

MINUTES OF THE MAY 1, 2016, SPECIAL TELEPHONIC MEETING OF THE BOARD OF REGENTS

PARTICIPATION

On May 1, 2016, the Board of Regents (“Board”) of the Smithsonian Institution (“Smithsonian”) convened a special telephonic meeting, conducted in executive session to consider: (i) a possible Smithsonian exhibit space in London; and (ii) the Smithsonian Channel Put Option. Board Chair John W. McCarter, Jr., called the meeting to order at 1:00 p.m. Participating were:

Senator John Boozman	Steve Case	Michael Lynton
Senator David Perdue	Dr. Shirley Ann Jackson, Vice Chair	David M. Rubenstein
Representative Tom Cole	Robert P. Kogod	
Barbara M. Barrett	Risa Lavizzo-Mourey	

Robert MacDonald, Smithsonian National Board Chair

The Chief Justice, Vice President, Senator Patrick Leahy, Representative Xavier Becerra, Representative Sam Johnson, and John Fahey were unable to participate in the meeting.

Also participating by invitation of the Board were:

David J. Skorton, Secretary	Judith Leonard, General Counsel
Albert Horvath, Under Secretary for Finance & Administration/Chief Financial Officer	Grisella Martinez, Assistant to Congressman Becerra
Greg Bettwy, Acting Chief of Staff to the Secretary	Rachel Parker, Deputy Chief of Staff to the Regents
Virginia B. Clark, Assistant Secretary Advancement	Julian Raby, Director of the Freer Gallery of Art and Arthur M. Sackler Gallery
Richard Kurin, Under Secretary for History, Art, & Culture	Porter N. Wilkinson, Chief of Staff to the Regents
John K. Lapiana, Deputy Under Secretary for Finance & Administration/Chief Financial Officer	

SPECIAL TELEPHONIC EXECUTIVE SESSION MEETING

ACTIONS OF THE BOARD OF REGENTS

In accordance with Board bylaw 2.04, the following motions were approved by the Board of Regents during a special telephonic meeting conducted on Sunday, May 1, 2016.

EXECUTIVE SESSION: POSSIBLE SMITHSONIAN EXHIBIT SPACE IN LONDON

The Board considered the opportunity for a Smithsonian exhibit space in London.

At its meeting on January 26, 2015, the Board of Regents authorized Acting Secretary Albert Horvath to develop terms for an agreement with the London Legacy Development Corp (“LLDC”) that would establish a Smithsonian presence in the cultural center being developed in the Queen Elizabeth Olympic Park, known as “Olympicopolis.” The original concept for the redesign of the site included a single large building, which would house all cultural and educational institutions. As plans progressed, the concept changed and all cultural sector partners were required to have stand-alone buildings. This increase in the project’s complexity resulted in a significant increase in capital costs, operating costs, staffing and other expenses related to operating a building. The concept of a stand-alone facility, while having many positive attributes, proved to be prohibitively expensive.

Once the stand-alone building concept was deemed unfeasible, the Smithsonian seriously considered a potential partnership in the Olympic Park cultural complex with the Victoria & Albert Museum (V&A). The two institutions’ programmatic concepts are similar, and both are interested in working together to offer a unique alternative to a traditional museum experience in East London. Additionally, engaging in this collaborative approach will significantly reduce the Smithsonian’s financial and operational risks

Management sought the Board’s approval to engage in a long-term collaboration with the V&A, which would be housed primarily in the new V&A East Building at Queen Elizabeth Olympic Park. The Smithsonian and V&A will co-develop one of three permanent galleries in the new museum and the Smithsonian will develop and deliver content in the new museum’s temporary gallery on a regular, periodic basis.

Upon duly made and seconded, the Board authorized the Secretary to finalize and execute a term sheet with the Victoria & Albert Museum to establish a long-term collaborative relationship between the two institutions.

See attached Actions 2016.05.01 (Minutes of the Board of Regents, Appendix A).

EXECUTIVE SESSION: THE SMITHSONIAN CHANNEL PUT OPTION

The Board discussed the Smithsonian’s Channel Put Option.

The SNI/SI Network LLC (“Channel”) is a joint venture established in 2006 with Showtime Networks Inc. (“Showtime”). In 2011, the Smithsonian purchased additional equity interest in the Channel. The joint venture agreement provided that the Smithsonian could sell back (“put”) to its partner a portion, or all, of its ownership interest in 2014, 2016, or 2018. Under the agreement, Showtime is only obligated to

execute against one of these possible dates. The Smithsonian declined to exercise this option in January 2014. The milestone dates that remain are 2016 and 2018. If the Smithsonian exercises the option in 2016, Showtime will not be obligated to exercise against a proposed put in 2018.

Since declining exercise of the put option in 2014, business considerations and a third-party risk evaluation have prompted management to exercise the put in 2016. Upon duly made and seconded, the Board agreed with management's recommendation with respect to exercise of the put option in the Smithsonian Channel.

See attached Actions 2016.05.02 (Minutes of the Board of Regents, Appendix A).

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at approximately 2:00 p.m.

Respectfully submitted,

David J. Skorton
Secretary

**APPENDIX A: ACTIONS OF THE
MAY 1, 2016, SPECIAL TELEPHONIC MEETING OF THE BOARD OF REGENTS**

VOTED that the Board of Regents authorizes the Secretary to finalize and execute a term sheet with the Victoria & Albert Museum to establish a long-term collaborative relationship between the two institutions. The term sheet, which is hereby approved by the Board of Regents, will serve as the basis for a more detailed and binding agreement to be presented to the Board for its review and approval prior to execution. The term sheet will be considered final after execution by both parties and approval by the Board of Trustees of the Victoria & Albert Museum. [2016.05.01]

VOTED that the Board of Regents agrees with management's recommendation with respect to exercise of the put option in the Smithsonian Channel. [2016.05.02]