

MINUTES OF THE FEBRUARY 4, 2013, EXECUTIVE COMMITTEE MEETING

The Executive Committee (“the Committee”) of the Board of Regents of the Smithsonian Institution met on February 4, 2013, beginning at 11:00 a.m. Participating were Executive Committee and Board Chair France A. Córdova and member Shirley Ann Jackson. Vice Chair John McCarter was unable to participate.

Also present by invitation of the Committee were Secretary G. Wayne Clough, Counselor to the Chief Justice Jeffrey P. Minear, Chief of Staff to the Secretary Patricia L. Bartlett, Director of Advancement and Philanthropic Giving Virginia Clark, Under Secretary for Finance and Administration Al Horvath, Chief of Staff to the Regents John K. Lapiana, and General Counsel Judith Leonard.

CALL TO ORDER

Dr. Córdova called the meeting to order at approximately 11:05 a.m.

FEDERAL SEQUESTRATION UPDATE

Mr. Horvath updated the Committee of sequestration negotiations in the Congress and the potential impacts on the Smithsonian. He noted that the Smithsonian would submit a sequestration-operating plan to the Office of Management and Budget (OMB) on February 7, 2013. Federal budgets will be sequestered, he said, if Congress fails to take action to replace the sequestration plan’s automatic cuts by March 1, 2013. He also noted that the fiscal year 2013 continuing resolution expires on March 27, 2013.

Mr. Horvath said that the Smithsonian anticipates a 5 percent reduction, or \$41 million (\$32.1 million in salaries and expenses [S&E] and \$8.8 million in facilities capital), in its fiscal year 2013 budget if sequestration occurs. The Smithsonian response strategy is, among other things, to implement an immediate Federal hiring freeze; reduce discretionary, non-salary costs; delay certain maintenance and revitalization projects; and redistribute pool fund and utility savings to minimize the impact on units. The implementation of Smithsonian-wide furloughs, with accompanying closures, would be a last resort. The strategy should result in reducing most operating units’ budgets by between 3 and 3.5 percent. Sequestration will also result in a \$3.8 million reduction in capital funding for the construction of the National Museum of African American History and Culture (NMAAHC).

Mr. Horvath provided a brief follow-up on Secretary Clough’s presentation on the fiscal year 2014 passback from OMB. He characterized the passback as “positive” and said that the Smithsonian did not plan to appeal OMB’s determinations. The Smithsonian did request, however, that OMB support additional appropriations to fund NMAAHC operations and repairs to damage caused by the 2011 earthquake.

Dr. Córdova encouraged the development of a communication plan to help various stakeholder

groups, including the Board and the Congress, better understand the impact of sequestration on Smithsonian operations and its mission.

GIFT APPROVALS

Dr. Córdova directed the Committee's attention to two gifts submitted for approval that had not been completed at the time of the full Board's last meeting on January 29, 2013. She added that the Advancement Committee recommended both gifts for Committee approval. Ms. Clark briefly described the terms of each gift and represented that they were consistent with Smithsonian policy.

After brief discussion, the Committee approved the following motions:

VOTED that the Executive Committee, on behalf of the Board of Regents pursuant to Board Bylaw 3.01, recognizes the generosity of BAE Systems to the National Air and Space Museum and accepts the terms of the sponsorship agreement.

VOTED that the Executive Committee, on behalf of the Board of Regents pursuant to Board Bylaw 3.01, recognizes the generosity of the Monsanto Company to the National Museum of American History and approves the terms of the sponsorship agreement.

AD HOC MASTER PLANNING COMMITTEE

Dr. Córdova explained that, at the suggestion of the Facilities Committee and with the endorsement of the Governance and Nominating Committee, the Executive Committee has been asked to establish an ad hoc committee to provide guidance and oversight for the campus master planning effort. The master planning project was discussed at the Regents' April and June 2012 meetings, and an architectural consulting firm was recently chosen to assist in the effort. Dr. Córdova noted that Regent Robert P. Kogod, Facilities Committee chair, has volunteered to chair the ad hoc group. [**NOTE:** On March 4, 2013, the Executive Committee approved the establishment of the ad hoc group and appointed Mr. Kogod as its chair and Dr. Córdova, Paul Neely, and George Hartman as its initial members.]

REPORT OF THE SECRETARY

Dr. Clough updated the Committee on a proposed contract with Cengage Gale to create a searchable digital archive of *Smithsonian* and *Air and Space* magazines for use in the academic and library markets. Digitizing collections, Dr. Clough added, was extremely difficult to fund; the Cengage agreement could "serve as a pilot" for other partnerships in this area. Dr. Jackson reminded the Secretary and the Committee of the Regents' continuing concern that the Smithsonian must balance possible access and exclusivity barriers created by these agreements with the benefits of moving forward on digitizing Smithsonian collections.

EXECUTIVE SESSION

The Committee conducted an executive session.

The meeting was adjourned at approximately 11:45 a.m.

Respectfully submitted,

France A. Córdova
Chair