

MINUTES OF THE OCTOBER 4, 2012, ADVANCEMENT COMMITTEE MEETING

The Advancement Committee (“the Committee”) of the Board of Regents met on October 4, 2012. Participating were Committee Chair Alan G. Spoon and Committee members France A. Córdova, Travis Engen, Adrienne Mars, Paul Neely, and David Rubenstein. Committee member Sakurako Fisher was unable to participate.

Staff present for all or part of the meeting were Smithsonian Secretary G. Wayne Clough, Chief of Staff to the Secretary Patricia Bartlett, Director of Advancement and Philanthropic Giving Virginia B. Clark, Director of Advancement Operations Zully Dorr, Interim Campaign Director Philippe Hills, Chief of Staff to the Regents John K. Lapiana, General Counsel Judith Leonard, and outgoing Campaign Director Jenine Rabin.

CALL TO ORDER

Mr. Spoon welcomed members and called the meeting to order at approximately 3:05 p.m. He began the meeting with a report on issues of continuing interest to the Committee:

Gift Policy Review (Exceptions). Mr. Spoon reminded members that at the full Board’s January 30, 2012, meeting, some Regents were concerned that the Smithsonian’s gift acceptance policies and the process for granting exceptions to those policies were unclear to them. In response to those comments, Ms. Clark prepared a gift policy information package that she used to brief Congressional Regent Xavier Becerra on the questions he had previously raised, particularly about the terms for donor recognition. As part of that briefing, Ms. Clark noted that, even with set guidelines, negotiations must remain flexible enough to accommodate legitimate requests for exceptions. Requests to deviate from policy, she said, are evaluated on a case-by-case basis and considered through a thoughtful and established process.

Ms. Clark directed members to the gift policy outline contained in the materials that explained how requests for policy deviations are managed. She added that Cooper-Hewitt, National Design Museum, and the National Museum for African American History and Culture have or had limited exceptions that would allow for terms of donor recognition that exceed those in the policy. Ms. Clark said that the exceptions were grandfathered into the policy because the two museums were in the midst of significant capital campaigns when the Smithsonian-wide policy was enacted.

Members acknowledged that Regents hold differing viewpoints on the appropriate terms for donor recognition (*i.e.*, namings) and discussed ways to better educate the Board on the occasional need to extend the duration of a recognition. Mr. Spoon observed that as the campaign accelerates, requests for deviations of the recognition limits or other policy provisions will no doubt arise and that, as a result of the Committee’s focus on the topic, members, the Regents, and staff will likely be more sensitive to any issues such requests may raise.

Asian Elephant Update. Dr. Clough updated members on continuing negotiations to secure Asian elephants for the Smithsonian National Zoo. [The Committee had considered a possible gift involving Asian elephants at its June 13, 2012, meeting.] He said that the Zoo is considering “short and long-term options” to acquire elephants from either or both the United States and Malaysia. A significant pledge to support the effort has been made, Dr. Clough said, and supplemental fundraising efforts are under way.

Campaign Steering Committee Meeting Planning. Ms. Clark presented the draft agenda for second campaign steering committee meeting, scheduled for October 30, 2012. [NOTE: *The meeting was postponed due to Hurricane Sandy.*] The steering committee, she explained, currently consists of about 30 members, including the three committee co-chairs (Mr. Spoon, Mr. Rubenstein, and Barbara Barrett), as well as representatives from unit advisory boards. The steering committee meetings, she added, are designed to provide members an opportunity to know each other better and be updated on campaign strategies and progress.

APPROVAL OF MINUTES

Mr. Spoon presented the draft minutes of the June 13, 2012, Committee meeting, noting that the draft served as a reminder to members and staff of the constancy of certain Committee interests: “big [fundraising] ideas,” development of a retail outreach campaign, strengthening the connection between the Committee and unit advancement leadership, and continuing conversations about gift acceptance policies.

The draft minutes were approved without modification.

SECRETARY’S REPORT

Branding Campaign. Dr. Clough began by updating members on the branding initiative’s recent launch. In mid-September 2012, print advertisement with the tagline “Seriously Amazing” began appearing in national magazines along with outdoor signage in San Francisco, New York, Washington, Chicago, and Los Angeles. The campaign, he said, is designed to “let people know that the Smithsonian is about learning and that you can learn by asking the Smithsonian questions.” Through a series of unique questions (*e.g.*, “What piece of art is not only as big as a room, but is the room?”), Dr. Clough said that the campaign will encourage people to visit a special Smithsonian website (www.seriouslyamazing.com) to discover the answers and then “dig deeper” into other Smithsonian online offerings.

Annual Fundraising Results. Dr. Clough noted that the fiscal year (FY) 2012 fundraising “stretch” goal of \$200 million was exceeded by \$20 million and was the Smithsonian’s “best year ever.” He said that the staff “feels very good with where we are,” but stressed that the Smithsonian must “sustain this momentum” in an uncertain economic climate.

Forty-one donors made gifts of over \$1 million, Dr. Clough noted, the most ever for the

Smithsonian in a year; he added that this was evidence of building a sustainable “donor pyramid.” He congratulated Ms. Clark and her staff on the gifts and for fostering a cultural shift toward teamwork between central and unit advancement staffs.

Dr. Clough highlighted a number of individual gifts in three general categories — programs, people, and places:

- **Programs:** Dr. Clough highlighted a \$10 million donation by Michael Tennenbaum to fund the Smithsonian’s Consortia-initiated network of marine observatories (“MarineGEO”) and a \$4.5 million gift by Regent David Rubenstein to support panda research at the Smithsonian National Zoo;
- **People:** Dr. Clough noted a \$10 million gift from Roger and Vicki Sant’s Summit Foundation to endow the directorship of the National Museum of Natural History, a \$5 million gift from Dame Jillian Sackler to endow the Freer and Sackler Galleries directorship; and a \$5 million gift from Frank Levinson to endow the directorship of the Smithsonian Institution Global Earth Observatories initiative;
- **Places:** Dr. Clough pointed out a \$3 million gift from the Cargill Foundation and a \$1 million gift from Barbara and Craig Barrett to support the new science education center in the National Museum of Natural History.

After Dr. Clough listed the committed and anticipated support for the National Museum of American History’s planned hall of business enterprise, Ms. Mars urged the Smithsonian to exercise due diligence with regard to potential donors to ensure that their business history and practices are not inconsistent with Smithsonian values. Dr. Clough and Mr. Spoon agreed, and stressed the need for relevant supporting information, both positive and negative, for proposed Regent actions.

Dr. Clough said that the FY 2013 fundraising goal will likely be set at \$220 million, a 10 percent increase over FY 2012. The Committee then discussed various methods and underlying rationales for setting annual fundraising goals. Mr. Spoon noted the successful private sector practice of creating internal momentum by setting goals that are reachable and can be exceeded. Mr. Neely added that budgeting a 10 percent annual increase is a “good sign” that a campaign is doing well. Members were sensitive to the observation that setting goals that are unobtainable may discourage donors who prefer to support “winners.” Ms. Clark cautioned that longer-term campaigns do not always have “straight [revenue] lines that go up; there are years that the line may go down.” Dr. Cordova agreed, observing that institutions with a fundraising history, such as private universities, generally see a smooth rise in donations over time. Organizations with less experience, in contrast, will likely have more “jagged” annual results.

CAMPAIGN HIGHLIGHTS, ANALYSIS, AND CALENDAR

Campaign Director. After thanking Ms. Rabin for her exceptional work as national campaign director, Ms. Clark introduced Philippe Hills as Ms. Rabin’s interim successor. Ms. Clark provided a brief status report on the recruitment for a new campaign director.

Campaign Progress Observations. Ms. Clark said that she was particularly impressed with donor performance in FY 2012 at the \$1 million level. She also reported that both central and unit advancement staff were reviewing their donor portfolios to assess the likelihood that names are “real prospects.” Regional outreach work is also under way, she said, with a variety of outreach efforts being tested to see “what works in different communities.” Ms. Clark added that she a key priority is working with units to set fundraising expectations for advisory boards members and to communicate their responsibilities in the national campaign. She said a more consistent focus on fundraising is needed across all boards, although some are notably ahead of others.

Budget. Ms. Clark noted that spending on the campaign was less than budgeted, and that she is working with Under Secretary for Finance and Administration Al Horvath to refine the budgeting process as the campaign “ramps up” more rapidly.

Calendar. Ms. Clark briefly review the calendar of upcoming campaign-related events, and highlighted the planned dinner, hosted by the Board of Regents, to honor donors at the \$1 million level and above in 2013.

ADVANCEMENT STAFF PERFORMANCE METRICS

Ms. Dorr provided an overview of the advancement staff performance metrics, noting that the metrics were developed by in concert with unit advancement staff members. Given the differences among Smithsonian units, Ms. Dorr said that the drafting group recognized the “one size does not fit all” and that the final metrics were designed to provide directors with flexibility to reflect their units’ unique attributes in their metrics. She said that units are beginning to adopt these metrics in the FY 2013 performance plans of their advancement officers. Ms. Dorr stressed that the group did not intend for all 18 sample metrics to apply to every advancement staff member. Managers will be able to choose only the most relevant.

REVIEW OF PENDING GIFTS AND CORPORATE SPONSORSHIPS

Ms. Clark then presented eight 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 Lockheed Martin Corporation to the National Air and Space Museum and continue the naming of the Lockheed Martin IMAX Theater in the National

Air and Space Museum from January 1, 2013, to December 31, 2022, a period of 10 years.

VOTED that the Advancement Committee recommends that the Board of Regents recognize the generosity of the Margaret A. Cargill Foundation to the National Museum of Natural History and name the Margaret Cargill Collections Zone in the planned Center for Science Education for a period of 20 years or until the next major renovation of the Center, whichever is longer.

VOTED that the Advancement Committee recommends that the Board of Regents recognize the generosity of Barbara and Craig Barrett to the National Museum of Natural History and name the Barbara and Craig Barrett Lab for a period of 20 years or until the next major renovation of the Center, whichever is longer.

VOTED that the Advancement Committee recommends that the Board of Regents recognize the generosity of John and Adrienne Mars to the National Zoological Park's Smithsonian Conservation Biology Institute and name the John and Adrienne Mars Conservation Science Wing for a period of 20 years or until the next major renovation of the Center, whichever is longer.

VOTED that the Advancement Committee recommends that the Board of Regents recognize the generosity of Michael E. Tennenbaum to the Smithsonian Institution and creates an endowment to support the marine observatories and name the facilities the Tennenbaum Marine Observatories.

VOTED that the Advancement Committee recommends that the Board of Regents approve the creation of a quasi-endowment for the National Museum of Natural History's Center for Science Education to fund education and outreach activities associated with the Center and related activities.

VOTED that the Advancement Committee recommends that the Board of Regents recognize the generosity of the Exxon Mobil Corporation to the Freer Gallery of Art and Arthur M. Sackler Gallery and accept the terms of the sponsorship agreement.

VOTED that the Advancement Committee recommends that the Board of Regents recognize the generosity of Saudi Refining, Inc., a subsidiary of the Saudi Arabian Oil Company (Saudi Aramco), to the Freer Gallery of Art and Arthur M. Sackler Gallery, and accept the terms of the sponsorship agreement.

The Committee agreed to delay consideration of a corporate sponsorship to benefit the National Museum of American History.

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.

Finally, the Committee requested further information on the status of fundraising for the National Museum of African American History and Culture.

ADJOURNMENT

There being no further discussion or a request for executive session, Mr. Spoon adjourned the meeting at approximately 4:35 p.m.

Respectfully submitted,

Alan G. Spoon
Chair