

MINUTES OF THE JUNE 16, 2009, ADVANCEMENT COMMITTEE MEETING

The Advancement Committee (“the Committee”) of the Board of Regents met on June 16, 2009, in Room 124 of the Smithsonian Castle in Washington, D.C. In attendance were Committee Chair Alan G. Spoon and Committee members L. Hardwick Caldwell*, Travis Engen, Sakurako Fisher, Philip Frost*, Robert Kogod, and Adrienne Mars, as well as ex officio member and Board Chair Patricia Stonesifer. Staff members present were Director of External Affairs Virginia B. Clark; Chief of Staff to the Regents John K. Lapiana; General Counsel Judith Leonard; Campaign Director Jenine Rabin; and Office of External Affairs Manager of Communications Bill Tabor. Present for the first part of the meeting were Marts & Lundy consultants John Cash and Lynne Heinrich.

The agenda consisted of the approval of the minutes of the Committee’s November 5, 2008, and March 23, 2009, meetings; an interim internal assessment report for a national fundraising campaign; a review of the Smithsonian American Art Museum’s campaign plan; a discussion of fiscal year 2009 year-to-date fund-raising results; a review of pending gifts; and a discussion by Committee members of the impact of the economy on donor intent.

Call to Order

The Chair called the meeting to order at 1:04 p.m. He welcomed members and gave a brief summary of the morning’s new member orientation meetings and luncheon, which he said were thorough and informative.

Approval of the Minutes of the November 5, 2008, and March 23, 2009, Meetings

Minutes of the November 5, 2008, and March 23, 2009, meetings were sent to members in advance of this meeting. The Chair asked for comments. There being none, Mr. Frost moved that the minutes be approved. The motion was seconded by Mr. Kogod and the minutes were approved by unanimous vote.

National Fund-Raising Campaign: Internal Assessment Interim Report Presentation

The Office of External Affairs is planning a pan-Institutional fund-raising campaign that will support and enable the strategic plan that is under development. Mr. Spoon said that the campaign will be the first comprehensive one undertaken by the Smithsonian. As a first step to ready the Institution for this effort, the Office engaged the consulting firm of Marts & Lundy to undertake an internal assessment of current Smithsonian fund-raising abilities. During this meeting, Ms. Clark introduced Marts & Lundy consultants Mr. Cash and Ms. Heinrich, who gave the consulting group’s presentation. Ms. Clark noted that the Marts & Lundy report shows that the Smithsonian has great fund-raising potential. The consultants outlined their efforts to date, noting that they had conducted an initial assessment of Smithsonian fund-raising staffing and organization, computer systems and business

(participated by teleconference)*

processes, and campaign funding methods. Work will continue over the summer with further recommendations on central and unit-based development staffing levels, role of volunteer boards, development budgets, development communications, and policies and procedures.

Mr. Cash and Ms. Heinrich said that the Smithsonian's campaign will be the largest cultural fund-raising campaign to date. The Institution has similarities to large public higher-education institutions, private higher-education institutions, and cultural organizations but is unique and requires a unique approach. An important by-product of a planned and successfully executed campaign is that an organization can continue to raise higher levels of funds post-campaign. The consultants presented preliminary calculations for determining the size of the campaign, which will be refined in the months ahead. Based on observations and best practices, initial planning recommendations include:

1. develop the donor base through prospect screening,
2. increase front-line fund-raising staff, organize so that accountability and metrics are improved and present staff are focused more on major gift fund raising,
3. investigate the opportunity to consolidate the service function of membership programs,
4. replace the present fund-raising database and streamline business processes, and
5. determine the campaign budget for fiscal year 2010 "bridge year" and beyond.

The Smithsonian is considering these recommendations and their associated costs. Committee members asked questions throughout the presentation and discussed the fund-raising database, current fund-raising staff levels, campaign funding mechanisms, campaign timetable, and other large-scale non-profit organizations' fund-raising campaigns that are under way or recently launched.

Review of a Proposed Campaign Plan for the Smithsonian American Art Museum

By its charter, one of the Advancement Committee's responsibilities is to review unit campaign plans. With this in mind, Ms. Clark brought the Smithsonian American Art Museum's (SAAM) proposed fund-raising plan to the Committee and described the circumstances that led to the timing of this presentation. She reviewed SAAM's fund-raising intentions with respect to the following areas: goals, timeline, capacity, and volunteer structure. The Committee agreed that the plan was thoughtful and well-developed. It asked that the Museum better articulate the case for the several campaign goal areas, including education, staffing, technology, outreach, and programming. It also asked the Director consider ways the campaign might build the Museum's donor capacity through membership, major gift, and planned giving programming.

Review of the Smithsonian's Fund-Raising Progress

Ms. Clark made a brief report on the Institution's fund-raising progress to date. Through May 31, 2009, the Smithsonian raised \$65.3 million, or 54% of its fiscal year 2009 goal. In May 2009, \$5.3 million was raised, which does not compare favorably to past years' fund-raising patterns.

Review of Pending Gifts

Ms. Clark then reviewed four pending gift items: the acceptance of a corporate sponsorship by Target Corporation for Cooper-Hewitt, National Design Museum; the creation of a new fund under an existing quasi-endowment, the Arthur Ross Garden and Terrace Endowment, for Cooper-Hewitt, National Design Museum; the creation of a quasi-endowment for Smithsonian Institution Libraries; and the creation and naming of the George W. Brett Philatelic Publications Endowment Fund for the National Postal Museum. Key points related to each item were discussed. The Committee also considered the notice of a change in use of a quasi-endowment's funds by the Hirshhorn Museum and Sculpture Garden, which will now use the proceeds of the Holenia Trust Fund for acquisitions and general purposes.

Committee Observations

Mr. Spoon solicited observations from Committee members on how non-profits are dealing with the economy's impact on donors' intentions. Members shared approaches other non-profit organizations are using to address donor expectations about how endowments are administered in the present economic downturn.

Adjournment

There being no further business, this meeting of the Advancement Committee was adjourned at 3:30 p.m.

Executive Session

Following the meeting, Mr. Spoon held an executive session with Committee members and no staff present.

Respectfully submitted,

Alan G. Spoon