

MINUTES OF THE SEPTEMBER 8, 2010, ADVANCEMENT COMMITTEE MEETING

The Advancement Committee (“the Committee”) of the Board of Regents met on September 8, 2010, in the Regents’ Room of the Smithsonian Castle in Washington, D.C. Participating were Committee Chair Alan G. Spoon and Committee members Travis Engen*, Robert Kogod, and Paul Neely, as well as ex officio member Patricia Stonesifer. Committee members Sakurako Fisher, Phillip Frost, and David H. Koch were unable to participate. Staff members present were Smithsonian Secretary G. Wayne Clough; Chief of Staff to the Secretary Patricia Bartlett; Director of External Affairs Virginia B. Clark; Deputy Director of External Affairs Zully Dorr; Assistant General Counsel Farleigh Earhart; Chief of Staff to the Regents John K. Lapiana; Under Secretary for Finance and Administration Alison McNally; Director of Development Operations and Systems Jerome T. Posatko; Campaign Director Jenine Rabin; and Office of External Affairs Manager of Communications Bill Tabor.

The agenda consisted of the approval of the June 9, 2010, Committee meeting minutes; an update from the June 9, 2010, meeting; a national fund-raising campaign planning update; a campaign planning update on staff work group activities; a report on the campaign feasibility study; a report on year-to-date fund-raising results; and a review of pending gifts. Committee members were sent materials in advance of the meeting.

Call to Order

The Chair called the meeting to order at 10:04 a.m. and reviewed the agenda for the meeting.

Approval of the June 9, 2010, Minutes

Minutes of the June 9, 2010, meeting were sent to members in advance. The Chair asked for comments. Mr. Engen asked that minutes record what happens at meetings and not intentions. Mr. Kogod moved that the minutes be approved. Mr. Neely seconded. The motion was approved by unanimous vote.

Overview of Campaign Activity

Mr. Spoon asked Secretary Clough to give an overview of campaign activities. Following a brief update on institution-wide initiatives, the Secretary reported on campaign activities. Much work took place over the summer, and over 60 staff became involved in campaign work groups that addressed campaign policies and procedures and generated recommendations. On September 2, 2010, a meeting with directors and senior development staff was held to provide a campaign progress report.

The Secretary responded to questions. Mr. Engen asked if, in advance of the campaign, the Smithsonian would pursue a formal agreement with the Federal government on private fund raising and Federal appropriations. The Secretary stated that the Smithsonian would continue to keep members of Congress, and their staffs, up-to-date on the campaign’s progress and that the Institution is drafting a paper on this topic. The paper will be sent to the Advancement and

* *participated by teleconference*

Executive committees. Mr. Kogod suggested a permanent group be formed to review fund raising and the Federal budget. Mr. Spoon thanked Mr. Engen for raising this topic.

The Secretary circulated an advance copy of the 2009 Smithsonian annual report, *What Is Next*, noting its focus on the future and the role donors play in achieving the Institution's goals.

Campaign Planning Update

At Mr. Spoon's request, Ms. Clark gave an update on campaign planning. She reviewed three campaign calendars, highlighted a selection of capital projects that will be in the campaign, and discussed the campaign work groups in more detail.

Ms. Stonesifer asked when a "menu" of projects might be available and could be shared with top prospective donors. A discussion followed on the usefulness of such a list, and the steps needed to prepare it. The steps include readying the overall campaign for approval by the Regents in January 2011; refining projects; working with the units; completing the feasibility study; bringing communications firm SteegeThomson into the drafting process; and other considerations. Ms. Clark agreed that a menu could be ready in January 2011.

With regard to the work groups, Secretary Clough noted that, in addition to the work they have done, they also are building trust and sharing responsibility. Ms. Clark said the work groups will complete their tasks by January 2011.

Ms. Dorr reported on progress of the campaign policy work group. Key areas this group is addressing include gift agreements, naming recognition, and approval levels. The group is benchmarking Smithsonian policies to those of other private and public universities and cultural organizations. Mr. Engen and Ms. Fisher will help evaluate naming policies and approval levels. Mr. Engen said that he and Ms. Fisher will bring a larger understanding to this process, and noted that their review will make the Committee's work more efficient. Mr. Spoon thanked Mr. Engen and Ms. Fisher for their efforts. Secretary Clough noted the importance of having policies ready at the outset of the campaign. Mr. Kogod said that, to aid the Smithsonian in its review of proposed gifts, an "early warning" system should be established for gifts that might not conform to policies. Mr. Spoon noted that there may be reputational risks associated with any gift and that the Regents cannot oversee all gifts. The policy work group and management team will determine the right level of delegation. The Committee discussed including in the policies a summary statement about the spirit of the Smithsonian's private fund raising. Ms. Stonesifer said having such a statement will enable the Committee to trust the delegation of its oversight.

Ms. McNally updated the Committee on the campaign funding models. Since the Committee's last meeting, three new funding sources have been added to the list of funding options. These are freezing the Endowment's payout at the fiscal year 2010 level, donor funding, and museum studies program fees. Over the summer, the Endowment payout funding option was analyzed in depth. Next steps in the development of funding models include assigning costs for

campaign services by category, linking funding sources to campaign costs by unit, and creating budget-based staff requirements. Mr. Engen noted that the timing of when gifts are received is also a factor. Costs should be laid out over time. Mr. Kogod suggested that the time value of money be considered. Mr. Spoon asked that Ms. McNally regularly share her progress with the Committee, noting that members have expertise they can share. She agreed and said she would meet with the Finance Committee as well.

Campaign Feasibility Study

Ms. Clark gave a preliminary report on the feasibility study that is currently under way. Conducted by Marts & Lundy, this consists of personal interviews and a questionnaire survey. Marts & Lundy has shared preliminary observations based on the 33 personal interviews that have been conducted. Patriotism is a motivating element for potential donors. Interviewees wish to learn more about project details; understand that public and private partnerships are especially important during a time of scarce resources; and are better informed if they live geographically close to the Smithsonian. Ms. Clark thanked the Committee members who are participants in the study. A discussion of the study's timetable followed. Mr. Spoon asked that the campaign feasibility study be completed in October 2010. Ms. Clark agreed to do this.

Fund-Raising Results as of August 31, 2010

Ms. Clark reported \$103 million in preliminary fiscal year-to-date fund-raising totals, as of August 31, 2010. Several large gifts are anticipated, as described below. A gift from The Boeing Company is also anticipated before the fiscal year-end. The Secretary noted that this gift completes the fund raising for the Steven F. Udvar-Hazy Center Phase Two project, and he commended National Air and Space Museum Director John Dailey on completing the project using entirely private funding.

Mr. Spoon, citing time constraints, asked Ms. Clark to postpone further discussion of year-to-date membership program results and discuss pending gifts.

Review of Pending Gifts

Ms. Clark said that the gifts presented consist of those completed and ready for consideration and those not completed but which should be completed by the fiscal year-end. Three gifts are completed. The Committee approved the following three proposed motions by unanimous vote:

VOTED that the Advancement Committee recommends that the Board of Regents recognizes the generosity of W. Richard West, Jr., and Mary Beth West, and The Ford Foundation, to the National Museum of the American Indian, and creates and names the W. Richard West, Jr., and Mary Beth West Endowment. The endowment will provide support for contemporary native art exhibitions held in the museum's W. Richard West, Jr., Contemporary Art Gallery.

VOTED that the Advancement Committee recommends that the Board of Regents recognizes the generosity of the late Frank K. Ribelin to the Smithsonian American Art Museum and creates and names the Frank K. Ribelin Endowment for the acquisition of art for the Museum.

VOTED that the Advancement Committee recommends that the Board of Regents recognizes the generosity of James R. Cargill II and Patrick and Christian Harker to the National Air and Space Museum's Steven F. Udvar-Hazy Center and names the classroom at the Center the Susan M. Cargill Classroom in honor of the late wife of James R. Cargill II and the mother of Christian and Patrick Harker. The classroom shall be so-named for 10 years or until the next major renovation, whichever occurs last.

Ms. Clark continued with a discussion of three gifts not yet completed but expected to be completed by the end of the fiscal year.

Ms. Stonesifer excused herself from the meeting at this point. She complemented the excellent work done by all those present.

The Secretary said the Bill & Melinda Gates Foundation made a \$10 million grant in June 2010 that helped to establish the four Consortia. The foundation is expected to make an additional grant of \$30 million in September 2010. Aligning with the Broadening Access priority of the strategic plan, the anticipated grant will establish the Youth Access program, under the direction of the Director of Education, and will extend Smithsonian education to underserved youth and teachers nationwide. The grant will fund an endowment and has matching requirements that will encourage formation of new partnerships. Under Secretary for Science Eva Pell and Director of Education Claudine Brown assisted in preparing the grant proposal. The two Gates Foundation grants will be announced publically later in the year. Mr. Spoon congratulated the Secretary on the anticipated grant.

The Committee approved the following three proposed motions by a unanimous vote:

VOTED that the Advancement Committee recommends that the Board of Regents recognizes the generosity of Target Corporation and accepts the terms of the gift agreement. In addition, the Regents approve in advance the naming of a gallery space within the museum building for a period of 25 years from the date of the public opening of the building. The name of the gallery will be consistent with the policies and guidelines of the Smithsonian and the museum. The donor also has a first right to name the space again after the term of the naming is completed if the museum again elects to offer the space for named recognition.

VOTED that the Advancement Committee recommends that the Board of Regents recognizes the generosity of American Express Company to the National Museum of African American History and Culture and accepts the terms of the gift agreement. In addition, the Regents approve in advance the naming of a gallery space within the

museum building for a period of 25 years from the date of the public opening of the building. The name of the gallery will be consistent with the policies and guidelines of the Smithsonian and the museum. The donor also has a first right to name the space again after the term of the naming is completed if the museum again elects to offer the space for named recognition.

VOTED that the Advancement Committee recommends that the Board of Regents recognizes the generosity of the Harry Winston Hope Foundation to the National Museum of Natural History and accepts the terms of the gift agreement.

There being no further business, Mr. Spoon declared the meeting adjourned at 12:35 p.m.