

MINUTES OF THE JANUARY 14, 2013, ADVANCEMENT COMMITTEE MEETING

The Advancement Committee (“the Committee”) of the Board of Regents met on January 14, 2013. Participating were Committee Chair Alan G. Spoon and Committee members France A. Córdova, Adrienne Mars, Paul Neely, and David Rubenstein. Committee members Travis Engen and Sakurako Fisher were unable to participate. Regent and Campaign Co-Chair Barbara Barrett participated at the invitation of the Committee.

Staff present for all or part of the meeting were Smithsonian Secretary G. Wayne Clough; Chief of Staff to the Secretary Patricia Bartlett; National Museum of African American History and Culture (NMAAHC) Director of Advancement Adrienne Brooks; NMAAHC Director Lonnie Bunch; Director of Advancement and Philanthropic Giving Virginia B. Clark; NMAAHC Deputy Director Kinshasa Holman Conwell; Deputy Director of Advancement Zully Dorr; Interim Campaign Director Philippe Hills; Under Secretary for Finance and Administration Al Horvath; Under Secretary for History, Art, and Culture Richard Kurin; Chief of Staff to the Regents John K. Lapiana; General Counsel Judith Leonard; and Director of Government Relations Nell Payne.

CALL TO ORDER

Mr. Spoon welcomed members and called the meeting to order at approximately 2:05 p.m.

UPDATE ON THE NATIONAL MUSEUM OF AFRICAN AMERICAN HISTORY AND CULTURE

Dr. Clough introduced Mr. Bunch and congratulated him and the NMAAHC Council on accelerating fundraising for the museum. He added that the museum is working closely with the Office of Advancement to better leverage central development resources.

Mr. Bunch characterized his presentation as updating the Committee on the status of fundraising for NMAAHC and the strategy for fundraising in 2013. He said that the museum’s unique role of using the African American experience as a “lens” to understand what it means to be an American is “resonating” with a variety of audiences. This notion has been “really key to tapping sources” that have not previously supported the Smithsonian.

He said that the museum must raise \$500 million, \$250 million of which must come from the private sector and \$250 million from Federal appropriations. At this point, approximately \$230 million has been raised (\$105 million private; \$125 million Federal). Despite the uncertainties with the Federal budget, Mr. Bunch noted that the museum continues to boast strong support in both the Congress and the White House.

Calendar year 2013, Mr. Bunch said, will be crucial to the museum’s ultimate success. He said the focus will be on a group of key donors with capacity for significant gifts. Because the museum tells a broad story, Mr. Bunch noted that he can approach many individuals who have not previously been part of the Smithsonian. The fundraising strategy is not only to build the

museum, he said, but to build diverse, broad-based support that will benefit museum operations and the Smithsonian in the long term.

Mr. Bunch described the museum's plans to build a broad base of support with three groups of donors: (1) the 2015 Society for benefactors who have given between \$25,000 and \$100,000; (2) the Ambassadors Program to reach young professionals 30 to 45 years old; and (3) the museum membership program, which currently has over 40,000 participants.

Mr. Bunch noted that an "integrated approach" to fundraising involving the NMAAHC Council, staff, and the Secretary and central administrative offices has also been successful, especially in garnering support from corporations and foundations. Beside corporations, the museum is also focusing in 2013 on African American fraternities and sororities, Mr. Bunch noted, adding that the Alpha Kappa Alpha Sorority has already raised \$500,000 for the museum with a goal of raising \$1 million.

The Committee can assist the museum, Mr. Bunch said, by helping to expand the pool of potential benefactors and candidates to serve on its Council. The museum is poised to take advantage of "any doors" the Committee could open, he said. In response to questions from Mr. Spoon and Mr. Neely, Mr. Bunch described how advisory council members and other volunteers work and coordinate with museum staff to identify and cultivate potential benefactors. Ms. Conwell noted that the Smithsonian Campaign web portal is being used by Council members to ensure that their outreach to potential donors was consistent with Smithsonian policy.

APPROVAL OF MINUTES

The draft minutes of the October 4, 2012, Committee meeting were approved without modification.

REPORT OF THE SECRETARY

Introduction. Dr. Clough briefly highlighted recent Smithsonian achievements including being ranked as the third-best workplace among Federal mid-sized agencies; launching a digital initiatives external advisory group; and welcoming over 30 million visitors to Smithsonian facilities in calendar year 2012.

Strategic Planning. With regard to the strategic plan, Dr. Clough noted that a leadership retreat was conducted in October 2012 to consider extending the plan from 2015 to 2017 to coincide with the conclusion of the national campaign. The extension will require a recalibration of the goals and some programs under the plan, he added. The Strategic Planning and Programs Committee is expected to consider the extension at its January 16, 2013, meeting. Retreat participants also advised more focus on and understanding of the Smithsonian's digital offerings, as well as measuring usage. Dr. Clough said he would be making a detailed presentation on the retreat at the upcoming Strategic Planning and Programs

Committee meeting and at the January 28, 2013, Regents' meeting. He said that staff expects to present "concrete plans" to the Regents on improving Smithsonian digital offerings by June 2013.

Fundraising. Dr. Clough noted that fundraising is "going well" for fiscal year (FY) 2013, with \$46 million raised in the first quarter.

Federal Budget. The Smithsonian's FY 2013 Federal budget remains "very ambiguous," he observed. He described the differences between the current Senate and House mark-ups, adding that ramp-up operations for NMAAHC may be most endangered by a Congressional impasse. Dr. Clough provided an overview of planning in the event of sequestration. Overall, he concluded, the Smithsonian appears to "be in good shape, all things considered."

Open Source Access. Mr. Spoon noted the trend toward open source access and said that the Smithsonian already possesses the information to be a leader in disseminating its information more freely and openly. He urged the Smithsonian to seek the large-scale grants necessary to build the infrastructure to allow researchers and interested citizens to effectively access this information.

CAMPAIGN HIGHLIGHTS AND ANALYSIS

Ms. Clark reported that the end of calendar year 2012 was busy. She noted that, given the uncertainty of the impact that Federal budget negotiations may have on tax laws and charitable contributions, there was some hesitancy amongst philanthropists regarding making gifts.

Looking toward the public launch of the national campaign, Ms. Clark noted that staff is educating the over 600 advisory board members across the units on the campaign and their roles in it. She explained that unit boards are extremely diverse—some were established to provide scholarly advice, while others were created to enhance a unit's fundraising capacity. That said, she added, almost 65 percent of advisory board members have made campaign gifts. Top giving boards, in absolute dollars, include the National Museum of Natural History Board, the Smithsonian National Board, the Board of Regents, and the Smithsonian American Art Museum Commission.

Ms. Clark outlined recent regional activities, including 15 events hosted or co-hosted by the Smithsonian National Board. These efforts resulted in the identification of a significant number of new donor prospects. Regional outreach will be a significant effort, said Ms. Clark, and will prove to be extremely productive for the campaign.

She said nine units have completed their case studies, and that the case studies of 17 other units are in development. She directed the Committee's attention to a new analytic tool that annually monitors the success rate of planned proposals and discussed how this data will be used to forecast the success of future plans and the capacity of the gift table. Mr. Spoon noted

that the analysis will permit the Committee and Ms. Clark to better monitor the progress of the campaign.

Mr. Horvath then presented the annual review of the campaign budget and funding levels. Over the past year, he noted, significant time was devoted to improving the human resources timeline for hiring new development staff. “Tremendous progress” has been achieved in this area, he observed.

He noted that FY 2012 was the first year that all of the campaign funding mechanisms were operational. The campaign ended FY 2012 with a balanced budget, he said. Although the campaign was authorized to use up to a 100 basis point draw from the Endowment, only a 75 point draw was needed in FY 2012.

UPDATE ON TAX LAWS/LEGISLATION

Mr. Spoon invited Mr. Rubenstein to share his observations of legislative and political trends in Washington that may impact philanthropy and Smithsonian fundraising. Mr. Rubenstein noted that during the “fiscal cliff” negotiations, there was concern that a cap would be placed on the charitable gift deductions. That concern, he said, prompted many donors to make larger contributions in 2012 in case the cap was implemented in 2013.

Overall, Mr. Rubenstein noted that the debt ceiling negotiations, the uncertain FY 2013 Federal budget and continuing resolution, and sequestration will continue to make “donors a little nervous.” Because the charitable deduction is one of the top four taken by taxpayers (home mortgage, state and local taxes, and municipal bonds are the other three), Mr. Rubenstein predicted that it will continue to be scrutinized by Congress in its efforts to cut the Federal deficit.

Mr. Hill concurred with Mr. Rubenstein’s observations, adding that uncertainty about the future scope of the charitable deduction may chill major gift giving at least in the short term. He noted, however, that the overall state of the economy has historically had the biggest impact on giving.

REVIEW OF PENDING GIFTS AND CORPORATE SPONSORSHIPS

Ms. Clark then presented six proposed actions for the Committee’s consideration. Following brief discussion, the following motions were approved:

VOTED that the Advancement Committee recommends that the Board of Regents recognize the generosity of BAE Systems to the National Air and Space Museum and accepts the terms of the sponsorship agreement.

VOTED that the Advancement Committee recommends that the Board of Regents recognize the generosity of Pfizer Animal Health, a business of Pfizer, Inc., to the

Smithsonian Traveling Exhibition Service and accepts the terms of the sponsorship agreement.

VOTED that the Advancement Committee recommends that the Board of Regents recognize the generosity of the TurningPoint Foundation and Molly Byrne to the National Postal Museum and names the museum's education mezzanine in the William H. Gross Stamp Gallery the Byrne Education Loft for a period of 10 years or until the next major renovation of the gallery, whichever is longer.

VOTED that the Advancement Committee recommends that the Board of Regents create a quasi-endowment for general support for the benefit of the National Museum of American History. Further, the Board authorizes the transfer of the funds identified for this purpose.

VOTED that the Advancement Committee recommends that the Board of Regents recognize the generosity of Frank B. Gettings to the Hirshhorn Museum and Sculpture Garden and permits the redirection of his bequest in order to support projects that expand the museum's educational program and improve the conservation and management of its collection.

Ms. Clark briefly highlighted some recent notable gifts that did not require the Committee's review or Regent approval. She noted that these gifts were subject to, and made consistent with, the Smithsonian's gift policy.

ADJOURNMENT

There being no further discussion or a request for executive session, Mr. Spoon adjourned the meeting at approximately 3:30 p.m.

Respectfully submitted,

Alan G. Spoon
Chair