

MINUTES OF THE DECEMBER 14, 2010, ADVANCEMENT COMMITTEE MEETING

The Advancement Committee (“the Committee”) of the Board of Regents met on December 14, 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*, Sakurako Fisher*, Robert Kogod, Adrienne Mars*, and Paul Neely. Committee members David H. Koch, and ex officio member Patty Stonesifer, were unable to participate. Staff members present were Chief of Staff to the Secretary Patricia Bartlett; Assistant Secretary for Education and Access Claudine Brown, Director of External Affairs Virginia B. Clark; Secretary of the Smithsonian G. Wayne Clough; Deputy Director of External Affairs Zully Dorr; Under Secretary for Art, History and Culture Richard Kurin; Chief of Staff to the Regents John K. Lapiana; General Counsel Judith Leonard; Under Secretary for Finance and Administration Alison McNally; Office of Advancement Corporate Relations Assistant Kristen Messich; Under Secretary for Science Eva J. Pell; Director of Development Operations and Systems Jerome T. Posatko; Campaign Director Jenine Rabin; and Office of Advancement Manager of Communications William Tabor. Also attending were Marts & Lundy consultants John Cash* and Lynn LaMarca Heinrich*.

The agenda consisted of the approval of the September 8, 2010, Committee meeting minutes; an overview of campaign activity since September; a report on campaign donor capacity and the recently completed feasibility study; a report on the “big ideas” and campaign needs; a report on campaign staffing, budget, and funding; reports on campaign gift acceptance, naming, and prospect management policies and guidelines; comments on campaign next steps; a report on fund-raising results year-to-date; 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 10:34 a.m. He welcomed those present, outlined the agenda, and reminded members that the Committee’s task this meeting is to review and consider the campaign materials presented. On January 25, 2011, the materials will be presented to the Committee in final form, and a vote will be taken on whether to recommend the initial Campaign plan to the Board of Regents.

Approval of the September 8, 2010, Minutes

Minutes of the September 8, 2010, meeting were sent to members in advance. Mr. Spoon asked for comments. Mr. Engen asked that the asterisk next to his name be explained by a footnote. There being no other comments or changes, Mr. Kogod moved that the minutes be approved. The motion was seconded and the motion was approved by a unanimous vote.

Overview of Campaign Activity

Mr. Spoon asked Secretary Clough to give an overview of campaign activities. The Secretary recognized the hard work put in by many in the room and by approximately 150 staff members who participated in Campaign workgroups. The Secretary has met with eight unit advisory

* *participated by teleconference*

boards and will continue meeting with more through the spring. The Secretary has met with the Director's Advisory Group, which consists of eight of the Smithsonian's units, and sought their advice and input on the campaign. On December 10, Smithsonian directors participated in a retreat at which they worked on developing big ideas for the campaign. The Secretary then identified three things as challenges or risks facing the campaign: Connecting to potential donors through proper messaging; financing the campaign; and staffing. The Secretary considers these challenges as acceptable in moving forward.

Campaign Goals: Donor Capacity and the Feasibility Study

Ms. Clark introduced Mr. Cash and Ms. Heinrich. Mr. Cash and Ms. Heinrich briefly reviewed Marts & Lundy's earlier donor capacity screening work and then presented Marts & Lundy's final report on the feasibility study.

The report highlighted the data collection methods used, the target audiences, core findings, recommendations on staffing, recommendations on communications and programming, and recommendations on volunteer structures.

The report finds that the Smithsonian and its leadership are viewed positively. Potential funding area themes that were viewed positively include recruiting and retaining the best people; the grand challenge, Understanding the American Experience; and utilizing technology to provide access to education. Participants see the gift table of \$1.5 billion as realistic. A high percentage of those surveyed support the idea of the campaign, plan to make a gift, and say the campaign is personally important to them. The report also identifies areas that need attention. The campaign needs to clearly communicate why the federally-supported Smithsonian seeks private support. Smithsonian science needs stronger "messaging." Results for the email and mail survey were similar to the in-person survey but with somewhat lower scores, as anticipated, because this audience is less engaged.

Mr. Cash and Ms. Heinrich made a number of recommendations, including: The Smithsonian should undertake a \$1.5 billion, 7-year campaign; set a goal of raising 50% of that amount in the quiet phase; and aim for a public launch in 2014. Communications should be enhanced around the issue of federal support and private philanthropy. The campaign case should be further developed, and the grand challenges need to be made relevant to donors.

Mr. Cash and Ms. Heinrich responded to questions about how the Smithsonian's feasibility study results compare to other academic and cultural institutions. Other Committee discussion addressed Marts & Lundy's recommendation that half the campaign goal be raised in the quiet phase; developing the campaign case; the big ideas;; and the present climate for endowment.

Campaign Mission: Big Ideas and Needs

Mr. Spoon asked the Secretary to discuss how big ideas will be important to the campaign. Secretary Clough said big ideas can be interdisciplinary concepts that attract donors and inspire transformative gifts. Some big ideas, too, are unit-based. He gave as examples of big ideas the

establishment of the National Museum of African American History and Culture, the Hirshhorn Museum and Sculpture Garden's pavillion, and the National Museum of Natural History's Dinosaur Hall. He called on Drs. Pell and Kurin and Ms. Brown to give further examples. Dr. Pell described how the Global Earth Observatories could be extended to the Earth's oceans. Dr. Kurin outlined how Smithsonian scholarship and collections might be gathered under the theme of "Made in America" and presented in terms of American invention, creativity, and entrepreneurship. Ms. Brown described educational programming that would help school-aged children to imagine themselves in different careers. Secretary Clough briefly outlined the idea of a Smithsonian Leadership program that would establish fellowships.

Mr. Spoon said big ideas should build on unique strengths that set the Smithsonian apart. There was discussion of messaging, the campaign case, and a timetable. Ms. Clark said the case must incorporate findings of the branding study, which will be completed in the spring. Secretary Clough said the case can be developed and refined in the quiet phase.

Campaign Staffing, Budget, Funding

Ms. McNally reported on campaign staffing, budget, and funding progress. The staffing plan calls for the advancement staff to increase by about two-thirds over the life of the campaign. There is internal acceptance of the funding model yet there is still a gap between funding sources and needs. This will be resolved by the January meeting. A budget for the new information system and its implementation has been developed. This will be addressed separately from the campaign budget. Risks associated with staffing, budget, and funding have been identified and considered, and are considered to be reasonable. The campaign will yield an 80 percent increase in funds raised by the Smithsonian with an increase in the cost-per-dollar-raised of one cent, from \$.15 to \$.16. When the campaign staffing, budget, and funding are approved, as anticipated, in January, the next step will be implementation and establishing procedures.

The Committee discussed this report, and had questions about post-campaign staffing levels; whether campaign funding from the endowment is to be paid back; whether gift fees end when the campaign is over; and informing donors of gift fees. These were discussed and answered by staff.

Campaign Policies and Guidelines

Mr. Spoon asked Ms. Rabin to lead the report on campaign gift acceptance, naming, and prospect management policies and guidelines. He noted of Ms. Fisher's and Mr. Engen's leadership in developing these. Ms. Rabin outlined the guiding principles for these policies, which were requested by the Committee. These emphasize that Smithsonian fundraising is donor-centric, collaborative, and transparent. The policies and guidelines were rigorously benchmarked by comparing them to those of outside organizations. Ms. Dorr reported on recommendations for gift acceptance, naming, and approval level. The acceptance policies clearly state what gifts require consultation and what gifts cannot be accepted. The revised gift

approval guidelines create a more focused and strategic review process. The Smithsonian will create an institution-wide inventory of naming opportunities.

The Committee's discussion of these recommendations touched on gifts requiring consultation; acceptance of gifts made by companies engaged in the businesses of alcohol, tobacco, and firearms, or from donors involved in gaming; gift levels for named positions; and whether the recommended gift amounts, net of the gift fee, cover costs. Mr. Kogod stated that he will further review these materials. Mr. Spoon advised members to forward further questions to staff.

Ms. Rabin briefly addressed the prospect management and gift counting policy recommendations. The goal is to create an efficient, collegial, and transparent process.

Review of Pending Gifts

Ms. Clark summarized the nine gifts presented for Regents action, saying that five concern naming recognition, two create endowments, and two are corporate gifts of \$1 million or more. The nine gifts have been carefully reviewed and conform to Smithsonian guidelines. Mr. Engen and Mr. Neely asked questions concerning which of these gifts would come before the committee under the recommended new policies, which Ms. Clark answered.

Mr. Engen moved that the Committee present the proposed motions to the Board of Regents at its January 31, 2011 meeting. This was seconded, and the Committee approved the following nine proposed motions by a unanimous vote:

VOTED that the Advancement Committee recommends that the Board of Regents recognizes the generosity of Van Cleef & Arpels to Cooper-Hewitt, National Design Museum, and accepts the terms of the sponsorship agreement.

VOTED that the Advancement Committee recommends that the Board of Regents recognizes the generosity of Victor and Takako Hauge and Michael de Havenon to the Freer Gallery of Art and the Arthur M. Sackler Gallery, and creates an endowment to support Southeast Asian art and culture, with funding priority given to the support of a curator in this field. For administrative purposes, this endowment is to carry the title of the Southeast Asian Area Program Endowment.

VOTED that the Advancement Committee recommends that the Board of Regents recognizes the generosity of Northrop Grumman Corporation to the National Air and Space Museum and accepts the terms of the agreement.

VOTED that the Advancement Committee recommends that the Board of Regents recognizes the generosity of Time Warner Inc. to the National Museum of African American History and Culture and approves the naming of a 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 space will be consistent with the policies and guidelines of the Smithsonian and the museum.

VOTED that the Advancement Committee recommends that the Board of Regents recognizes the generosity of Wal-Mart Stores, Inc. to the National Museum of African American History and Culture and approves the naming of a 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 space will be consistent with the policies and guidelines of the Smithsonian and the museum.

VOTED that the Advancement Committee recommends that the Board of Regents recognizes the generosity of Goldman Sachs Gives to the National Museum of American History and names the Goldman Sachs Fellows Program for a period of three years, or until all program funds are expended.

VOTED that the Advancement Committee recommends that the Board of Regents creates the Coral Endowment Fund to support the study of corals at the National Museum of Natural History.

VOTED that the Advancement Committee recommends that the Board of Regents recognizes the generosity of the Terra Foundation for American Art to the Smithsonian American Art Museum and names The Terra Foundation Fellowships in American Art for a period of five years; The Terra Symposia on American Art in a Global Context until the symposia conclude in 2015; and The Terra Foundation for American Art International Essay Prize for three years, from 2009 to 2011.

VOTED that the Advancement Committee recommends that the Board of Regents recognizes the generosity of the Friends of the National Zoo Board of Directors to the National Zoological Park and its Elephant Trails project and names The Jim Schroeder Elephant Overlook in honor of the former deputy director of the Friends of the National Zoo. The overlook will be so-named until a major renovation of the facility in which it is located, the Clint Fields Conservation Plaza.

Adjourn

Mr. Spoon requested the January 25, 2011, Advancement Committee begin one-half hour earlier and end one half-hour later.

Secretary Clough said that in January the Committee will be asked to formally approve and send to the Board of Regents the campaign goals, staffing, funding, and policies. There being no further business, Mr. Spoon declared the meeting adjourned at 1:38 p.m.