustees, the appointment and reappointment of candidates to ten Smithsonian Advisory Boards, and the approval of five proposed gift actions – all of which comply with Smithsonian policies. Since one of the gifts actions included on the Agenda was a gift from Regent David Rubenstein, he was recused from participation in the vote. Upon motion duly made and seconded, the Board voted to adopt the Agenda, constituting the approval of all action items listed therein.

See attached Actions 2015.10.05 (Minutes of the Board of Regents, Appendix A).

REPORT OF THE SECRETARY

Monthly Update Report to the Regents

Secretary David J. Skorton presented his inaugural report as the thirteenth Secretary of the Smithsonian Institution. The Secretary began his term in office on July 1, 2015. He reported on his activities during his first few months in office and entertained questions from the Board. He also proposed the roll-out of a monthly report as a way for him to keep the Board informed of his and management's activities in-between meetings. The Secretary explained that the report would serve as an information tool to the Board, so that time during quarterly meetings may be spent to address issues rather than merely bringing the Board up to speed. The Board was very receptive to the idea and the Secretary announced that his first report should be expected in the near future.

REPORT OF THE FINANCE COMMITTEE

Fiscal Year 2017 Federal Budget Request to OMB

Committee Chair David Rubenstein presented the report of the Finance Committee. The Board reviewed the fiscal year 2017 federal budget request which was submitted to the Office of Management and Budget (“OMB”) and the September 2015 budget submission, which was approved by the Executive Committee, on behalf of the full Board. Per guidance from OMB, three scenario-based budget requests were submitted.

Fiscal Year 2015 Financial Results

The financial results for fiscal year 2015, as of June 30, 2015, were also presented. The Smithsonian’s net operating revenue totaled \$459.6 million, including \$153.2 million from Contributions; \$57.6 million from Government Grants and Contracts; \$17.4 million from Indirect Cost Recovery from fees collected from grants and contracts; \$42.7 million from the Endowment Payout; and, \$131.8 million from Business Activities.

Fiscal Year 2016 Consolidated Budget

The fiscal year 2016 Federal and Trust Consolidated Budget was presented. Upon duly made and seconded, the Board voted to approve the fiscal year 2016, Federal Consolidated Budget, when signed into law by the President.

See attached Actions 2015.10.06 (Minutes of the Board of Regents, Appendix A).

REPORT OF THE INVESTMENT COMMITTEE

Endowment Update

Investment Committee member David Rubenstein presented the Committee’s report and updated the Board on the status of the endowment. As of June 30, 2015, the Endowment stood at \$1.3 billion. The endowment is on-track to outperform its policy benchmark.

Appreciation for David Silfen

John McCarter acknowledged the excellence and dedication of Committee Chair David Silfen, who was unable to attend the meeting. Mr. McCarter extended his sincere gratitude, on behalf of the Board, for Mr. Silfen’s outstanding work with the endowment.

REPORT OF THE GOVERNANCE AND NOMINATING COMMITTEE

Emeritus/Alumni Category Guidance for Unit Advisory Boards

Governance and Nominating Committee Chair Steve Case presented the report of the Committee. The Board was presented with proposed guidance for emeritus and alumni status for unit advisory board members. Upon duly made and seconded, the Board voted to approve the emeritus/alumni guidance for unit advisory boards.

See attached Actions 2015.10.07 (Minutes of the Board of Regents, Appendix A).

Bylaw Amendments

Next, the Board considered the proposed amendments to the Advisory Board of Smithsonian Institution Traveling Exhibition Service (“SITES”), which were reviewed by the Governance and Nominating Committee during its meeting on September 15, 2015. The proposed amendments reflect changes in the board’s function, members’ code of ethics and guidelines, emeritus status, and term limits for members and officers. The bylaws integrate the new post-membership guidance by permitting former board members who have made significant contributions to continue to be involved in an emeritus capacity. Upon duly made and seconded, the Board voted to approve the bylaw amendments.

See attached Actions 2015.10.08 (Minutes of the Board of Regents, Appendix A).

REPORT OF THE STRATEGY, INNOVATION, AND TECHNOLOGY COMMITTEE

Strategy, Innovation, and Technology Committee Chair Dr. Shirley Ann Jackson presented the report of the Committee. Several initiatives are underway at the Smithsonian to foster a culture of innovation, including use of crowd sourcing, citizen science, digitization and mobile application development. Dr. Jackson also reviewed the exhibition calendar and the process Smithsonian undertakes to review exhibitions.

REPORT OF THE ADVANCEMENT COMMITTEE

Campaign Update

Fundraising for NMAAHC

Advancement Committee Chair and Regent Emeritus Alan Spoon provided the Committee’s report. Mr. Spoon briefed the Board on the status of the Smithsonian Campaign (“Campaign”), reporting that the Smithsonian has raised \$1.256 billion, or 85 percent of the \$1.5 billion Campaign goal. He also noted several significant gifts the Smithsonian has received, including two generous gifts from David Rubenstein of \$4.5 million to the National Zoo, and a gift of \$5.4 million to the Renwick Gallery. He expressed the Board’s gratitude to Sako Fisher, for her dedication to the Smithsonian and increased commitment to the Campaign. He reported that the National Museum African American History and Culture (“NMAAHC”) raised \$203.9 million toward its \$270 million goal. NMAAHC is on track to reach almost \$250 million by end of calendar year and is very to reach its \$270 million goal before the museum’s opening in September 2016.

REPORT OF THE SMITHSONIAN NATIONAL BOARD

Robert MacDonald presented his first report as chair of the SNB. Mr. MacDonald presented a brief overview of the SNB’s current work and noted that its next meeting would focus on the grand challenge of “Understanding and Sustaining a Biodiverse Plant”.

REPORT FROM THE OFFICE OF GOVERNMENT RELATIONS

Director of Government Relations Nell Payne presented the report from the Office of Government Relations (“OGR”). Ms. Payne explained that Congressional and White House engagement has continued with programs such as a summer enrichment program for students which, this past summer had 60 children in attendance who participated in activities including visits to four museums and the National Zoo. OGR has written to 157 different congressional offices to provide updates on traveling exhibits, which the Smithsonian is sending to their respective districts.

Ms. Payne thanked the congressional Regents for introducing the *Smithsonian Collections Facilities Authorization Act*, which would authorize the Board to plan, design, and construct additional storage facilities for collections storage modules and hangar additions to the National Air and Space Museum’s (NASM) Udvar-Hazy Center in Chantilly, Virginia, and additional storage and laboratory space at the Museum Support Center at the Suitland Collections Center in Suitland, Maryland.

FREER AND SACKLER GALLERIES

Under Secretary for History, Art, and Culture Richard Kurin announced that the Dame Jillian Sackler Director of the Arthur M. Sackler Gallery and the Freer Gallery of Art (“Freer and Sackler Galleries”) Julian Raby will receive the Order of the Rising Sun from the Ambassador of Japan on October 25, 2015. He also noted the upcoming exhibit opening at the Freer and Sackler Galleries entitled “Sōtatsu: Making Waves”, which will be open from October 24, 2015, through January 31, 2016.

LUNCHEON PRESENTATION

Director of the Smithsonian Institution Archives Institutional History Division Pamela Henson provided a luncheon presentation on the history of the Smithsonian Secretaries.

AFTERNOON SESSION

The meeting reconvened and the Chancellor called the afternoon session to order at 12:24 p.m.

REPORT OF THE AUDIT AND REVIEW COMMITTEE

Committee Chair Ambassador Barbara Barrett presented the report of the Audit and Review Committee. Ambassador Barrett explained that a key responsibility of the Audit and Review Committee is to review and assess risks facing the Smithsonian. The Smithsonian’s Integrated Risk Management and

Mitigation Program (“Program”), which began two years ago, reviews the Smithsonian’s initial set of the top 25 institutional risks that were identified and subjected to deeper review and assessment. Ambassador Barrett explained that Under Secretary for Finance and Administration and Chief Financial Officer Albert Horvath and his team are in the process of engaging an outside firm to evaluate the Program before it proceeds to the next phase. Mr. Horvath updated the Board on the Program and reviewed each of the 25 risk areas as they relate to Board oversight responsibilities and how they can be divided between the specific Regent Committees.

The Board was presented with summary materials from the Audit and Review Committee meetings, which took place on July 28, 2015, and on September 29, 2015, respectively. Information regarding the filing of the fiscal year 2014, Forms 990 and 990-T with the IRS, KPMG’s audit plan for fiscal year 2015, and the results of the fiscal 2014 A-133 audit were included for the Board’s review.

REPORT OF FACILITIES COMMITTEE

NASM Revitalization Project

Facilities Committee Chair Robert P. Kogod presented the report of the Committee and led the Board on a discussion of the NASM Revitalization Project. He reported that during the Committee’s last few meetings, a major focus has been on the complex and extensive revitalization of the 40 year-old museum, which is one of the most heavily visited museums in the world. Mr. Kogod detailed the scope and funding details of the project. He explained that the renovation would likely take place over five years, and would be done in such a way that portions of the museum would remain open to the public. The renovation will include the replacement of NASM’s exterior envelope and major mechanical systems. The building’s structure will also be upgraded and repairs will be made to the underground structure. The current estimate for the five-year occupied renovation is more than \$500 million. This estimate includes all construction costs and the cost of expanding collections storage space at Udvar-Hazy to house artifacts during the renovation. Under Secretary for Finance and Administration and Chief Financial Officer Albert Horvath briefed the Board on specifics for the project and entertained questions from the Board. The Board discussed the revitalization and potential sources of funding for the project.

Consolidated Administrative Headquarters Initiative

Updates on the Consolidated Administrative Headquarters Initiative (“Initiative”) were also presented for the Board to consider. The Initiative will address the Smithsonian’s need for more administrative space, while also working to consolidate these areas to make for better functionality. The Facilities Committee and Smithsonian Management have reviewed the list of potential properties and various proposals.

Next steps for the Initiative will include a comprehensive evaluation of each of the proposals and preliminary consideration and analysis of the implementation process.

EXECUTIVE SESSION: REPORT OF THE COMPENSATION AND HUMAN RESOURCES COMMITTEE

Compensation and Human Resources Committee Chair John Fahey provided the report of the Committee. Upon duly made and seconded, the Board voted to extend the contract of former Secretary G. Wayne Clough's contract.

See attached Actions 2015.10.09 (Minutes of the Board of Regents, Appendix A).

EXECUTIVE SESSION: REPORT OF THE SMITHSONIAN ENTERPRISES SUBCOMMITTEE

Smithsonian Enterprises Subcommittee Chair Michael Lynton led a discussion about strategies surrounding the Smithsonian Channel.

EXECUTIVE SESSION: LONDON AND OTHER OPPORTUNITIES

Secretary Skorton briefed the Board on developments of the potential Smithsonian presence in London.

EXECUTIVE SESSION: "GATEKEEPERS" REPORT

The Board conducted an executive session with General Counsel Judith Leonard and Counsel to the Inspector General Epin Christensen.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at approximately 2:10 p.m., after which Ms. Wilkinson provided a briefing to the Regents and participants of the Installation Ceremony.

Respectfully submitted,

David J. Skorton
Secretary

ADDENDUM

By email ballot on December 9, 2015, the Board of Regents voted to honor the memory of David M. Silfen and recognize his extraordinary service by awarding him with the Regents' Gold Medal for Exceptional Service, in grateful recognition of his dedication and numerous contributions to the Board of Regents and the Smithsonian Institution.

See attached Actions 2015.10.10 (Minutes of the Board of Regents, Appendix A).

APPENDIX A: ACTIONS OF THE OCTOBER 19, 2015, MEETING OF THE BOARD OF REGENTS

VOTED that the Board of Regents reelects John W. McCarter, Jr., as Chair of the Smithsonian Institution's Board of Regents for a one-year term effective January 26, 2016. [2015.10.01]

VOTED that the Board of Regents reelects Shirley Ann Jackson as Vice Chair of the Smithsonian Institution's Board of Regents for a one-year term effective January 26, 2016. [2015.10.02]

VOTED that the Board of Regents reelects David M. Rubenstein as a member of the Smithsonian Board of Regents' Executive Committee for a one-year term effective January 26, 2016. [2015.10.03]

VOTED that the Board of Regents approves the Secretary's proposed restructuring of management. [2015.10.04]

VOTED that the Board of Regents adopts the Consent Agenda, which constitutes the approval of all items listed on the Consent Agenda. [2015.10.05]

VOTED that the Board of Regents approves the minutes of the June 15, 2015, meeting of the Board of Regents.*

VOTED that the Board of Regents approves the proposed amendments to the bylaws of the Board of Trustees of the Archives of American Art.*

VOTED that the Board of Regents approves the proposed slate of candidates for appointment or reappointment to 12 Smithsonian advisory boards.*

VOTED that the Board of Regents recognizes the generosity of David M. Rubenstein to the Smithsonian American Art Museum and changes the name of the Grand Salon at the Renwick Gallery to the Bettie Rubenstein Grand Salon until the next comprehensive renovation of the Renwick Gallery.*

VOTED that Board of Regents recognizes the generosity of Harold and Diane Brierley to the National Zoological Park and names the Hal and Diane Brierley Cheetah Ridge for a period of 10 years.*

VOTED that the Board of Regents recognizes the generosity of the Nancy and Clive Runnells Foundation to the National Zoological Park and names the Thomas Pierce Runnells and Helen Runnells DuBois Observation Deck until the next renovation of the observation deck.*

VOTED that the Board of Regents recognizes the generosity of General Electric Company and accepts the terms of the sponsorship agreement. *

* Included in Consent Agenda

VOTED that the Board of Regents creates a quasi-endowment support the mission of the Archives of American Art at the discretion of the Director. Further, the Board authorizes the transfer of the funds identified for this purpose.*

VOTED that the Board of Regents approves the budget of appropriated funds for fiscal year 2016, when signed into law by the President, the institutional budget for Trust funds for fiscal year 2016, reflected in this report, and authorizes expenditures by the Secretary in accordance therewith. Any material changes in program plans incorporated into this budget shall be made only with the approval of the Board of Regents or its Executive Committee. [2015.10.06]

VOTED that the Board of Regents approves a new policy limiting advisory board post-membership categories to alumni and emeritus status and that the policy is effective immediately and applicable to all unit advisory boards on a going forward basis. Alumni status may be conferred following the completion of a board member's final term without any formal continuing role and does not require Board of Regents approval. Emeritus status may be conferred following completion of a board member's final term in recognition of exceptional service, based on written criteria established by the unit and requires approval by the Board of Regents. Notwithstanding this requirement, unit advisory board bylaws need only be revised in accordance with this policy upon which time such bylaws are presented to the Regents for revision in the normal course of business, and all existing emeritus, honorary, or alumni members may maintain their status for the duration of the term prescribed in their unit's bylaws current as of the date of this motion. [2015.10.07]

VOTED that the Board of Regents approves the proposed amendments to the bylaws of the Advisory Board of the Smithsonian Institution Traveling Exhibition Service. [2015.10.08]

VOTED that the Board of Regents approves the Compensation and Human Resources Committee's compensation recommendation for the former Secretary. [2015.10.09]

VOTED* that the Board of Regents honors the memory David M. Silfen and recognizes his extraordinary service by awarding him the Regents' Gold Medal for Exceptional Service, in grateful recognition of his dedication and many contributions to the Board of Regents and the Smithsonian Institution. [2015.10.10]

* Approved via email ballot on December 9, 2015