

MINUTES OF THE JANUARY 12, 2012, EXECUTIVE COMMITTEE MEETING

The Executive Committee (“the Committee”) of the Board of Regents of the Smithsonian Institution met on January 12, 2012, beginning at 11:30 a.m. at the Smithsonian Castle in Washington, D.C. Participating were Executive Committee and Board Chair Patricia Q. Stonesifer, Vice Chair Alan G. Spoon, and Committee member Robert P. Kogod. Also present by invitation of the Committee were Secretary G. Wayne Clough; Counselor to the Chief Justice Jeffrey Minear; Chief of Staff to the Secretary Patricia Bartlett; Chief of Staff to the Regents John K. Lapiana; and General Counsel Judith Leonard.

Ms. Stonesifer called the meeting to order at 11:30 a.m.

Before turning to the agenda, Ms. Stonesifer thanked Mr. Spoon and Mr. Kogod for their work on the Committee, stressing the “team effort” that characterized their tenure.

APPROVAL OF THE MINUTES OF THE DECEMBER 13, 2011, MEETING

The Committee approved the draft minutes of the December 13, 2011, meeting without comment.

REGENTS QUARTERLY DINNER

Mr. Lapiana provided a brief overview of the agenda for Regents quarterly dinner, scheduled for January 22, 2012 at the Smithsonian American Art Museum’s Renwick Gallery. He noted that guests would be able to tour both the permanent collection on display as well as the temporary exhibition, “Something of Splendor: Decorative Arts from the White House.” The chairs of both the SAAM and the James Renwick Alliance have also been invited.

AGENDA REVIEW

Ms. Stonesifer then led the Committee through a review of the key items on the proposed agenda for the January 23, 2012, Regents meeting.

Revenue Stamp Sale Proceeds: The Committee determined that one proposed agenda item—the use of certain proceeds from the sale of deaccessioned revenue stamps – should be considered by the Executive Committee rather than the full Board. In 2004, the Regents approved the disposition of approximately 8 million revenue stamps by the National Postal Museum through a number of planned sales, destruction of certain duplicate stamps, and donation of others to various educational organizations.

As part of the motion approving the sale, and based on the opinion of the Smithsonian’s outside accountants, sale proceeds could be used only for the acquisition of new collections items. Prior to the second sale of stamps the following year, however, the accountants concluded that the sale proceeds could also be used for the direct care and management of the collections. The Regent approval of the second sale allowed the proceeds to be for both acquisitions and collections care.

Ms. Stonesifer said that the Postal Museum was now asking that the remaining proceeds from the first sale – approximately \$1 million—be used for the direct care and management of the collections. Ms. Stonesifer explained that the Board too narrowly defined the use of the proceeds for the first sale in reliance on the accountants’ advice. The Committee concluded that in light of the change in the accountants’ position and because the Board approved the more expansive use of proceeds in the second sale, the issue did not require full Board action. Accordingly, the following motion was approved:

VOTED that the Executive Committee, pursuant to section 3.01 of the bylaws and on behalf of the Board of Regents, approves the National Postal Museum’s request to apply the proceeds from the February 12, 2005, sale of deaccessioned revenue stamps to the acquisition of new objects and/or the direct care and management of the National Philatelic Collection.

Ms. Stonesifer will report on this issue during the Executive Committee report at the January 23, 2012, Board of Regents meeting.

Regent Spousal Travel: Ms. Stonesifer reminded members that at the Committee’s October 18, 2011, meeting, they suggested that the Governance and Nominating Committee reconsider the Board policy prohibiting reimbursement of travel expenses incurred by a Regent spouse to attend Smithsonian functions. The Governance Committee considered the issue at its December 20, 2011, meeting, but did not take action on the grounds that two members of that committee could disproportionately “benefit” by the change.

Ms. Stonesifer noted that the current Regents spousal travel policy does not allow for any reimbursement of travel expenses for a Regent’s spouse. Although not historically an issue, she noted that the policy, with regard to the Chair’s position and in light of the launch of the national campaign, could preclude participation by citizen Regents at activities that would require travel or in leadership positions. Regents who may have spent their careers in public service may not have the same financial means as those from the private sector and may be unable to bear these costs on behalf of the Smithsonian.

Ms. Leonard reviewed the various alternatives that would allow for reimbursement consistent with applicable laws and best practices and again noted that most legally supportable option would be to provide reimbursement as a non-taxable benefit that would require an independent determination that the spouse’s travel served a *bona fide* business purpose. Ms. Leonard also described the reporting requirements (e.g., IRS Form 990) that would accompany any reimbursement of regent spousal travel. Mr. Spoon stressed the importance of a professionally sound approval process that could be relied upon should any reimbursements be challenged.

Report of the Compensation and Human Resources Committee: Ms. Stonesifer briefed the Committee on the senior executive compensation recommendations made by the Compensation and Human Resources Committee for 2012 and contained in the draft meeting materials.

Regent Lunch: Ms. Stonesifer noted that there was a high likelihood that all Regents would participate at the Regents lunch and that a Regent portrait would be taken.

PROPOSED HIGHLIGHTS OF THE REPORT OF THE SECRETARY

Secretary Clough provided a brief overview of his proposed Report of the Secretary to the full Board, including:

National Campaign Status and Notable Gifts: Secretary Clough noted that a number of significant gifts would be announced or discussed at the meeting, including those from Regents. Mr. Spoon added that the Advancement Committee report would also focus on the impact of these gifts on the national campaign. Mr. Spoon also outlined some of the strategic issues being considered by the Advancement Committee to more precisely articulate the campaign's strategic goals.

National Museum of African American History and Culture Groundbreaking: Secretary Clough noted that on February 22, 2012, ground will be broken for the National Museum of African American History and Culture on the Mall. The Committee discussed the importance of the event not only as a milestone in the construction of the facility, but as a key development opportunity for the museum and the Smithsonian.

Space Shuttle Discovery: Secretary Clough said that the Space Shuttle *Discovery* is scheduled to arrive at the National Air and Space Museum's Udvar-Hazy Center on April 22, 2012. Extensive programming is being planned around its arrival.

Exhibitions: Secretary Clough identified major exhibitions that have opened or will open soon in Smithsonian museums, including "Paradox of Liberty: Jefferson and Slavery at Monticello."

EXECUTIVE COMMITTEE ORIENTATION

Ms. Stonesifer reviewed the goals and agenda for the Executive Committee orientation on January 22, 2011. All members of the current and new Executive Committees are expected to participate as well as the Secretary and key staff.

EXECUTIVE SESSION

The Committee then went into executive session to discuss current litigation and Smithsonian Journeys. A Regents-only session was also conducted.

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

Respectfully submitted,

Patty Stonesifer
Chair