MINUTES OF THE MARCH 8, 2010, GOVERNANCE AND NOMINATING COMMITTEE MEETING

The Governance and Nominating Committee ("the Committee") of the Board of Regents of the Smithsonian Institution held a meeting on March 8, 2010, beginning at 10:10 a.m. in the Smithsonian Castle in Washington, D.C. Participating by telephone were Committee Chair Shirley Ann Jackson, Committee members Senator Chris Dodd, Representative Doris Matsui, Dr. France Córdova, and Roger Sant. Also participating were Secretary G. Wayne Clough, Chief of Staff to the Secretary Patricia Bartlett, Assistant to Representative Matsui Julie Eddy, Office of the Regents Program Officer Grace Jaeger, Chief of Staff to the Board of Regents John K. Lapiana, General Counsel Judith Leonard, Assistant to Senator Dodd Colin McGinnis, and Inspector General A. Sprightley Ryan.

The Chair called the meeting to order.

APPROVAL OF MINUTES

The Chair asked for comments on the draft minutes of the December 8, 2009, meeting. There were none and the minutes were approved.

REPORT OF THE CHAIR

Dr. Jackson welcomed France Córdova to her first committee meeting and acknowledged that although Roger Sant was attending the meeting as a new member, he has been working on governance issues for several years.

Dr. Jackson then noted that as part of the governance reform agenda, the Smithsonian committed to conducting a triennial review of the "implementation and efficacy" of the governance recommendations. The review will take place in 2010 and she discussed the need for the Committee to develop a plan for the review which would be both efficient and meaningful in its conclusions. Two potential frameworks were reviewed by the Committee.

One methodology would be to update the governance scorecard created in 2007 which tracked the progress of implementation of the Regents' 35 governance reform recommendations. The status of each recommendation would be determined and any remaining steps identified. An alternative method would be to conduct a governance landscape analysis or gap analysis that compares the current governance practices against the 32 Effective Governance principles articulated by the Panel on Non-Profit Governance.

Discussion ensued and the Committee agreed that the best approach would be to compare the 35 governance reforms against the 32 Effective Governance Principles and to compare the 35 governance reforms against the Government Accountability Office (GAO)'s 42 recommendations. The analysis would look at progress made against each recommendation but also where gaps exist. Mr. Sant suggested the review also cover what

the Smithsonian may have "overdone."

After discussing the issue, Dr. Jackson requested Mr. Lapiana to prepare a work plan including milestones and a timeline for the Committee to review and, as part of the Report of the Chair, presented to the full Board at its April 12 meeting.

ADVISORY BOARD APPOINTMENTS

Dr. Jackson noted that there were biographies of candidates for appointment or reappointments to eight advisory boards in the meeting materials. Each candidate presented to this Committee for appointment or reappointment enjoyed the support of the respective advisory board; the Office of External Affairs; the Secretary, and, as appropriate, the museum or unit director and the Under Secretary with oversight responsibility. She pointed out the proposed appointment of General Colin Powell to the Council of the National Museum of African American History and Culture. Dr. Jackson polled committee members who all concurred with the nominations and the following motion was approved:

> **VOTED** that the Governance and Nominating Committee recommends that the Board of Regents approves the proposed slate of candidates for appointment or reappointment to eight Smithsonian advisory boards.

NON-REGENT APPOINTMENT: INVESTMENT COMMITTEE

Dr. Jackson discussed non-Regent committee member service. Currently there are 11 non-Regents on five Regents' committees: four on the Advancement Committee; one on the Finance Committee; four on the Investment Committee; two on the Strategic Planning and Programs Committee; and one on the Facilities Committee. She noted that from all reports non-Regent committee members have proven to be active and engaged participants and have often brought a much-appreciated, unit-based perspective to deliberations. The Committee then considered the appointment of Tim O'Neill, a partner at Goldman Sachs, to the Investment Committee. Mr. O'Neill is currently on the American History Board and serves as its Development Committee chair. Mr. Sant, Vice Chair of the Investment Committee, said he and his colleagues on the committee were enthusiastic about the appointment. The following motion was approved:

> **VOTED** that the Governance and Nominating Committee recommends that the Board of Regents approves the appointment of Timothy O'Neill to the Investment Committee.

PROPOSED BYLAW REGARDING OBLIGATIONS OF NON-REGENT COMMITTEE MEMBERS

Dr. Jackson returned to a topic from previous meetings: a bylaw amendment to codify the policy that non-Regent committee members should be considered "full and equal members" of the committees they serve. Ms. Leonard then summarized the research which the Committee had asked her to perform. She said that non-Regent committee members should be subject to the same ethical and financial disclosure obligations as Regents and that, beginning in 2010, all non-Regents serving on committees will be asked to complete the Regents' financial disclosure forms.

Dr. Jackson noted that in its December 2009 report, GAO said that the Board of Regents had not fully determined the implementation of the May 2008 recommendation to consider non-Regents "full and equal [committee] members." Therefore, in order to formally articulate the expectation regarding participation of non-Regents serving on committees, the Committee approved the following motion, pursuant to Section 1.02 and 2.06 of the Bylaws by mail ballot following this meeting:

> **VOTED** that the Governance and Nominating Committee recommends that the Board amend its Bylaws to include the following:
>
> ***4.12 Appointment of Citizen Committee Members***
> The Board of Regents may approve the appointment by the Chancellor of persons who are not Regents as Citizen Members of standing or special committees with duties and responsibilities as defined by the committee charters and subject to review and, as appropriate, approval by the Regents.

OVERVIEW OF SMITHSONIAN ADVISORY BOARDS

Dr. Jackson addressed the topic of strengthening the Regents' relationship with the advisory boards. She asked staff to identify structural improvements to better engage the advisory boards, both in their support of the Regents as well as their respective museums or research centers. She noted that over the past two years, the boards' participation has increased in at least three critical areas: selecting and evaluating Unit Directors, understanding unit finances and budgets, and providing advice on unit programs. Progress has been accomplished in these areas through improved orientation and education of members regarding their unit's mission, and strengthening the governance structures of the boards. At the next committee meeting, she suggested looking at the oversight structure for the boards as well as ways to improve working with the Board of Regents and with each other. She noted that at the next meeting the Committee may consider establishing two advisory boards.

Ms. Leonard referred members to the meeting materials and the background information she provided on advisory boards. There are three ways advisory boards have been established: statute, by agreement, or by the Board of Regents. She said that beyond creation and approval of members, there is no concrete governance relationship between the Board of Regents and the advisory boards. Discussion followed on what the roles and

responsibilities should be of the boards and how to codify their purpose, budgetary oversight role, and expectation of providing information to the Board of Regents.

Dr. Clough noted that the groups are a "hodgepodge" both in number and in the way they were set up. For example, the National Postal Museum has three groups and Smithsonian Astrophysical Observatory and Smithsonian Tropical Research Institute have none. Because advisory boards generally meet only twice a year, it is difficult for them to deeply delve into issues.

Dr. Jackson concluded the discussion by asking staff to develop a paper by July containing the following:

1) Criteria for creation of a unit advisory board
2) Expectations of the boards
3) Governance relationship with the Board of Regents

ENHANCING COMMUNICATIONS WITH SMITHSONIAN ADVISORY BOARDS

The final topic concerned a GAO observation regarding Regent communications with advisory boards. GAO recommended that the improvements implemented by the past and current Board Chairs should be formally codified. A list of communication improvements was provided in the meeting materials and includes: quarterly reports from the Board Chair to advisory board chairs; an annual strategic "retreat" hosted by the Chair and the Secretary with the advisory board chairs; a centralized information clearinghouse for board information; and attendance by Regent staff at advisory board meetings.

Dr. Jackson suggested the most appropriate way to codify these responsibilities would be to amend the Chair's position description and, for staff-initiated actions, by amending their respective performance plans. Mr. Sant suggested amending the Vice Chair's position description as well and to reference the fact that some boards have strong representation by the Regents, notably National Museum of American History, National Museum of Natural History, and the National Museum of African American History and Culture. Ms. Clark said she did not agree with the GAO finding and believes that, based upon her discussions with advisory board chairs, the boards are appreciative of the involvement of the Regents, that the quarterly reports are well received and are glad that the emphasis has changed from governance reform to actual governance.

The following motion was approved by the Committee:

> **VOTED** that the Governance and Nominating Committee recommends that the Board of Regents adopts the proposed revised statement of the duties and responsibilities of the Regents.

ADJOURNMENT

The Chair adjourned the meeting at 11:40 a.m.