

MINUTES OF THE JUNE 23, 2014, MEETING OF THE BOARD OF REGENTS

ATTENDANCE

This scheduled meeting of the Board of Regents was held on Monday, June 23, 2014. The Board conducted morning, afternoon, and executive sessions in the Regents' Room in the Smithsonian Castle Building. Board Chair John W. McCarter, Jr., called the meeting to order at 8:30 a.m. Also present were:

The Chief Justice ¹	Tom Cole ²	Robert P. Kogod
Barbara M. Barrett	John Fahey	Risa J. Lavizzo-Mourey
Xavier Becerra	Sam Johnson	Patrick J. Leahy
Steve Case		David M. Rubenstein

Sakurako Fisher, Smithsonian National Board Chair

David Silfen, Investment Committee Chair

Alan G. Spoon, Regent Emeritus and Advancement Committee Chair²

Vice President Joseph R. Biden, Jr., Senator Thad Cochran, Dr. Shirley Ann Jackson, and Senator Jack Reed were unable to attend the meeting.

Also present were:

G. Wayne Clough, Secretary	Christopher Liedel, President of Smithsonian Enterprises
Patricia L. Bartlett, Chief of Staff to the Secretary	Porter N. Wilkinson, Chief of Staff to the Regents
Claudine K. Brown, Assistant Secretary for Education and Access (ASEA)	Nell Payne, Director of Government Relations
Amy Chen, Chief Investment Officer	Jeffrey P. Minear, Counselor to the Chief Justice
Epin Christensen, Acting Inspector General	Tonya N. Williams, Assistant to the Vice President
Virginia B. Clark, Director of Advancement and Philanthropic Giving	Andrew Vlasaty, Assistant to Senator Cochran
Barbara Feininger, Senior Writer-Editor for the Office of the Regents (recorder)	Kevin McDonald, Assistant to Senator Leahy
Albert Horvath, Under Secretary for Finance and Administration/Chief Financial Officer	Marc Capuano, Assistant to Senator Reed
John Kress, Interim Under Secretary for Science	Grisella Martinez, Assistant to Representative Becerra
Richard Kurin, Under Secretary for History, Art, and Culture	Sean Murphy, Assistant to Representative Cole
Judith Leonard, General Counsel	David Heil, Assistant to Representative Johnson
Evelyn S. Lieberman, Director of Communications and External Affairs	Dwandalyn Reece, National Museum of African American History and Culture Curator of Music and Performing Arts ³

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

² Representative Cole and Mr. Spoon participated in the morning session.

³ Ms. Reece participated in a special presentation to the Board.

MORNING SESSION

EXECUTIVE SESSION AND THE REPORT OF THE COMPENSATION AND HUMAN RESOURCES COMMITTEE

The meeting of the Board of Regents began with an executive session. Ambassador Barbara Barrett, the chair of the Compensation and Human Resources Committee, presented two proposed motions regarding incentive programs for the Office of Investments and Smithsonian Enterprises for the Board's consideration. Upon motions duly made and seconded, the motions were approved.

See attached Actions 2014.06.01–2016.04.02 (Minutes of the Board of Regents, Appendix A).

The executive session was adjourned at about 9:00 a.m.

REPORT OF THE BOARD AND EXECUTIVE COMMITTEE CHAIR

Board Chair John W. McCarter, Jr., called the open session to order at 9:05 a.m.

Forthcoming Events

The Regents were invited to the following events:

- the September 19, 2014, opening ceremony for the Smithsonian Environmental Research Center's (SERC) Mathais Laboratory, the Smithsonian's first LEED Platinum facility,
- the October 17–18, 2014, kickoff of the Smithsonian Campaign, and
- the October 19–20, 2014, fall Regents' dinner and meeting.

Advisory Board Retreat

Mr. McCarter reported on the May 13, 2014, annual retreat of the Smithsonian's advisory board chairs, which focused on several questions that emerged from the Booz Allen Hamilton Advisory Board Report. The boards will have approximately 50 to 100 vacancies over the next two years. The Regents were asked to help to identify candidates who can contribute to the boards' strength, as well as their geographic and ethnic diversity. Search firms also will contribute to the effort on a pro bono basis. The Regents will receive current Smithsonian's board membership lists.

New Inspector General

Government Accountability Office Deputy Inspector General Cathy Helm was selected as the new Smithsonian Inspector General. Ms. Helm will begin on July 14, 2014. Mr. McCarter expressed the Board's appreciation for the contributions of Acting Inspector General Epin Christensen, who was recognized with a round of applause.

Minutes of the April 7, 2014, Board Meeting

Upon motion duly made and seconded, the draft minutes of the April 7, 2014, Board meeting were approved.

See attached Action 2014.06.03 (Minutes of the Board of Regents, Appendix A).

REPORT OF THE SECRETARY

Digitization Initiative

Secretary Clough presented a new brochure on the digital Smithsonian and updated the Board on the progress of this pan-institutional initiative. A digital version will be posted and regularly updated on the Smithsonian's website.

The pace of digitizing the Smithsonian's collections is accelerating. Currently, 14 million objects — including flat documents, 3D art and cultural objects, and 3D scientific specimens — have been identified as the highest priority for digitization. Robotic digitization will soon be employed. The Smithsonian's digitization initiative also includes creating descriptive metadata and enabling public access. Some 1,000 volunteers working for the Smithsonian transcription center are adding metadata to the digital archives, and partnerships with Gale Cengage and Internet Archives continue to advance the digitization effort. Cooper Hewitt, Smithsonian Design Museum will be the first Smithsonian museum to digitize its entire collection.

The Secretary reported on several 3D digitization projects. The entire skeleton of the "Nation's *T. Rex*" will be 3D scanned and available for downloading from the web. Secretary Clough presented images of a Chilean whale graveyard partially excavated by National Museum of Natural History (NMNH) researchers. Eight skeletons at the site were 3D scanned by Smithsonian staff. A print of one of the scans — now the largest computer print in the world — is on view in the NMNH Q?ius Center.

Climate Change

The Secretary reviewed the Smithsonian's statement on climate change. The statement and list of approximately 15 ongoing research initiatives reflect the Smithsonian's long-term commitment to conducting research and providing substantive observations that support understanding of climate change. The information will edify the public and inform policymakers about the Smithsonian's contributions. The Secretary commented on Interim Under Secretary for Science John Kress and Assistant Secretary for Education and Access Claudine Brown's efforts to disseminate information about the Smithsonian's climate change research. A climate change conference organized by Dr. Kress will be held on October 9, 2014. Among other things, the conference will host discussions of the impact of climate change on national security.

Appointment of Hirshhorn Director

Melissa Chiu, museum director and senior vice president for Global Arts and Cultural Programs for the Asia Society in New York City, has been named director of the Hirshhorn Museum and Sculpture Garden, effective September 29, 2014. Secretary Clough noted the contributions of Under Secretary for History, Art, and Culture Richard Kurin, who led the search, and Regent Robert Kogod to the successful appointment.

Noted

The Secretary commented on recent additions to the collections, exhibitions, programming, events, and research, including:

Events

- The naturalization ceremony and presentation of the James Smithson Bicentennial Medal to Ralph Lauren at the National Museum of American History (NMAH)
- The “Raise It Up!” celebration of the Star-Spangled Banner at NMAH
- The annual Smithsonian Weekend, which attracted more than 524 members
- The annual Smithsonian Affiliates weekend, which attracted 193 affiliate museums

Collections

- The arrival of three elephants from the Calgary Zoo to the National Zoological Park (NZP)
- The acquisition of the 1916 drawing that inspired the iconic advertising symbol Mr. Peanut

Exhibitions

- The Freer-Sackler Galleries exhibition *An American in London: Whistler and the Thames*, the largest display in the United States of works by Whistler in nearly 20 years
- *One Nation With News for All*, a Newseum exhibition co-curated with the Smithsonian in support of the “Our American Journey” project, a signature consortia project
- SE’s augmented reality dinosaur exhibit at NMNH, which has drawn over 225,000 visitors since it opened on Memorial Day weekend

Programming

- The 2014 Folklife Festival, which will feature Kenya and China, and the development of a Memo of Understanding with the National Park Service to help maintain the Festival’s presence on the National Mall
- The opening of the film *D-Day 3D: Normandy 1944* at the National Air and Space Museum (NASM) and related programming on the Smithsonian Channel

Research

- Smithsonian Astrophysical Observatory’s discovery of a “mega-Earth” exoplanet

Visitation

- A 2.5 million drop in visitation that resulted from the 17-day Federal shutdown and bad weather (April and May 2014 visitation are on target)

Budget

Representative Tom Cole said progress on the Department of the Interior’s Federal budget has been slowed by discussions about environmental aspects of the Federal budget. A continuing resolution is possible for the beginning of fiscal year 2015.

The Endowment’s strong performance continues to exceed the policy benchmark. As of May 31, 2014, total Endowment assets stand at \$1.26 billion.

Philanthropy

Leadership is optimistic that a strong pipeline of gifts will allow the Smithsonian to reach its annual fundraising goal. Approximately 69 percent of the annual goal has been reached.

Funds raised for the Smithsonian Campaign currently total 63 percent of the working goal, and the Campaign is on track to reach 65 percent of the goal prior to the October 2014 public launch. Recent gifts include significant support for the National Museum of African American History and Culture (NMAAHC). To date, funds raised for the new museum total \$154.6 million. The Secretary commented on gifts being presented for the Board's approval at this meeting, including a \$5.4 million gift from David Rubenstein that will complete fundraising for the Renwick Museum renovation and \$15 million from Dr. Peter Buck to benefit the NMNH Human Origins Program.

The Smithsonian Campaign Steering Committee recently met. The 60 attendees included Campaign co-chairs Barbara Barrett, David Rubenstein, and Alan Spoon, and the chairs of the Smithsonian's advisory boards. Mr. Rubenstein also hosted a Campaign leadership retreat in May 2014.

Smithsonian Enterprises

Smithsonian Enterprises (SE) revenues were impacted by decreased visitation from the Federal shutdown and bad weather. Year-to-date SE revenues total \$89.4 million (versus \$95.5 million budget), with year-to-date net gain totaling \$16.4 million (versus \$16.9 million budget).

Education

The Smithsonian is a national leader in digital badging, especially among Federal agencies. The program, which was launched less than three years ago, offers 200 badge opportunities. There are now 7,500 registered participants in 50 states and 53 countries.

Recipients of the 2014 Smithsonian Education Innovation Awards included Dr. Aron Crowell, research anthropologist and Alaska director of the NMNH Arctic Studies Center (Achievement in Education Award); Cooper Hewitt, Smithsonian Design Museum's "Design in the Classroom" education program (Innovation in Education Award); and the Hirshhorn Museum and Sculpture Garden's ARTLAB+ for the museum's digital programming for teens (Innovation in Education Award).

Communications and Outreach

The Smithsonian's Twitter account is ranked in the top 10 percent of all Twitter accounts, and is tied with the Metropolitan Museum of Art in that category. The branding initiative's fall 2013 national advertising campaign, which was directed to "millennials and moms," achieved more than 100 million impressions. NMNH Research Geologist Nick Pyenson participated in a two-hour Reddit Q&A session. His chat received 959 comments, reaching the top level of the Reddit Ask Me Anything forum. The Regents received copies of a "sizzle reel" produced by the Office of Public Affairs.

Awards

The Digitization Program Office is a finalist for the 2014 Sammie Award. SE received a Bronze Telly Award for its online "Ask Smithsonian" Smithsonian's Weird Science videos.

Collections Care

The National Collections Program compiled its annual Collections Statistics and Physical Assessment report. Smithsonian collections now total 137.8 million works of art, historical artifacts, and specimens of nature, including living animals

and plants, as well as 156,800 cubic feet of archival material. The Secretary noted that there were 44,643 visitor days by researchers during fiscal year 2013.

REPORT OF THE STRATEGIC PLANNING AND PROGRAMS COMMITTEE

Technology Oversight

Mr. McCarter provided the report of the Strategic Planning and Programs Committee on behalf of Committee Chair Shirley Ann Jackson. The consensus of the committee is to change its name to the "Strategy, Innovation, and Technology Committee." The new name will reflect the expanded responsibilities of the committee, which now include oversight of the Smithsonian's technology initiatives. An amended charter reflecting the changes will be reviewed by that committee, as well as by the Governance and Nominating Committee, and presented to the full Board at its October 20, 2014, meeting.

Strategic Plan Extension Document

Upon motion duly made and seconded, the Regents approved the proposed public document that supports the extension of the Smithsonian strategic plan until 2017.

See attached Action 2014.06.04 (Minutes of the Board of Regents, Appendix A).

FISCAL YEAR 2014 FINANCIAL BUDGET: ACTUAL RESULTS

Under Secretary for Finance and Administration and Chief Financial Officer Albert Horvath noted that revenues are consistent with trends reported at the April 2014 Regents' meeting. Similarly, expenses are behind budget because of conservative management and the Federal government shutdown at the start of the fiscal year. The Smithsonian maintained its AAA rating following the November 2013 issuance of new debt. A review with Moody's is scheduled for July 2014.

REPORT OF THE INVESTMENT COMMITTEE

Investment Committee Chair David Silfen presented the committee's report. From July 1, 2013, to May 31, 2014, the Endowment was up 13.4 percent, approximately 1.7 percent above benchmark. All assets classes are doing well and overall manager performance is good. Final numbers on the growing equity pool will not be available until late fall 2014.

Asset allocations are on target. Equity market exposure has been maintained through a variety of assets and managers. The portfolio maintains strong liquidity. Private equity investments are returning capital. Despite the recession, the value of the Endowment has nearly doubled over the past 10 years, providing almost \$500 million for Smithsonian programs and operations and supporting the launch of the Smithsonian Campaign.

Cambridge Associates recently affirmed the Endowment’s benchmarks, overall approach, asset allocation, liquidity, and manager selection. It also identified peer institutions for the Smithsonian’s benchmarking efforts.

Term limits on Investment Committee memberships will result in the loss of several key members over the next two years. Mr. McCarter expressed the Regents’ appreciation for Mr. Silfen’s leadership, and the full Board responded with a round of applause.

SERIOUSLY AMAZING

Under Secretary for History, Art, and Culture Richard Kurin introduced a “Seriously Amazing” presentation on internationally renowned contralto Marian Anderson, who performed 75 years ago on the steps of the Lincoln Memorial after being denied access to the Constitution Hall by the Daughters of the American Revolution. The Board reviewed a short video of her Easter 1939 performance to a crowd of 75,000 people.

Under Secretary Kurin and NMAAHC Curator Dwandalyn Reece then displayed the outfit Ms. Anderson wore for the performance: a velvet dress ensemble now held in the NMAAHC collections and a mink coat held in the Anacostia Community Museum collections. The presentation marked the first time in 75 years the items have been displayed together in the nation’s capital. Also shown were Betsy Graves Reyneau’s oil-on-canvas portrait of Ms. Anderson (held in the NPG collections); an image of the event taken by the Scurlock Photographic Studio (from the NMAH Archives’ Scurlock Collection); and an event program Ms. Anderson autographed for Chief Justice Charles E. Hughes, one of the sponsors of the performance (from the collections of the Supreme Court of the United States).

REPORT OF THE AUDIT AND REVIEW COMMITTEE

Insurance Coverage

Audit and Review Committee Chair Robert Kogod reported that the committee met on May 20, 2014. It received the annual update on the Smithsonian’s insurance program, which supplements partial coverage for Federal facilities and activities provided by the Federal government. The policies are consistent with those of peer institutions, and no major changes from the past year were reported.

Proposed Minors Policy

Mr. Kogod noted that one of the potential issues identified through the Integrated Risk Management (IRM) initiative is the interaction of Smithsonian staff with minors. In response, the Office of General Counsel developed a proposed Smithsonian protection of minors policy that aligns with best-practice policies of peer institutions. The Board reviewed the draft policy, which is general enough to accommodate supplemental policies for particular units. General Counsel Judith Leonard noted that the policy’s Code of Conduct is effective

immediately. The draft policy will be submitted to the formal review process for directives prior to being adopted in its entirety.

KPMG Management Letter

KPMG, the Smithsonian’s external auditors, previously issued a clean audit opinion to the Smithsonian for fiscal year 2013. KPMG’s final management letter was reviewed by the committee and presented to the Board at this meeting. No significant deficiencies or material weaknesses were found in the Smithsonian’s internal controls over financial reporting. Management concurred with the comments and observations made by KPMG.

Integrated Risk Management

Under Secretary Horvath updated the Board on the IRM initiative, which supports the development of a more risk-aware culture at the Smithsonian. The IRM plan provides a framework for the ongoing identification, prioritization, and effective management of the broad spectrum of risks faced by the Smithsonian. Over 70 leaders across the institution, including several Regents, were interviewed and the top 24 risks were identified with their input. The new IRM committee will provide leadership in risk identification and mitigation efforts.

Mr. McCarter thanked Mr. Kogod for his leadership. Among other things, Mr. Kogod is the chair of the Audit and Review and Facilities committees, leads the South Campus Master Planning initiative, and participated in the search for the new Hirshhorn director.

REPORT OF THE ADVANCEMENT COMMITTEE

Smithsonian Campaign Update

Advancement Committee Chair and Regent Emeritus Alan Spoon provided the committee’s report. He first discussed the Smithsonian Campaign and the working Campaign goal. He reminded the Regents that early feasibility studies included assessing the possible impact of the Smithsonian’s Federal funding on donor prospects, as some potential donors are unaware of the Smithsonian’s unique status as a public-private partnership. Mr. Spoon reported that the “enduring partnership” of Federal support for the Smithsonian has proven to be an asset in fundraising efforts. Annual giving has increased and the number of donors to all levels of the giving pyramid has increased.

The working Campaign goal includes raising substantial support for endowments. Endowed positions can be particularly attractive to prospective donors. Fundraising challenges include facilities maintenance and the Giant Magellan Telescope. Mr. Spoon commented on Campaign plans for the transition period between the tenures of Secretary Clough and Secretary-elect David Skorton.

Secretary Clough reviewed the four strategic themes of the campaign — Spark Discovery, Tell America’s Story, Inspire Lifelong Learning, and Reach People Everywhere — and noted several major Campaign gifts received in support of the themes. An honorary campaign committee populated by internationally recognized luminaries is co-chaired by President and Mrs. George W. Bush and President Bill Clinton and the Honorable Hillary Rodham Clinton.

On behalf of the Advancement Committee, Mr. Spoon presented a final campaign goal for the review of the Board. Upon motion duly made and seconded, the campaign goal was approved.

See attached Action 2014.06.05 (Minutes of the Board of Regents, Appendix A).

Naming Policy Review

Mr. Spoon updated the Board on the Advancement Committee’s review of the Smithsonian’s gift naming policy. The committee concluded that the policy is appropriate and effective. The findings were shared with Representative Xavier Becerra, who had requested the review.

The review included discussion of exceptions to the gift naming policy. Since the policy’s implementation, only four of some 450 gift agreements have been granted exceptions, and each was carefully reviewed by the Advancement Committee. The committee agreed to further strengthen the review process for exceptions. Going forward, the Office of Advancement will provide notice of and solicit feedback from the full Board at least two weeks prior to the consideration of any gift agreement that includes an exception. Secondly, potential donors will receive a pamphlet that clearly communicates key elements of the Smithsonian’s gift naming policy. Lastly, the support of the American public will be consistently noted in recognitions of gifts that include Federal funding.

Gift Actions

Director of Advancement and Philanthropic Giving Ginny Clark presented four proposed gift agreements for the full Board’s consideration. Upon motion duly made and seconded, the agreements were approved en banc.

See attached Actions 2014.06.06–2014.06.09 (Minutes of the Board of Regents, Appendix A).

REPORT OF THE GOVERNANCE AND NOMINATING COMMITTEE

**Advisory Board
Appointments**

Governance and Nominating Committee Chair Steve Case presented the committee’s report. Upon motion duly made and seconded, proposed appointments and reappointments to nine Smithsonian advisory boards were approved en banc.

See attached Actions 2014.06.10–2014.06.18 (Minutes of the Board of Regents, Appendix A).

Bylaw Amendments

Proposed amendments to the bylaws of the Asian Pacific American Center Advisory Board were presented. The amendments reflect the intention to standardize the bylaws to better align with those of other Smithsonian advisory boards. Upon motion duly made and seconded, the proposed amendments were approved.

See attached Action 2014.06.19 (Minutes of the Board of Regents, Appendix A).

**Amended Annual Disclosure
Statement**

General Counsel Judith Leonard provided an amended Regents’ annual disclosure statement for the Board’s review. The new disclosure statement will be implemented in 2015.

REPORT FROM THE OFFICE OF GOVERNMENT RELATIONS

Director of Government Relations Nell Payne reported that Representative Becerra invited NMAAHC Director Lonnie Bunch to present and discuss museum artifacts with the Democratic Caucus. Senator Lisa Murkowski (R-AK) and her staff participated in a three-hour tour of the Zoo. Nearly 50 Senate chiefs of staff will soon meet with Secretary Clough at a dinner cosponsored by the Pew Charitable Trusts. Over 2,000 congressional staff and about 20 members of Congress are registered to attend the annual Congressional Night on June 25, 2014. The event will be combined with the annual Smithsonian Affiliations reception and will be held at the National Museum of the American Indian. Smithsonian units without exhibition space, such as the Asian Pacific American Center, the Center for Folklife and Cultural Heritage, and the Smithsonian Latino Center, also will be represented at the event.

REPORT OF THE SMITHSONIAN NATIONAL BOARD

Smithsonian National Board (SNB) Chair Sako Fisher reported on the activities of the Smithsonian's only pan-institutional advisory board. The SNB Spring 2014 meeting held on April 24–26, 2014, focused on the strategic plan priority "Revitalizing Education." Ms. Fisher thanked Assistant Secretary for Education and Access Claudine Brown and her staff for the successful programming. She said similar programs should be developed for all Smithsonian boards, adding that thoughtfully designed board engagement opportunities generate increased support for the Smithsonian Campaign.

SNB members observe a minimum giving level, noted Ms. Fisher, and proceeds support the Secretary's discretionary funds. Examples of SNB-funded initiatives include Smithsonian 2.0, the first-ever digitization conference, and PANDA, the new central donor database system.

Ms. Fisher reported that the SNB will host a Campaign kickoff luncheon for all of the Smithsonian's unit advisory boards in October 2014. Other upcoming events include the SNB Winter 2015 meeting, which will be held at Cooper Hewitt, Smithsonian Design Museum in New York City, and the SNB Spring 2015 meeting, which will be held in Washington, D.C.

RESEARCH HIGHLIGHTS

Interim Under Secretary for Science John Kress updated the Board on several signature initiatives launched by the Office of the Under Secretary for Science: Life in the Cosmos; Conservation and Sustainability; Living in the Anthropocene; and Biodiversity Genomics. Dr. Kress noted the important role of partnerships in these initiatives, and commented on two recently developed biogenomics partnerships.

The Smithsonian signed a memorandum of understanding with Oak Ridge National Laboratory (ORNL) to support science education efforts and collaborative research programs, including generating the genomic sequences of some 10,000 other species.

ORNL also has the capacity to process and store the enormous quantity of data the partnership will generate. Also, Oxford Nanopore Technologies, a small United Kingdom–based startup company, approached the Smithsonian to partner on the development of the Minlon, a portable DNA-sequencing device. Dr. Kress presented a prototype of the Minlon.

Under Secretary Kurin discussed forthcoming Smithsonian exhibitions, including the National Portrait Gallery’s exhibition *Portraiture Now: Staging the Self* and the Freer and Sackler Galleries’ exhibition *Parallels and Convergence: Pictorial Space in China and Italy*.

LUNCHEON PRESENTATION

Board and Executive Committee Chair John McCarter awarded the Joseph Henry Medal to former Under Secretary for Science Eva Pell during the Regents’ luncheon. The medal is awarded by the Board of Regents in recognition of outstanding contributions to the Smithsonian. Mr. McCarter and Secretary Clough spoke at length of Dr. Pell’s leadership, and the Regents concurred with a standing round of applause.

AFTERNOON SESSION

The Chancellor called the afternoon session to order at about 1:00 p.m.

STRATEGIC PLAN FOCUS: STRATEGIC FACILITIES INVESTMENT

Mr. Kogod, chair of the Facilities Committee and ad hoc South Campus Master Planning Committee, presented two facilities-focused presentations. “Strategic Facilities Investment Plan — Stewarding our National Treasures for Future Generations” addressed chronic facilities maintenance issues facing the Smithsonian and related funding challenges. The “South Campus Master Plan” report updated the Board on proposed long-term plans for certain Smithsonian facilities located on the National Mall.

**Strategic Facilities
Investment Plan —
Stewarding our National
Treasures for Future
Generations**

Mr. Kogod stated that, based on industry standards, Federal appropriations continue to be insufficient to support the Smithsonian’s facilities maintenance. He reminded the Board that an ad hoc Facilities Revitalization Committee was established in 2005 with the charge to “engage the Congress and other stakeholders to address, on a continuing basis, the Smithsonian’s facilities needs.” In the past, Regents have testified before Congress on the need for additional appropriations, met with then-President George W. Bush, and met with Vice President Joe Biden.

The failure of the exterior cladding of the National Air and Space Museum is the latest challenge to the Smithsonian’s ability to maintain its facilities and provide safe, compelling visitor destinations. The need for NASM’s unexpectedly extensive — and expensive — exterior renovation prompted the Executive Committee, Mr. Kogod, and Smithsonian leadership to develop strategies to effectively move the Smithsonian’s facilities investment strategy forward and make a compelling case for increased Federal funding.

Mr. Horvath updated the Board on the Smithsonian’s recent efforts to reenergize its facilities investment strategy and engage congressional support. The Regents reviewed a graph demonstrating the significant growth in Smithsonian facilities from 1960 to the early 1980s. The Smithsonian now has about 12 million square feet of space under its care.

A number of Smithsonian facilities will require major revitalization in the next five to 10 years. NASM is at the top of the list, requiring upgrades to its interior infrastructure and mechanical systems, in addition to the exterior cladding noted above. The Castle, the interior of the Arts and Industries Building, and the roof of the Ripley Center, among other structures, also require significant renovation. Estimated costs for the NASM exterior renovation are higher than those for other Smithsonian facility renovations. An added consideration is that NASM is the Smithsonian’s most-visited museum, and closing the entire facility during its renovation is not desirable. (Secretary Clough later noted that the NASM revitalization, as currently envisioned, would occur in two phases, allowing portions of the museum to remain open.)

Mr. Horvath reviewed the three current sources of funding used to address the Smithsonian's facilities challenges: (1) funding for annual maintenance that is included in the Federal Salaries and Expenses appropriation; (2) funding in the Federal Facilities Capital appropriation; and (3) private contributions. Private contributions are generally directed to new facilities, the revitalization of exhibits and programs, or to enhance projects that have facility renewal components.

He then presented a proposed strategic facilities investment plan based on three strategies: increasing the Smithsonian's Facilities Maintenance appropriations, increasing Facilities Capital appropriations, and requesting a one-time appropriation to fund the replacement of NASM's exterior.

Increasing the amount of Federal appropriations received for facilities maintenance — but not at the expense of other activities — will allow the Smithsonian to maintain its facilities and extend their life. Currently, almost 50 percent of the Smithsonian's annual funding for facilities maintenance addresses unexpected facility failures. Mr. Horvath reviewed the proposed annual goal for facilities maintenance appropriations, as well as benchmarks towards achieving that goal.

Increasing Facilities Capital appropriations will enable the Smithsonian to complete its current capital plan (including the original NASM renovation plan, which included its interior, building systems, and roof replacement) and initiate planning for the Castle renovation. The proposed Facilities Capital appropriations goal and benchmarks were discussed.

Mr. Horvath presented a third element to the strategic facilities investment plan: a special one-time appropriation request to fund the replacement of NASM's exterior. Without a special appropriation, facilities maintenance funding will be primarily directed to the necessary replacement of NASM's exterior, and the ability to maintain other Smithsonian facilities will be severely compromised. The Regents reviewed facilities condition indexes that demonstrated the anticipated impact of both current and increased funding.

Mr. Horvath reviewed communications initiated with the Office of Management and Budget (OMB), and plans for discussions with strategic congressional offices, members of Congress, and key Administration officials. The support of the Regents will be critical to efforts to inform stakeholders and garner congressional support for additional funding.

Discussion

The Smithsonian, said Mr. McCarter, should be the primary destination for families and students. He noted strategic investments in the tourism industry made by private corporations, such as Disney, and other organizations, such as the National September 11 Memorial & Museum.

Representative Xavier Becerra acknowledged that increased appropriations are necessary to address the Smithsonian's facilities maintenance issues, and noted anticipated challenges to requests for increased Federal funding. He suggested the use of visual aids, such as a corroded pipe shown by Mr. Horvath, to support meetings on the Hill. The opportunity to participate in a conversation with the Chancellor about

the Smithsonian's facilities maintenance issues, suggested Representative Becerra, could generate a significant level of response from the Hill. The Regents discussed potential media outreach initiatives and opportunities to engage the support of the Congressional Regents' constituents.

Mr. Case suggested creating a 10-year strategy to prioritize and sequence key facilities maintenance projects. Mr. Horvath then discussed proposed next steps with OMB. The Secretary and senior leadership are refining contacts and communications with OMB, which is undergoing a leadership transition. During discussions with OMB, Smithsonian leadership will strongly advocate for increased facilities capital and maintenance funding. The Federal funding request for fiscal year 2016, which will be submitted in September 2014, will include line-item increases for facilities capital and maintenance.

Representative Becerra asked if the First Lady or other public figures close to the Administration might champion the Smithsonian's strategic facilities investment case. Ms. Payne noted that the Smithsonian has not entertained such political leverage requests in recent history, but said the importance of this issue might warrant such outreach. Mrs. Lieberman proposed reaching out to Vice President Joe Biden.

The Executive Committee will meet on July 2, 2014. Mr. McCarter asked staff to develop and present the committee with a facilities investment strategy and step-by-step plan to reach out to the Congress, Administration, and the American public. He thanked Mr. Kogod for his leadership on this initiative.

South Campus Master Plan

Mr. Kogod reminded the Regents that a preliminary concept for the South Campus was presented by Bjarke Ingalls, lead architect of Bjarke Ingalls Group (BIG), at the April 2014 Board meeting. The plan encompasses the Freer and Sackler Galleries of Art, the Ripley Center, the National Museum of African Art, the Castle, the Arts and Industries Building, the Hirshhorn Museum and Sculpture Garden, and the Haupt Garden. He noted that the South Campus Master Planning Initiative is a long-term plan covering a 20-to-30-year time horizon.

Since the April Regents' meeting, facilities staff presented the BIG concept to the advisory boards of the museums impacted most by the proposed design. Donors whose gifts funded the current infrastructure will be contacted, after which the Smithsonian will reach out to regulatory authorities, such as the National Capital Planning Commission and the Commission of Fine Arts. Rough cost estimates are under development, as is a proposed implementation plan. The Facilities Committee will review the estimated costs and implementation plan at its July 2014 meeting.

Secretary Clough noted that the master plan recognizes a number of problems, such as earthquake remediation and a series of converging projects that must be undertaken, and offers significant cost savings through the use of such efficiencies as implementing a single physical plant to support the facilities in the plan. The initiative aspires to enhance the visitor experience, improve access, and increase visitation. An update on the plan will be presented to the Board at its October 20, 2014, meeting.

EXECUTIVE SESSION

Nomination of a Citizen Regent

The Board received briefings from several senior staff, including Secretary Clough and General Counsel Judith Leonard, during the executive session. In addition, the Regents discussed the proposed nomination of Michael M. Lynton of California to succeed France A. Córdova as a Citizen Regent on the Board of Regents. Upon motion duly made and seconded, the motion was approved.

See attached Action 2014.06.20 (Minutes of the Board of Regents, Appendix A).

Upon motions duly made and seconded, the Board approved a series of motions recognizing exceptional leadership contributions to the Smithsonian.

See attached Actions 2014.06.21–2016.04.27 (Minutes of the Board of Regents, Appendix A).

ADJOURNMENT

Mr. McCarter thanked the Regents for their participation. The executive session adjourned at about 3:30 p.m.

Respectfully submitted,

G. Wayne Clough
Secretary

APPENDIX A: ACTIONS OF THE JUNE 23, 2014, MEETING OF THE BOARD OF REGENTS

VOTED that the Board of Regents approves retaining the investment function of the Smithsonian Institution and amending the Office of Investments incentive program, as recommended by the Compensation and Human Resources Committee. [2014.06.01]

VOTED that the Board of Regents approves retaining and amending the Smithsonian Enterprises incentive program, as recommended by the Compensation and Human Resources Committee. [2014.06.02]

VOTED that the Board of Regents approves the minutes of the April 7, 2014, meeting of the Board of Regents. [2014.06.03]

VOTED that the Board of Regents approves the proposed public document that supports the extension of the strategic plan to 2017. [2014.06.04]

VOTED that the Board of Regents approves the national fundraising campaign goal as presented and recommended by the Secretary and by the Advancement Committee, to be publicly announced at a later date. [2014.06.05]

VOTED that the Board of Regents recognizes the generosity of the LeRoy Neiman Foundation to the National Museum of American History and names the LeRoy Neiman Jazz Café for 20 years from the date the café renovation is completed. [2014.06.06]

VOTED that the Board of Regents recognizes the generosity of Peter Buck to the National Museum of Natural History and approves his gift. [2014.06.07]

VOTED that the Board of Regents recognizes the generosity of David M. Rubenstein to the Renwick Gallery of the Smithsonian American Art Museum and names the David R. Rubenstein Grand Salon until the next comprehensive renovation of the Renwick Gallery. [2014.06.08]

VOTED that the Board of Regents recognizes the generosity of Theodore J. Slavin to the Renwick Gallery of the Smithsonian American Art Museum and names the Ted Slavin Family Gallery until the next comprehensive renovation of the Renwick Gallery. [2014.06.09]

VOTED that the Board of Regents appoints National Board member Brenda Gaines and reappoints Edgar M. Cullman, Jr., and Robert MacDonald, each as a vice chair of the Smithsonian National Board for one-year terms effective October 1, 2014. [2014.06.10]

VOTED that the Board of Regents appoints Deborah Schmidt Robinson and reappoints Edward O. Cabot, Arthur Cohen, Martha J. Fleischman, Diane A. Fogg, Linda Lichtenberg Kaplan, Marty E. O'Brien, and Marla Prather to the Board of Trustees of the Archives of American Art, all for three-year terms effective immediately. [2014.06.11]

VOTED that the Board of Regents appoints Frederik Dag Arfst Paulsen to the Advisory Council of the Center for Folklife and Cultural Heritage for a three-year term effective immediately. [2014.06.12]

VOTED that the Board of Regents appoints Theodore F. Craver, Jr., to the Advisory Board of the National Museum of American History for a three-year term effective immediately. [2014.06.13]

VOTED that the Board of Regents appoints Timothy Phillips and reappoints William Luers to the Advisory Board of the National Museum of Natural History for three-year terms effective immediately. [2014.06.14]

VOTED that the Board of Regents appoints Cynthia Blumenthal and Joseph Ujobai to the Board of Commissioners of the National Portrait Gallery for four-year terms effective immediately. [2014.06.15]

VOTED that the Board of Regents appoints John E. Cay III to the Commission of the Smithsonian American Art Museum for a four-year term effective immediately. [2014.06.16]

VOTED that the Board of Regents reappoints Marshall P. Cloyd and Gay F. Wray to the Advisory Board of the Smithsonian Astrophysical Observatory for three-year terms effective September 24, 2014. [2014.06.17]

VOTED that Board of Regents appoints William H. Bohnett to the Advisory Board of the Smithsonian Environmental Research Center for a three-year term effective immediately. [2014.06.18]

VOTED that the Board of Regents approves the proposed amendments to the bylaws of the Advisory Board of the Asian Pacific American Center. [2014.06.19]

VOTED that the Board of Regents nominates Michael M. Lynton of California to succeed France A. Córdoba as a Citizen Regent on the Board of Regents and to serve a statutory term of six years, effective immediately. Furthermore, the Board asks its congressional members to introduce and support legislation to this effect as soon as possible. [2014.06.20]

VOTED that the Board of Regents confers the title of Regent Emeritus on the Christopher J. Dodd with deep gratitude for the outstanding service he has provided, and will continue to provide, to the Board of Regents and the Smithsonian Institution. [2014.06.21]

VOTED that the Board of Regents confers the title of Regent Emerita on Doris O. Matsui with deep gratitude for the outstanding service she has provided, and will continue to provide, to the Board of Regents and the Smithsonian Institution. [2014.06.22]

VOTED that the Board of Regents awards the Regents' Gold Medal for Exceptional Service to Regent Emeritus Roger W. Sant in grateful recognition of the sustained extraordinary service he has provided on behalf of the Board of Regents and the Smithsonian Institution. [2014.06.23]

VOTED that the Board of Regents awards the Regents' Gold Medal for Exceptional Service to Regent Emeritus Alan G. Spoon in grateful recognition of the sustained extraordinary service he has provided on behalf of the Board of Regents and the Smithsonian Institution. [2014.06.24]

VOTED that the Board of Regents awards the Regents' Gold Medal for Exceptional Service to Regent Emerita Patricia Q. Stonesifer in grateful recognition of the sustained extraordinary service she has provided on behalf of the Board of Regents and the Smithsonian Institution. [2014.06.25]

The Board of Regents approved a motion recognizing exceptional leadership contributions to the Smithsonian. Action 2014.06.26 is being treated as confidential until publicly announced.