

## MINUTES OF THE AUGUST 21, 2012, EXECUTIVE COMMITTEE MEETING

The Executive Committee (“the Committee”) of the Board of Regents of the Smithsonian Institution met on August 21, 2012, beginning at 12:05 p.m. Participating were Executive Committee and Board Chair France A. Córdova, Vice Chair Patricia Q. Stonesifer, and Committee member Shirley Ann Jackson.

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 Bartlett, Inspector General Scott Dahl, Under Secretary for Finance and Administration/Chief Financial Officer Albert Horvath, and Chief of Staff to the Regents John K. Lapiana.

Dr. Córdova called the meeting to order.

### CONTRACTOR EMPLOYEE THEFT UPDATE

Mr. Dahl updated the Committee on the criminal investigation involving the theft of parking fees by a contractor’s employees at the National Air and Space Museum’s Udvar-Hazy Center. He described the United States Attorney for the Northern District of Virginia’s criminal action against the employees and stated that he will keep the Audit and Review Committee apprised of proceedings as they develop.

Mr. Dahl added that the Smithsonian Office of General Counsel is coordinating with the United States Attorney’s Office on possible civil recourse against the contractor. Mr. Horvath noted that the Smithsonian is exploring all administrative and contract-based remedies. In that regard, the Smithsonian has identified for the contractor actions it expects will immediately be taken in response to the thefts. A response from the contractor is expected by August 24, 2012, with in-person discussions between Mr. Horvath’s staff and the contractor to follow.

Mr. Dahl then updated the Committee on similar parking thefts, albeit on a much smaller scale, at the Smithsonian National Zoo. He said that the Friends of the National Zoo (FONZ), an independent non-profit that operates the Zoo’s public parking facilities, is investigating a potential theft by three employees of fees amounting to about \$1,500. He observed that FONZ’s internal financial controls were able to detect the thefts relatively early. The Office of Inspector General (OIG) is awaiting additional information from FONZ before deciding on appropriate next steps.

Mr. Horvath said that Smithsonian Comptroller Andrew Zino has been tasked to work with an outside consultant to evaluate all large third-party cash management operations at the Smithsonian (*e.g.*, parking management, food and beverage concessionaires) and to better oversee cash handling throughout the Smithsonian. He predicted that a detailed discussion on management’s response (including improving oversight and internal controls) to the alleged thefts would be made at the October 2, 2012, Audit and Review Committee meeting. Dr. Córdova requested that the Executive Committee be briefed as the response is developed over

the next few weeks.

Mr. Dahl also noted that he learned on August 20, 2012, that additional, but unrelated, thefts by FONZ retail employees may have taken place. The OIG is currently considering how best to proceed on the matter. In response to a question by Ms. Stonesifer, Mr. Dahl explained that FONZ management has the same reporting responsibilities to the Inspector General as all Smithsonian management.

Dr. Jackson requested that the Committee be briefed on the communication plan in response to the thefts.

At the Committee's request, Mr. Horvath then provided an update on the suicide by a Public Safety Officer at the Hirshhorn Museum and Sculpture Garden on August 20, 2012. He detailed the facts of the suicide as well as the support offered to the officer's family and co-workers.

## REPORT OF THE SECRETARY

**Personnel Updates.** Dr. Clough briefed the Committee on current leadership changes and support provided to the director as a result of a health-related issue at the Cooper-Hewitt, National Design Museum.

**Strategic Planning Retreat.** Dr. Clough noted that an all-directors retreat is scheduled for October 22, 2012, to discuss progress under the strategic plan; modify, as appropriate, any goals; and assess whether the plan should be more closely synchronized to the national campaign timeline. The retreat will be conducted at the Smithsonian Conservation Biology Institute's new facilities in Front Royal, Virginia. A progress report will be presented to the Regents at the October 15, 2012, Board meeting. Dr. Clough concurred with Dr. Córdova's suggestion that the retreat's agenda also focus on ways to better communicate the strategic plan's goals and impact to broad audiences both inside and outside the Smithsonian.

**National Museum of African American History and Culture (NMAAHC).** Dr. Clough alerted the Committee to his concern that private fundraising was lagging to support the construction of the NMAAHC museum. He emphasized the importance of keeping the project on its aggressive construction schedule and said that he was exploring ways with the museum's leadership to increase private sector support, which, he noted, is critical to secure matching Federal appropriations.

**Hirshhorn Courtyard Pavilion.** Dr. Clough concluded his report with an update on the planning for the Hirshhorn Museum and Sculpture Garden pavilion. A new design has been completed with the anticipated costs dropping to about \$10 million. The design would retain a bubble-like roof, but deletes the previous design's protrusions onto the museum's north plaza. In addition, the new design does not require a costly annual inflation and deflation of the facility.

Fundraising for the project is “moving along” and “there is reason for optimism,” Dr. Clough said. At Dr. Córdova’s request, Dr. Clough will provide interested Committee members with further information on the new design, costs, and funds raised.

## **EXECUTIVE SESSION**

The Committee then conducted an executive session.

The meeting was adjourned at approximately 1:15 p.m.

Respectfully submitted,

France A. Córdova  
Chair