

MINUTES OF THE JULY 13, 2011, EXECUTIVE COMMITTEE MEETING

The Executive Committee (“the Committee”) of the Board of Regents of the Smithsonian Institution met on July 13, 2011, beginning at 11:00 a.m. by teleconference. Participating were Board Chair Patty Stonesifer, Vice Chair Alan G. Spoon, and 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, General Counsel Judith Leonard, and Chief of Staff to the Regents John K. Lapiana.

Executive Session

Ms. Stonesifer called the meeting to order and noted that the agenda would begin with an executive session to allow the Secretary to brief the committee on a personnel issue. Following that discussion, Ms. Stonesifer noted that the Compensation and Human Resource Committee will be identifying an appropriate process for notifying Regents of sensitive personnel developments.

Also during Executive Session, Mr. Lapiana briefed the Committee on plans to begin the search for an Inspector General. The Chair of the Board will have ultimate responsibility for the selection. The Committee discussed potential compensation issues and asked that the candidate pool be deep and diverse. Ms. Stonesifer provided a brief overview of the current plan for the search and stressed that John McCarter, chair of the Audit and Review Committee, will play a key role.

Report of the Secretary: Budget Outlook

After the Executive session, the Secretary provided an overview of the fiscal year 2012 Federal budget. He noted that much uncertainty about the budget exists and that the best “hard data point” at this time was the House Subcommittee on Interior, Environment, and Related Agencies’ mark-up of the Smithsonian proposed FY 2012 appropriation. That mark-up the Smithsonian’s proposed appropriation at \$751,721,000, a decrease of about \$8 million from fiscal year 2011 (the total also includes a proposed appropriation of \$50 million for the National Museum of African American History and Culture (NMAAHC).

The Secretary noted that the mark-up would cut the Salaries and Expenses budget by about one percent and the facilities capital budget by 25 percent (not including the NMAAHC appropriation). The Secretary noted that the facilities capital proposal was particularly troubling in light of the Smithsonian’s efforts over the last decade to help ensure that appropriation was sufficient to address long-standing deferred maintenance issues. The mark-up would cut the facilities capital budget to the fiscal year 2002 level. The Secretary expressed concern that certain capital projects may be delayed or cancelled.

The Secretary also alerted the Committee about the possibility that the Smithsonian may operate under a continuing resolution for all or part of fiscal year 2012. An issue raised by that possibility, the Secretary said, was whether the NMAAHC appropriation would only be \$20

million (i.e., FY 2011 level), significantly less than the requested \$125 million, and could endanger the 2015 opening date for the new museum.

The Smithsonian response to the continuing budget negotiations, the secretary said, must be to ensure that Congress understands the Federal commitment to build NMAAHC with matching public and private funding and to not endanger progress made on the deferred maintenance.

Mr. Kogod noted that the Facilities Committee has been regularly monitoring progress on deferred maintenance issues (through a moving 10 year window), and would discuss the possible Federal budget impacts at its next meeting.

Ms. Stonesifer requested that a briefing be arranged for the entire Board on the topic as soon as practicable.

Report of the Secretary: Under Secretary for Finance and Administration/CFO Search Update

The Secretary provided an update on the search for a new Under Secretary for Finance and Administration. He shared with the Committee his preferred candidate, who had also been previously interviewed by Ms. Stonesifer, and the candidate's biography and references. In addition, the Secretary discussed the proposed compensation package for the position and noted that it had been approved by the Chair of the Compensation and Human resources committee.

Report of the Secretary: Hirshhorn Pavilion Update

The Secretary then briefed the committee on the status of the Hirshhorn Museum Inflatable pavilion project. The Secretary noted that the museum's board and director support the project, but that it has been difficult to secure a realistic cost estimate for such a unique structure, that would also include the costs to inflate and deflate the pavilion twice a year. Despite some fundraising difficulties, the Secretary assured the Committee that the project is receiving the full attention by senior staff across the Institution.

Education Strategy

To assist in the development of a pan-Institutional education strategy, Ms. Stonesifer asked the Secretary to propose a framework for an ad hoc group of Regents to serve, at least initially, as consultants to identify and providing guidance on answering key strategic questions. Mr. Spoon agreed to serve as the leader of the ad hoc group.

The meeting was adjourned at 12:02 p.m.

Respectfully submitted,

Patty Stonesifer
Chair