

## **MINUTES OF THE NOVEMBER 16, 2010, EXECUTIVE COMMITTEE MEETING**

The Executive Committee (“the Committee”) of the Board of Regents of the Smithsonian Institution met on November 16, 2010, at 11:00 a.m. in the Secretary’s meeting room. Participating in the meeting were Board of Regents Chair Patty Stonesifer, Vice Chair Alan Spoon (by telephone), 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, General Counsel Judith Leonard, Chief of Staff to the Regents John K. Lapiana, Director of Government Relations Nell Payne, and Acting Chief Financial Officer Bruce Dauer.

Ms. Stonesifer called the meeting to order and noted that the Executive Committee meets monthly with every third month’s meeting usually dedicated to the review of the agenda for the following full Regents’ meeting.

### **Approval of Minutes**

The Committee approved, without changes, the draft minutes of the September 29, 2010, Executive Committee meeting.

### **2011 Federal Mid-Term Elections and Deficit Commission Draft Report**

Ms. Payne discussed the implications for the Smithsonian of the November 2010 mid-term elections and the recent release of the Commission on Fiscal Responsibility and Reform’s draft report. In that draft report, the Commission’s chairmen suggested that the Smithsonian begin to charge admission to its museums and that its Federal appropriation be reduced accordingly.

Ms. Stonesifer reminded members that they had received copies of the Secretary’s letter to the Commission chairmen and a press fact sheet prepared by the Smithsonian’s Office of Public Affairs.

Ms. Payne said that the Smithsonian should be prepared, like all other Federal agencies, for possible reduced appropriations as the new Congress focuses on deficit reduction. Ms. Stonesifer said that the Smithsonian needs to participate in the conversations as appropriate, recognizing its civic responsibility to steward its funds well and efficiently. The Committee discussed the issue with Ms. Payne and Mr. Dauer.

Mr. Kogod asked what steps the administration was taking to anticipate budget reductions in fiscal years 2011 and 2012, given the various advanced states of those budget requests. Secretary Clough explained that a mechanism has been established to respond to the potential reductions as they are enacted, including a decision-making team and processes to implement any contingency plans. Mr. Dauer also explained that, due to civil service laws that require notice and due process before personnel cuts can be effected, implementing reductions-in-

force is particularly difficult at an agency such as the Smithsonian, whose appropriation overwhelmingly consists of salaries and expense.

The Committee expressed concern that possible reductions-in-force could undo the strategic hiring made over the last four years, especially in the sciences, and asked the Secretary to consider a pan-Institutional philosophy for targeting reductions.

Mr. Dauer then identified possible Federal appropriation scenarios for fiscal years 2011 and 2012, assuming different reduction levels. He and Ms. Payne noted that the Smithsonian would learn more about the budget climate in the next few weeks as the Office of Management and Budget fiscal year 2012 “passback” process takes place.

Ms. Payne updated the Committee on the status of possible appointments of Congressional Regents to the Board and the activities of the National Museum for the American Latino Commission. Secretary Clough added that he will be speaking with relevant Senate staff on November 22, 2010, about the release of Legacy Funds in light of the recent Gates Foundation youth access endowment grant.

#### **Fiscal Year 2010 Fourth Quarter Financial Snapshot**

Ms. Stonesifer thanked Mr. Dauer for assuming the duties of Acting Chief Financial Officer, especially during a period of unique and unpredictable stress to the Smithsonian’s budget. She then asked the Committee for questions and comments on the financial snapshot included in the meeting materials.

Mr. Spoon asked Mr. Dauer about an approximately 12 percent variance above planned expenses for operations/information technology. Mr. Dauer said he would research the variance and report back to the Committee as soon as possible.

Ms. Stonesifer reiterated the Committee’s request that future financial snapshots also include Smithsonian Enterprises gross revenue, in addition to the currently displayed net revenue.

#### **Advancement Committee Actions and Updates**

1. Congressional Partnership Update. Secretary Clough and Ms. Payne briefed the Committee on progress to forge an understanding between Congress and the Smithsonian that the revenues realized through the national campaign would not be seen as offsets for reductions to Smithsonian appropriations. Secretary Clough said conversations with key Congressional leaders continue, although the recent elections have made scheduling more difficult. Mr. Spoon said he anticipates that some clarity on donor expectations should surface as part of the research being conducted for the national campaign by the Office of Advancement staff and its outside consultant. Both Mr. Spoon and Ms. Stonesifer suggested that staff be extremely sensitive to the potential need to recalibrate its strategies in light of a more austere Federal budget climate, including campaign goals.

2. National Campaign Update. Secretary Clough reported that the campaign planning progress was proceeding “well,” and that he has been rolling out the concept to advisory boards as they meet over the fall and winter. Mr. Spoon outlined the expectations for Advancement Committee oversight prior to the January 2011 full Board meeting. Secretary Clough also noted that a candidate has been hired for the Director of Institutional Relations position.
3. Corporate Gift Actions. Ms. Stonesifer discussed two proposed corporate gift approvals: 1) Target Corporation to Cooper-Hewitt, National Design Museum, and 2) Harry Winston Hope Foundation to the National Museum of Natural History, noting that the Committee was acting on behalf of the full Board to accommodate timing issues.

Accordingly, the Committee approved the following two motions:

**VOTED** that pursuant to Section 3.01 of the Bylaws, the Executive Committee, on behalf of the Board of Regents, recognizes the generosity of Target Corporation to Cooper-Hewitt, National Design Museum, and names the Target Design Kids and Target Design K–12 programs from May 14, 2010, to June 30, 2011. In addition, and during the same time period, the museum will identify Target as the programs’ lead sponsor and include Target’s logo on its Web pages dedicated to the programs, in printed materials developed for them, and in advertising and marketing related to them.

**VOTED** that pursuant to Section 3.01 of the Bylaws, the Executive Committee, on behalf of the Board of Regents, recognizes the generosity of Harry Winston Hope Foundation, Inc., to the National Museum of Natural History and accepts the terms of the gift agreement.

Ms. Stonesifer and Mr. Lapiana briefed the Committee on the current negotiations for a significant grant to the National Museum of African American History and Culture. Ms. Stonesifer noted that to accommodate the donor’s end-of-year schedule, the Executive Committee may be asked to approve accepting the grant before the end of the year.

### **Regent Vacancy**

Ms. Stonesifer noted that the Governance and Nominating Committee will be considering candidates to fill the Board created by the resignation of Dr. Philip Frost, effective November 1, 2010. She noted that she has been discussing strategy with Dr. Shirley Ann Jackson, chair of the Governance and Nominating Committee, and that in identifying candidates, that committee will be sensitive to the fact that three other Citizen Regents (Ms. Stonesifer, Mr. Spoon, and Roger W. Sant) will be stepping off the Board between May 2012 and December 2013. The potential leadership attributes of candidates will be a key factor in making any recommendations to the

Board. Mr. Lapiana described the “aggressive” timetable to ensure that the full Board can consider candidate(s) at the January 31, 2011, Regents’ meeting.

### **Secretary Updates**

Secretary Clough previewed for the Committee his likely recommendation that the Smithsonian exercise its option to purchase 20 percent more equity in the Smithsonian Networks joint venture with CBS/Showtime. The Finance Committee will consider the request at its December 9, 2010, meeting and make a recommendation to the Executive Committee to act on behalf of the full Board. The option must be exercised by December 31, 2010. In response to Mr. Kogod’s question, Secretary Clough explained that the equity purchase would be funded through the Smithsonian short-term capital fund.

The Committee then went into Executive Session to discuss the Chief Financial Officer search process and an object loan.

The meeting was adjourned at approximately 12:45 p.m.

Respectfully submitted,

Patty Stonesifer  
Chair