

MINUTES OF THE AUGUST 11, 2014, EXECUTIVE COMMITTEE MEETING

The Executive Committee (“the Committee”) of the Board of Regents of the Smithsonian Institution met on August 11, 2014. Participating were Executive Committee and Board Chair John W. McCarter, Jr.; Vice Chair Shirley Ann Jackson; and Committee member David Rubenstein.

Also present by invitation of the Committee were Secretary G. Wayne Clough; Chief of Staff to the Secretary Patricia Bartlett; Under Secretary for Finance and Administration and Chief Financial Officer Al Horvath; General Counsel Judith Leonard; and Chief of Staff to the Regents Porter N. Wilkinson.

CALL TO ORDER

Mr. McCarter called the meeting to order at approximately 11:00 a.m.

ADVISORY BOARD APPOINTMENTS

The Executive Committee’s first action was to approve on behalf of the full Board the proposed slate of candidates for appointment or reappointment to the advisory boards of the National Air and Space Museum and National Museum of American History.

It was noted that each candidate received the support by the respective advisory board, museum or programmatic unit director, Under Secretary with oversight responsibility, the Director of Advancement and Philanthropic Giving, and the Secretary.

Upon motion duly made and seconded, the following motions were approved:

VOTED that the Executive Committee, on behalf of the Board of Regents pursuant to Board Bylaw 3.01, appoints Meredith Siegfried and David Tolley to the Board of the National Air and Space Museum for three-year terms effective immediately.

VOTED that the Executive Committee, on behalf of the Board of Regents pursuant to Board Bylaw 3.01, appoints David Lauren and Wayne Whalen and reappoints Kathryn Brown, Barry Meyer, John F.W. Rogers, and Robert Uhler to the Advisory Board of the National Museum of American History for three-year terms effective immediately.

Ms. Wilkinson informed the Committee that executive search consultant Naree Viner will assist the Smithsonian with identifying potential candidates to fill vacancies on the advisory boards of the Archives of American Art, the Hirshhorn Museum and Sculpture Garden, and the National Portrait Gallery.

REPORT OF THE SECRETARY

Dr. Clough began his update by noting that August 10 was the anniversary of the Smithsonian Charter.

Dr. Clough informed the Committee that he had spoken individually with several members of the Board of Regents to discuss a potential Smithsonian presence in London, England, and that he plans to brief the remaining members in late August and early September 2014.

Dr. Clough also briefed the Committee on the status of the Federal budget for fiscal year 2015. The President's budget included \$857.7 million for the Smithsonian. The House Interior Subcommittee mark-up of that bill provided \$813.3 million, and the Senate Interior Appropriations Subcommittee provided a mark-up at \$825.4 million. Fiscal year 2015 is expected to begin with a continuing resolution at or below current funding levels. Final resolution on the budget is not likely before December 2014.

Dr. Clough reminded the Committee that he and his staff remain committed to obtaining increased funding for infrastructure investment in fiscal year 2015 and beyond in order to maintain the vibrancy and relevance of the Smithsonian Institution, but cautioned that obtaining additional resources could be difficult in the current economic climate.

Dr. Clough concluded his report by informing the Committee that the membership of the Honorary Committee for the Smithsonian Campaign is complete.

SOCIALLY RESPONSIBLE INVESTING

At its March 4, 2014, meeting, the Investment Committee discussed the evolving landscape around socially responsible investing and mission-related investing (SRI/MRI). The Executive Committee requested Mr. Horvath to review the Smithsonian's position on SRI/MRI and to recommend any policy changes.

After providing some background on the practices at a number of universities, Mr. Horvath informed the Committee that the Smithsonian's decisions on investments to be held in its long-term portfolio are driven only by financial or business considerations under the oversight of the Regents' Investment Committee. The Board has adopted the Uniform Prudent Management of Institutional Funds Act and the Committee has developed detailed guidelines addressing asset allocation and criteria for managers. No prohibitions currently exist on holding securities of any company, industry sector, or specific geographic region or country.

As a 501(c)(3) nonprofit corporation and trust instrumentality of the Federal government that receives the majority of its funding through direct Federal appropriations, the Smithsonian has refrained from taking political or public-policy positions and has maintained a non-partisan, objective environment in which scholarship and science can be conducted and thrive. That institutional neutrality is reflected in its investment decisions. Mr. Horvath recommended that

the Smithsonian continue its current policy of making investment decisions solely on the basis of financial analysis, subject to any applicable Federal law or regulation affecting specific investments held by the Institution. The Committee agreed. Mr. McCarter will report on the policy to the full Board in October.

Currently, no formal policy or process exists to address questions that might be raised by a stakeholder or external third party regarding Smithsonian investments and the types of business activities in which those investments are made. The Committee asked Mr. Horvath to develop a process to address questions as they arise.

STRATEGIC FACILITIES INVESTMENT

Mr. Horvath reviewed the Smithsonian's 10-year strategic facilities capital investment plan. The plan shows the sequencing of revitalization projects across the Institution until 2025, assuming \$200 million in capital funding. Alternative plans are being developed in case desired funding levels are not achieved.

AGENDA REVIEW

Mr. McCarter briefly outlined the preliminary agenda for the October 20, 2014, Regents' meeting. The Regents' Annual Public Forum is scheduled immediately following the Regents' meeting.

EXECUTIVE SESSION

The Regents entered executive session to discuss matters related to the transition to the 13th Secretary of the Smithsonian.

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

Respectfully submitted,

John W. McCarter, Jr.
Chair