

MINUTES OF THE JULY 26, 2010, GOVERNANCE AND NOMINATING COMMITTEE MEETING

The Governance and Nominating Committee (“the Committee”) of the Board of Regents of the Smithsonian Institution held a meeting on July 26, 2010, beginning at 9:35 a.m. in the Smithsonian Castle in Washington, D.C. Participating were Committee Chair Shirley Ann Jackson and Committee members Representative Doris Matsui* and Roger Sant*. Committee members France Córdova and Senator Christopher Dodd were unable to participate. Participating staff included Secretary G. Wayne Clough*, Chief of Staff to the Secretary Patricia Bartlett, Director of Education Claudine Brown, Director of External Affairs Ginny Clark, Office of the Regents Program Officer Grace Jaeger (recorder), Chief of Staff to the Board of Regents John K. Lapiana, Assistant to Representative Matsui Mara Lee*, General Counsel Judith Leonard, Director of Communications and Public Affairs Evelyn Lieberman, Assistant to Senator Dodd Colin McGinnis, Inspector General A. Sprightley Ryan, and Smithsonian Leadership Development Program Participant (Office of the Regents) Barbara Stauffer.

The Chair called the meeting to order.

APPROVAL OF MINUTES

The Chair asked for comments on the draft minutes of the March 8, 2010, meeting. There were none and the minutes were approved.

REPORT OF THE CHAIR

Dr. Jackson noted for the record two actions that the full Board took in response to recommendations of the Committee. The Board adopted bylaw 4.12, which recognizes and codifies the roles of non-Regent members on Regents’ committees. It also appointed Timothy O’Neill as a non-Regent to the Investment Committee.

GOVERNANCE REFORM REVIEW AND REGENTS 3.0

The Committee discussed the Board’s commitment to conducting a review every three years of the “implementation and efficacy” of the governance reform recommendations it adopted in June 2007. At its last meeting, the Committee agreed upon a framework to conduct an efficient and meaningful review. The methodology included answering the following questions for each of the original 25 recommendations:

- What was the underlying rationale of the recommendation?
- What overarching goal or goals did it promote?
- What actions were taken to implement the recommendation?
- Was implementation complete?
- Has implementation effectively addressed the rationale and, if not,
- What further steps are necessary?

** participated by teleconference*

Staff agreed to prepare a report of this meeting's discussion and to synthesize the governance progress review under four major overarching goals:

1. Promoting Openness and Transparency
2. Promoting a Culture of Accountability
3. Building and Maintaining an Exceptional Board
4. Strengthening the Constructive Partnership

Openness and Transparency

With regard to promoting openness and transparency, Dr. Jackson noted the following improvements:

- A Board Web site was developed.
- More detailed minutes for full Board and committee meetings were created.
- A policy was developed to address requests for Smithsonian information that properly balances the unique business and development activities with the Smithsonian's status as a public trust.
- Annual public forums have been conducted (the third will occur in September 2010).

Public Forum. Dr. Jackson asked Ms. Lieberman to comment on preparations for the third public forum, which will be held on September 20, 2010. Ms. Lieberman noted that decisions need to be made regarding the content and time of the meeting. She suggested that Board Chair Patricia Stonesifer begin the public forum by describing her role, after which brief presentations on the work of some committees would be provided by their chairs.

The Committee discussed content ideas for the September 2010 public forum which will take place after the regular business meeting. Mr. Sant suggested presenting one topic that demonstrates each committee's contributions towards that issue. One proposed topic is the development of the National Museum of African American History and Culture (NMAAHC) and the process of bringing a new museum to fruition. Members noted that the discussion would have to be structured so it could not be interpreted as lobbying. This topic could include a discussion of the proposed National Museum of the American Latino and the similarities and differences in the development process for both museums.

Another proposed topic is the unique nature of the Smithsonian as a public/private partnership, which could again include discussion of the NMAAHC, as well as the opportunity for the chairs of the various Regents' committees to share their perspectives. A third topic suggested is the Smithsonian's governance reforms, which could be positively framed as an update/close-out.

Culture of Accountability

With regard to promoting a culture of accountability at the Smithsonian, the following steps were taken:

- Direct access (through the bylaws and in practice) to the Board was provided for the three gatekeepers: the General Counsel, the Chief Financial Officer, and the Inspector General.
- The Audit and Review Committee is overseeing a comprehensive upgrading of Smithsonian internal controls.
- A code of ethics was created.
- Smithsonian Enterprises was directed to follow general Smithsonian policies.
- Conflict of interest policies were strengthened, including barring senior executives from serving on outside for-profit boards.
- A unified compensation philosophy was developed by the Compensation and Human Resources Committee that articulated and rationalized the relationship between the Smithsonian's Federal and Trust compensation structures.

Compensation Philosophy. Dr. Jackson asked Secretary Clough to comment on the impact of the unified compensation philosophy on recruitment efforts for senior positions. Several searches have been conducted; some for positions with Federally based salaries and some for positions with market-based salaries, and all have been successful. The candidate pools may be smaller, especially for the Federal positions, but the system is working. The Secretary noted that when Trust positions with grandfathered salaries revert to Federal-equivalent salaries in January 2013, some staff may leave and those positions may be difficult to fill. Mr. Sant noted that when the compensation philosophy was created, there was the provision that one or two positions could be switched to market-based salaries without changing the policy. The issue will be referred to the Compensation and Human Resources Committee.

Building an Exceptional Board and Strengthening a Constructive Partnership

With regard to building and maintaining an exceptional board and strengthening the constructive partnership between the Regents and senior management, Dr. Jackson noted the structural improvements that had been made to the Board:

- Chair and vice chair positions were created.
- The duties and responsibilities of individual Regents were articulated.
- New committees were established to provide support for evolving priority areas.
- Robust annual self-assessments have been administered.

Self-Assessment. Dr. Jackson noted that the Board conducts a self-assessment each fall with the results discussed during the December committee meeting and presented by the Chair to the full Board at its January meeting. The meeting materials contained a revised form that reflects input from various sources. Members agreed the revised form was an improvement.

Dr. Jackson said that the best practices study conducted by McKinsey & Company in spring 2010 resulted in two recommendations related to the Board's structure and its partnership with

senior leadership. The first suggested articulating principles to guide a rebalancing of the roles and expectations of both the Board and senior leadership. The meeting materials contained a draft overview of the current state of the partnership, recommendations to support it, and the anticipated results of a strengthened partnership.

The second suggestion by McKinsey was to realign Board committees to reduce administrative burdens. A possible realignment was presented which prompted discussion of various suggestions to reduce the time burdens on Regents. Dr. Jackson suggested forming a task force to include Secretary Clough, Congresswoman Matsui, Board Chair Patricia Stonesifer, and herself to look at the various issues and options to better streamline operations for efficient and effective oversight by the Board. The task force could review the statutory requirements of each committee and consider, among other things, reducing the number of committee meetings held each year, holding committee meetings just before the full Board meetings, the development of consent agendas, and ways to better coordinate agenda building with staff.

ADVISORY BOARDS

Dr. Jackson asked Ms. Leonard to discuss the possible delegation of certain Regents' duties to the advisory boards. Ms. Leonard responded that the Regents' statutory governing duties cannot be delegated to those boards. The advisory boards can act in an advisory role in the units' budget formulations and can also provide input to the Secretary on the selection and performance of unit directors; the annual appraisal of each unit director, however, is done by the Secretary.

MOTIONS

The following actions were approved en banc:

VOTED that the Governance and Nominating Committee recommends that the Board of Regents approves the proposed slate of candidates for appointment or reappointment to eight Smithsonian advisory boards.

VOTED that the Governance and Nominating Committee recommends that the Board of Regents approves the establishment of an advisory board for the Smithsonian Institution Traveling Exhibition Service and the proposed bylaws.

VOTED that the Governance and Nominating Committee recommends that the Board of Regents approves the bylaws of the National Science Resources Center National Advisory Board.

EXECUTIVE SESSION

The Committee held an executive session to discuss personnel issues and the following motions were approved:

VOTED that the Governance and Nominating Committee recommends that the Board of Regents nominates Shirley Ann Jackson and Robert P. Kogod for second terms as members of the Board and that the Board ask its Congressional members to introduce and support legislative initiatives leading to their reappointment.

VOTED that the Governance and Nominating Committee recommends that the Board of Regents elects Patricia Q. Stonesifer as Chair of the Smithsonian Institution's Board of Regents for a one-year term effective February 1, 2010.

VOTED that the Governance and Nominating Committee recommends that the Board of Regents elect Alan G. Spoon as Vice Chair of the Smithsonian Institution's Board of Regents for a one-year term effective February 1, 2010.

ADJOURNMENT

The meeting was adjourned at 11:55 a.m.