

MINUTES OF THE DECEMBER 11, 2014, FACILITIES COMMITTEE MEETING

The Facilities Committee (“Committee”) of the Board of Regents of the Smithsonian Institution (“Smithsonian”) conducted a meeting in the Regents’ Room of the Smithsonian Castle on December 11, 2014. Participating were Committee Chair Robert Kogod and members Sakurako Fisher*, George Hartman*, and Roger Sant*. Also participating was Board and Executive Committee Chair John W. McCarter, Jr. Committee members Representative Tom Cole, Representative Sam Johnson, and Senator Patrick Leahy were unable to participate.

Staff present included Chief of Staff to the Secretary Patricia L. Bartlett; Director of the Office of Facilities Engineering and Operations (“OFEO”) Nancy Bechtol; Deputy Director of OFEO Walter Ennaco; Director of the Office of Facilities Management and Reliability Kendra Gastright; Assistant to Representative Johnson Dave Heil; Inspector General Cathy Helm; Under Secretary for Finance and Administration and Chief Financial Officer Albert Horvath; Under Secretary for Finance and Administration John K. Lapiana; General Counsel Judith Leonard; Assistant to Senator Leahy Lindsey Cope*; Office of the Regents Administrative Assistant William McDonnell (recorder); Assistant to Representative Cole Sean Murphy; Deputy Director of the Office of Planning, Design, and Construction Debra Nauta-Rodriguez; Deputy Chief of Staff to the Regents Rachel Parker; and Director of Government Relations Nell Payne.

CALL TO ORDER

Facilities Committee Chair Robert Kogod called the meeting to order at 2:00 p.m.

APPROVAL OF THE JULY 28, 2014, COMMITTEE MEETING MINUTES

Upon motion duly made and seconded, the draft minutes of the July 28, 2014, Committee meeting were approved without modification.

FACILITIES COMMITTEE CHARTER AMENDMENTS

During its October 2014 meeting, the Board voted to recommend that each Regent committee revise its charter before January 2015 to reflect changes to committee term limits. Recommended changes include extending term limits for Regent committee members to 12 years, maintaining term limits for non-Regent committee members at six years, and maintaining term limits for Regent emeritus committee members at three years. Proposed amendments to the Committee’s charter were presented for review and, upon motion duly made and seconded, the following motion was approved for recommendation to the Board of Regents:

VOTED that the Facilities Committee recommends that the Governance and Nominating Committee recommend to the Board of Regents the approval of the proposed amendments to the Facilities Committee Charter.

* *participated by telephone*

FACILITIES CAPITAL AND MAINTENANCE INVESTMENT REQUIREMENTS, APPROPRIATIONS, AND ACTUALS — FISCAL YEARS 2014–2020

The Committee reviewed the Smithsonian’s Facilities Capital and Maintenance requirements for fiscal years 2014 to 2020. Historically, Federal appropriations have not met the Smithsonian’s Federal budget requests for \$150 million for Facilities Capital and \$100 million for Facilities Maintenance.

The fiscal year 2014 Federal budget includes \$103 million for Revitalization, \$55 million for the National Museum of African American History and Culture (“NMAAHC”), and \$69 million for Maintenance. The Smithsonian is operating under Continuing Resolution limits while the fiscal year 2015 Federal budget request is under consideration by Congress. The fiscal year 2015 passback includes \$126.1 million for Facilities Revitalization (including \$16.5 million for earthquake damage remediation); the final \$24 million in Federal funding for the NMAAHC; and \$75.2 million for Facilities Maintenance. The fiscal year passback also includes increased funding for Salaries and Expenses. The additional funding will primarily be directed towards launching the NMAAHC.

The Strategic Facilities Investment Plan approved by the Board in June 2014 resulted in an increased fiscal year 2016 Federal budget request to the Office of Management of Budget (“OMB”). The request included \$200 million for Capital and \$100 million for Maintenance. The OMB passback to the Congress was \$200 million for Capital and \$85 million for Maintenance. The Committee reviewed the Federal and private investment requirements necessary to support the Smithsonian’s Facilities Capital and Maintenance needs. Private investments support facilities capital improvements, program expansion, and new exhibit construction. Potential Facilities increases in the fiscal year 2015 Federal budget would most likely be directed towards contracts for centralized maintenance.

The Smithsonian’s fiscal year 2014 Facilities Capital productivity rates were reviewed. OFEO executed its fiscal year 2014 appropriations at a rate of 91.6 percent — one of the highest Federal capital obligation rates. Based on industry standards, OFEO has consistently met or exceeded the Federal 85 percent obligation benchmark since fiscal year 2010.

NATIONAL AIR AND SPACE MUSEUM

The Committee was briefed by Under Secretary Al Horvath on the revitalization plans for the National Air and Space Museum’s (“NASM”) facility on the National Mall, which has been a key focus during discussions with OMB. Although major mechanical system replacements had been planned for the building, the scope and complexity of the project dramatically increased when recent analysis confirmed that the exterior marble cladding shows signs of irreversible damage and must be replaced. The planning estimate for the total revitalization now stands at \$400 to \$500 million.

The design process for the project will be approximately 25 percent complete in spring 2015 and preparations for major construction are under way. The project will impact visitors, staff,

and revenue-generating opportunities at the museum. NASM currently generates the most retail and food/beverage revenue of all of the Smithsonian museums. It also will impact available funding for other Smithsonian revitalization projects. Available funding and collections storage are two of the key factors that will drive the project's scope, scheduling, and budget. Decisions regarding the new exterior cladding material; sources for steam and chilled water; modified entrance and security areas; and artifact protection and relocation will be made in spring 2015.

Mr. Kogod asked management to continue to apprise the Committee on the status of the project, as well as to develop a construct of tentative milestones, review dates, and funding opportunities. Under Secretary for Finance and Administration and Chief Financial Officer Albert Horvath reported that OMB and the congressional appropriations committees are aware of the scope of the issue.

SOUTH CAMPUS MASTER PLAN

Mr. Horvath reported that discussions on the South Mall Campus Master Plan concept have been held with related District of Columbia oversight commissions, including the National Capital Planning Commission and the Commission for Fine Arts. A briefing for media was held in November and a public meeting on the project will be held in December 2014. Management is working closely with the advisory boards of impacted museums, donors, and other stakeholder groups. If approved, the implementation of the plan will be completed in phases dependent upon available funding, and will occur over a period of 10 to 20 years.

MAJOR PROJECTS UPDATES

Smithsonian Environmental Research Center

The Smithsonian Environmental Research Center's Mathias Laboratory was dedicated in September 2014 and is on track to receive a LEED platinum certification. The facility includes a solar array on top of the facility, as well as on the parking canopy.

NMAAHC

The construction of the new museum reached a milestone in November 2014 when 56 percent of the work was placed. The first vertical truss also was placed in November.

Cooper Hewitt, Smithsonian Design Museum

The revitalized Cooper Hewitt, Smithsonian Design Museum will reopen to the public on December 12, 2014. Significant private funding was raised by the museum for the building's renovation. The museum's exhibit space has been increased by 70 percent.

Smithsonian Tropical Research Center's Gamboa Laboratory

The construction of the Gamboa Laboratory is 72 percent complete, and installation of the exterior envelope is under way.

National Zoological Park

Repairs to the National Zoological Park's north retaining wall and General Services Building is 54 percent complete. Longer-term security infrastructure upgrades are under discussion, and interim security solutions are being implemented. The next major facility renewal will address the Bird House.

Renwick Gallery of Art

The infrastructure renewal of the Renwick Gallery is approximately one-third complete.

National Museum of American History

The renewal of three floors of the National Museum of American History's West Wing public space is 84 percent complete. Phased openings of the galleries will occur on July 4, beginning in 2015.

National Museum of Natural History

The renovation of the Paleo Hall and development of its *Deep Time* exhibit are progressing in sync. The project is on track to award the first piece of infrastructure construction at the end of fiscal year 2015.

Consolidated Administrative Headquarters Initiative

Mr. Horvath updated the Committee on the long-term real estate strategic plan. The Smithsonian issued a non-binding Request for Proposals in November 2014 to elicit responses from the commercial real estate sector with respect to both leased and owned space consolidation alternatives. More information will be presented to the Committee in spring 2015. Mr. Kogod noted his recusal from discussions of the Smithsonian's long-term leasing strategy.

ADJOURNMENT

There being no request for an executive session, the meeting was adjourned at 3:25 p.m.

Respectfully submitted,

Robert P. Kogod
Chair