

MINUTES OF THE MARCH 31, 2011, EXECUTIVE COMMITTEE MEETING – MORNING SESSION

The Executive Committee (“the Committee”) of the Board of Regents of the Smithsonian Institution met on March 31, 2011, beginning at 11:30 a.m. at the Supreme Court in Washington, D.C., to discuss the agenda for the April 11, 2011, meeting of the Board of Regents. In attendance were Chancellor of the Board of Regents John G. Roberts Jr., Chief Justice of the United States; 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 P. 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.

Impact of the Federal Budget Uncertainty

Ms. Stonesifer noted that given the uncertainty of the fiscal year 2011 Federal budget and the possibility of a Federal government shutdown (the current Continuing Resolution will expire on April 8, 2011), she and the Secretary have discussed potential scenarios for the April 10, 2011, Regents’ dinner and the meeting the following morning. If the budget negotiations have not advanced far enough by April 1, the April 11 dinner will be rescheduled to June 26 (the evening before the June 27, 2011, Regents’ meeting) to allow the Smithsonian to avoid catering cancellation costs and dinner guests to plan with certainty.

With regard to the full Board meeting, she noted that planning and preparation will continue as usual; if the budget situation has not been settled by April 8, the Committee will consider cancelling the meeting. The Committee then discussed various options for conducting limited business on behalf of the full Board should the meeting be cancelled.

In response to the Chancellor’s question, the Secretary briefly described the impact of a Federal government shutdown on regular Smithsonian operations, including the closing of museums to the public. Ms. Leonard noted that she has been in discussions with the Department of Justice and the Office of Management and Budget on any effects of a shutdown on non-federally funded Smithsonian activities.

Agenda Review: Executive Committee Report

Ms. Stonesifer noted that she will begin the meeting with the Report of the Chair of the Board and the Executive Committee. As part of that report, she will alert the Board to three Committee actions taken between full Board meetings: an accounting action to extend the period within which a previously approved Endowment payout can be used to fund national campaign start-up costs; a senior executive compensation issue; and

the deaccession of an object in the collection of the National Air and Space Museum. Ms. Stonesifer then noted a change to the proposed agenda distributed: the presentation of appointments to the advisory boards will instead be conducted through the Governance and Nominating Committee.

Strategic Plan Progress Report

The majority of the morning meeting session will be devoted to a report on the implementation of the Smithsonian's strategic plan for fiscal years 2010–2015. The plan was approved by the Regents in September 2009 and Ms. Stonesifer said that she and the Secretary agreed an update on the progress over the last 18 months would benefit the Board and continue the forward momentum of the plan. The Secretary noted that the presentation will be comprised of five parts: an overview; a focused discussion on the grand challenges, collections, and research; an introduction to Smithsonian education and the efforts to broaden access; and an update on the Smithsonian branding initiative.

Ms. Stonesifer added that the branding effort has “come a long way” since the January 2011 Board meeting, but that it may not be ready for the Regents' review and action until the June 27, 2011, meeting.

Director's Report: Cooper-Hewitt, National Design Museum

Ms. Stonesifer noted that Bill Moggridge, the director of the Cooper-Hewitt, would update the Regents over a working lunch on the activities of that museum. She and the Secretary noted the significant forward movement of the museum under Mr. Moggridge's leadership.

Financial Snapshot and Finance Committee

Under Secretary for Finance and Administration Alison McNally and Acting Chief Financial Officer Bruce Dauer will present the quarterly report of the Smithsonian's key financial indicators.

Ms. Stonesifer noted that the snapshot contained both “good and less-good news.” For example, she said the Regents must be concerned with the Federal budget situation and the possibility of deep cuts to Smithsonian appropriations. Likewise, top-line erosion continues at Smithsonian Enterprises (SE), although net revenues continue to improve through the “admirable efforts” of the SE management and staff. The Secretary noted that retail sales were down this year, despite increased visitorship to Smithsonian museums.

The Finance Committee report will include the regular updates on SE activities and external debt. In addition, the Committee is expected to ask the Board to approve the planning priorities for the fiscal year 2013 Federal budget submission.

Advancement Committee

Ms. Stonesifer noted that over \$100 million had already been raised for fiscal year 2011, ahead of last year's fundraising pace. The Advancement Committee will present an update on the national campaign and a set of gift agreements for approval, including two from Whitney and Elizabeth MacMillan: \$3 million to the National Museum of American History to endow the Associate Director of Education and Public Programs position and \$10 million to create two \$4 million endowments at the National Museum of Natural History, one for the endangered languages program and the other to promote public engagement, and to fund the museum's strategic plan.

Audit and Review Committee

Ms. Stonesifer explained that the Audit and Review Committee, which will meet on April 8, 2011, will be presenting two critical issues to the Board's attention.

First, Committee Chair John McCarter will report on its review of the administration's response to the Inspector General's collections security audits. In addition, Mr. McCarter will also lead a discussion on the fiscal year 2010 audited financial statements. The auditor's letter identified a "significant deficiency" related to "the control environment surrounding year-end financial reporting." The Secretary said that he is committed to solving the problems identified by the auditors and was disappointed that such a "significant deficiency" was identified after years of improved financial reporting.

Facilities Committee

Mr. Kogod said that the Facilities Committee report will update the Board on the development of a Smithsonian-wide real estate philosophy and progress on significant construction projects.

Director's Report: National Museum of American History

Brent Glass, director of the National Museum of American History, will discuss with the Board the challenges and opportunities facing that museum, as well as an overview of its achievements since the building's reopening in November 2008.

Smithsonian National Board Report and Office of Government Relations Report

Ms. Stonesifer directed the committee's attention to the written reports of the Smithsonian National Board (SNB) chair and the Office of Government Relations. Ms. Stonesifer thanked Mr. Spoon for hosting the SNB during its trip to Boston in January 2011 and noted that the "good government relations" the Smithsonian enjoys is the result of the Secretary's continuing outreach efforts.

Executive Session

Ms. Stonesifer noted that the Inspector General, the Secretary, and the General Counsel have indicated that they will make presentations to the Board while it is in executive session.

Report of the Secretary

The Secretary provided the Committee with an overview of his anticipated report. The report will include, among other things, an overview of the Federal budget, visitation to Smithsonian museums and the National Zoo, notable new exhibitions, and construction project updates (Arts and Industries Building and the Sea Lion pool).

In light of the Inspector General's collections security audits, the Secretary said he will discuss the development of a pan-Institutional view toward collections and noted the recent appointment of a Deputy Under Secretary for Collections and Interdisciplinary Support. Ms. Stonesifer added that the Audit and Review Committee will continue to monitor collections security as a priority and encouraged management to "show vigor" in correcting any deficiencies identified by the Inspector General.

The meeting was adjourned at 12:00 p.m. with Committee members joining the Chancellor for an informal working lunch.

Respectfully submitted,

Patricia Q, Stonesifer
Chair

APPROVED MINUTES OF THE MARCH 31, 2011, EXECUTIVE COMMITTEE MEETING – AFTERNOON SESSION

The Executive Committee (“the Committee”) of the Board of Regents of the Smithsonian Institution met by teleconference on March 31, 2011, beginning at 1:00 p.m. Participating were Board Chair Patricia Q. Stonesifer, Board Vice Chair Alan G. Spoon, and Committee member Robert P. Kogod. Also participating by invitation of the Committee were Secretary G. Wayne Clough, Counselor to the Chief Justice Jeffrey P. Minear; Special Adviser to the Secretary Janet Abrams; Chief of Staff to the Secretary Patricia Bartlett; Chief of Staff to the Regents John K. Lapiana; and General Counsel Judith Leonard, and Committee Advisor Les Silverman.

Ms. Stonesifer called the meeting to order.

Approval of the Minutes of the February 22, 2011, Meeting

The draft minutes of the Committee’s meeting on February 22, 2011, were approved by the Committee without modification.

Smithsonian Redesign Update

Secretary Clough provided a progress report on the Institution’s redesign effort. The Institution’s annual goal-setting process is well ahead of previous years’ efforts. He noted that the goals for 2012 through 2014 will be cast as interim steps toward the overarching goals for 2015, which were originally outlined in the Smithsonian strategic plan.

The Secretary underscored that some of the new members of his leadership team have been important contributors to the progress both under the strategic plan and the redesign effort. He described the progress in developing a dashboard update that will contain key performance metrics. Overall, the Secretary concluded, he is “impressed by the teamwork across the Institution” on the redesign initiative.

Ms. Stonesifer asked the Secretary and Mr. Silverman to address the “connections” between the staff-led redesign effort and the work of the Regents’ Finance Committee advisory group. In particular, the advisory group suggests that there be better and quicker execution of decisions; changes to the Smithsonian decision-making culture, particularly within senior leadership; and identification of actual cost savings or avoidances resulting from the redesign.

With regard to execution, Secretary Clough said that the decision-making process is more transparent and, with the engagement of the Directors Advisory Group, open and inclusive. The quality of information shared by decision-makers has substantially improved, Secretary Clough explained, but conceded that there will always be some

bureaucratic “slowness.” He noted that speed and clarity have improved in a number of targeted areas, such as goal-setting and Federal hiring.

Ms. Abrams explained that a framework is in place to facilitate quicker decision-making. She said that weekly cabinet meetings and frequent Directors Advisory Group sessions allow issues to be raised and decisions to be made more quickly. The Committee asked how progress in making more nimble and quick decisions can be measured or tested and suggested that the time frames of certain relatively regular decisions (such as those in the hiring or contracting areas) be measured to assess progress. Ms. Stonesifer asked that three proxies be identified to assess progress (or how behavior has changed) for the June 2011 Committee meeting.

Mr. Silverman stressed that the redesign team has been focusing its efforts on the areas of most frustration to staff (contracting, travel, sponsored projects) and that the real test of progress will be to measure impact in those areas.

Another suggestion of the Finance Committee advisory group is that the redesign be bold and transformative. Ms. Stonesifer noted that there are many examples where boldness is evident in setting priorities, but less so in prioritizing activities that the Smithsonian should stop doing in response to new fiscal realities. Ms. Abrams explained that a number of processes and data calls have already been discontinued.

A third focus suggested by the Finance Committee advisory group is that the redesign effort clearly capture and report on the cost savings and efficiencies that it creates. Secretary Clough pointed to the recent IT consolidation effort as a good example of redesign-inspired cost savings. Mr. Silverman noted that the work of a number of redesign teams, particularly the contracting team, will eventually have a significant and positive impact on costs.

The Committee then invited Mr. Silverman’s assessment of redesign after its first year. Noting his attendance at the recent staff town hall meeting on redesign, Mr. Silverman said that the ownership of and enthusiasm for the initiative is real and is a great credit to the effort’s leadership. Looking ahead, Mr. Silverman warned that change initiatives tend to lose momentum and that “keeping energy up” will be a challenge. The Secretary and the Executive Committee will need to be the firm hand that ensures that energy is injected back into the process as necessary. Mr. Spoon noted that operational improvements, as documented through key metrics, could promote momentum when staff see real progress being achieved. Mr. Silverman noted, however, that “there is still a way to go” before the principles of redesign are embedded in the way the Smithsonian conducts its routine and regular business.

Deaccession of the Space Shuttle *Enterprise*

Ms. Stonesifer then directed the Committee to the written materials supporting the de-

accession of the Space Shuttle *Enterprise*. The proposed deaccession will allow the National Aeronautics and Space Administration (NASA) to transfer the Space Shuttle *Discovery* to the Smithsonian. The Committee strongly favored the deaccession, contingent on the Smithsonian being designated by NASA as the recipient of *Discovery*. Accordingly, the Committee approved the following motion:

VOTED that the Executive Committee, on behalf of the Board of Regents and pursuant to Board Bylaw 3.01, approves the formal deaccession and disposal of the Space Shuttle Orbiter *Enterprise* (OV-101), and authorizes the Smithsonian to return the orbiter to the National Aeronautics and Space Administration (NASA), conditioned on the decision of NASA to transfer the shuttle *Discovery* to the Smithsonian.

Hide/Seek Update

The Committee was briefed on the Smithsonian's planning in response to the *Hide/Seek* controversy, including a response to the Regents' Exhibition Policy Review Panel and a public forum in late April 2011.

Shipwrecked Exhibition

Ms. Stonesifer noted that some of the lessons learned in the *Hide/Seek* controversy were already being applied to a proposed exhibition at the Arthur M. Sackler Gallery of Art. She explained that the proposed exhibition *Shipwrecked—Tang Treasures and Monsoon Winds* is causing debate within the scientific community on the grounds that the exhibition's objects may have been unethically or improperly excavated from Indonesian waters. Notifying the Regents is appropriate, she said, because how these sensitive issues are handled may impact the Smithsonian's reputation. The Committee expressed "significant concern" about the exhibition and noted the importance of a sober review and decision-making process.

Secretary Clough noted that Under Secretary for History, Art, and Culture Richard Kurin is convening a day-long conference in mid-April 2011 to encourage dialogue and understanding on the issues raised by the planned exhibition and to suggest courses of action. Participants will include representatives from art museums, underwater archeologists, experts from U.S. governmental organizations and archaeological museums, the heads of the AAM and the Association of Art Museum Directors, and other key Smithsonian stakeholders.

Under Secretary for Finance and Administration/Chief Financial Officer Search

Secretary Clough provided a brief update on the status of the search for a new Under Secretary for Finance and Administration/Chief Financial Officer. With the assistance of outside consultants, the search committee is currently reviewing a list of approximately 20 strong candidates. Roger Sant is the Regents' representative on the search committee.

Pan-Institutional Education Strategy

Ms. Stonesifer noted that the Committee “wants to be as constructive as possible” in promoting the development of a pan-Institutional education strategic plan. The Committee noted that, while progress has been made on the baseline assessment for the strategic plan, more work needs to be done before a presentation to the full Board can be productive. In particular, the Committee suggested that a draft plan identify, among other things, more focus on what educators and learners need, what the Smithsonian can offer to address those needs, realistic modes of delivery, and measures of success. The Committee stressed that the education/access strategy needs to map back from what the public needs to know about each of the Smithsonian strategic plan’s four Grand Challenges and be the means of delivering the Smithsonian’s assets in these areas.

Executive Session

The Committee went into executive session to discuss aspects of a proposed pan-Institutional education strategy. In addition, the Committee approved the Secretary’s request to amend the compensation for the Chief of Staff to the Secretary as follows:

VOTED that the Executive Committee, on behalf of the Board of Regents and pursuant to Board Bylaw 3.01, approves the Secretary’s request to amend the compensation for the Chief of Staff to the Secretary for calendar year 2011.

The meeting was adjourned at 2:35 p.m.

Respectfully submitted,

Patricia Q. Stonesifer
Chair