



Smithsonian Institution Archives

Proceedings of the Board of Regents Meeting held on May 3, 1982

This document is provided by the [Smithsonian Institution Archives](http://siarchives.si.edu).

Please cite as –

Smithsonian Institution Archives, Record Unit 1, SIA_000001_BORMTG_19820503

When citing our collections online, please link to the Smithsonian Institution Archives
<http://siarchives.si.edu>.



SI Archives

FOR ADMINISTRATIVE USE ONLY

SMITHSONIAN INSTITUTION
Proceedings of the Meeting of the Board of Regents
May 3, 1982

I N D E X

	<u>Page</u>
Summary of Proceedings.....	i - vii
Attendance.....	1
Minutes of the Meeting of January 25, 1982.....	2
Report of the Executive Committee.....	2
James E. Webb Fellowships.....	5
Report of the Audit and Review Committee.....	8
The Annual Report.....	14
Financial Report.....	14
Report of the Investment Policy Committee.....	28
Quadrangle.....	39
Museum Support Center, Inventory, and Collections Management.....	45
Probate Proceedings of the Estate of Joseph H. Hirshhorn.....	47
Status Reports:	
Other Major Construction Projects.....	50
Legislation.....	52
Litigation.....	54
Television.....	58
Personnel.....	59
Museum of Man.....	64
The National Board of the Smithsonian Associates.....	65
Executive Session.....	65
Adjournment.....	65
Regents' Dinner.....	66
Next Meetings.....	67



SMITHSONIAN INSTITUTION
PROCEEDINGS OF THE MEETING OF THE BOARD OF REGENTS
May 3, 1982

SUMMARY OF PROCEEDINGS

Report of the Executive Committee

On April 14, 1982 the Executive Committee discussed the agenda for the Regents' May 3 meeting. Mr. Hohenlohe outlined the financial reports and characterized the fiscal year's financial conditions as stable, noting the assistance provided by OMB's support for a partial pay supplemental and by the Institution's own belt-tightening. Mr. Hughes noted that the decision to restrict summer evening hours to the National Air and Space Museum and the Zoo was widely announced and received little criticism.

The Committee agreed with the Secretary's suggestion to invite members of the National Board of the Smithsonian Associates to the May Regents' Dinner and a portion of the meeting.

The expiration of Mr. Webb's term on June 21 was noted, and, in view of his past contributions and his continuing interests, it was

VOTED that, in accordance with Section 2.08 of the Bylaws, the Board of Regents confers on James E. Webb the title of Regent Emeritus, with all the rights and responsibilities thereof.

The Committee recommended that Mr. Acheson be named to the Executive Committee vice Mr. Webb, and it was

VOTED that the Board of Regents elects David C. Acheson to membership on its Executive Committee, effective June 22, 1982.

The Executive Committee served as a search committee to recommend to the Regents a nominee for a Regent from the District of Columbia to replace Mr. Webb. After considering suggestions from the Secretary, the Regents, and the chairmen of the Institution's authorizing committees in the Congress, the Committee unanimously recommended the nomination of Miss Nancy Hanks. After discussion the Regents adopted the following resolution:

VOTED that the Board of Regents requests the Congressional Regents to introduce and support legislation to appoint Nancy Hanks citizen Regent of the Smithsonian Institution for the statutory term of six years.

James E. Webb Fellowships

In response to a poll conducted through the mails in April, it was

VOTED that the Board of Regents establishes the James E. Webb Fellowships for the promotion of excellence in the management of cultural and scientific not-for-profit institutions.



-ii-

It was noted that this was a particularly appropriate honor for Mr. Webb, and that this program in public administration will be of great benefit to the Institution. A short description of the Webb Fellowships has been included in the Minutes.

Report of the Audit and Review Committee

The Committee met on March 23, 1982. Coopers and Lybrand, the independent auditors, highlighted their December 31, 1981 Report to Management, noting that none of their recommendations were of material significance and that Smithsonian staff had been responsive to suggestions. Coopers and Lybrand also introduced their consolidated audit plan for FY 1982.

Mr. Acheson reported on the Committee's visit to the Cooper-Hewitt Museum in New York City on March 13. Messrs. Acheson, Rush, and Morgan and accompanying staff were given a tour of the Museum facilities, and Mrs. Lisa Taylor, Director of the Museum, spoke about exhibitions, collections, and education programs. Discussion ensued about the budget and future aspirations for the Museum, including a proposed expansion of the facilities. The Committee noted with pleasure the intention to develop private funds for the capital improvement project.

Mr. Hughes informed the Committee about a current review, as yet incomplete, of the gem collection in the National Museum of Natural History/Museum of Man, which review had been suggested when certain weaknesses had been discovered in the exchange program. It was agreed that the final report will be further discussed by the Committee.

It was noted that the Indemnification Resolution and Bylaw adopted by the Board of Regents January 25, 1982 had, through inadvertence, not included coverage for Regents Emeritus and members of Regents' committees and Smithsonian advisory bodies. To effect this coverage, and to clarify the intent of the Resolution that Smithsonian employees and officers will be indemnified for liability arising out of service on boards of other organizations when such service is part of official Smithsonian duties, the Audit and Review Committee recommended amended language for the Bylaws and Resolution, and the Board of Regents agreed to the following motion:

VOTED that the Board of Regents hereby adopts the amendments to Section 2.09 of the Regents' Bylaws and to the Indemnification Resolution as suggested by the Audit and Review Committee on March 23, 1982.

Dr. Challinor introduced the Committee to the Smithsonian Tropical Research Institute, using maps and slides. He gave a brief history of the Smithsonian's presence in Panama and added that the Smithsonian continues to be welcome for its contributions to natural conservation in the area. The Committee agreed to visit STRI facilities in November 1982.

The Committee will next meet on May 21, 1982 and Judge Higginbotham will attend. Topics will be: Coopers and Lybrand's audit of FY 1981 appropriated funds and further discussion of audit plan for FY 1982; equal opportunity and affirmative action; the organization of book publishing; and an overview of the Chesapeake Bay Center for Environmental Studies.



-iii-

The Annual Report

It was

VOTED that the Board of Regents accepts the Annual Report of the Secretary for fiscal year 1981.

Financial Report

The Institution has been allowed to submit to Congress a supplemental appropriation request of \$2.3 million to cover one-half of FY 1982 pay raise costs. This amount, together with cost-reduction actions taken as a result of the self-assessment review, will permit the Institution to continue operations with a minimum of disruption to essential activities. Few complaints have resulted from the decision to limit summer evening hours to the National Air and Space Museum and the National Zoo. Revised projections for Unrestricted General Trust Funds still anticipate a break-even budget, with increased net gains expected from the Smithsonian magazine being offset by lower returns in other auxiliary activities and increased administrative expenses.

Report of the Investment Policy Committee

The performance of the Institution's investment managers was reviewed by the Investment Policy Committee at its meeting on April 28, 1982. Mr. Hohenlohe noted that total Smithsonian endowments continue to outperform the standard market indices. For the last three and three-quarters year period, their annualized total return was approximately 12 percent compared to 6 percent for the Dow Jones Industrial Average and 10 percent for the Standard & Poor's 500. The Board approved the total return income payout in FY 1983 as recommended by the Investment Policy Committee, and it was

VOTED that the Board of Regents accepts the report of the Investment Policy Committee and approves a total return income payout rate of \$6.24 to Restricted and Designated Purpose Endowment Funds and \$5.00 to Unrestricted General Purpose Endowment Funds in Fiscal Year 1983.

Quadrangle

Six members of the National Board of the Smithsonian Associates joined the meeting of the Board of Regents for the discussion of the Quadrangle. The Secretary highlighted the report circulated in advance, noting progress through the tentative design phase. Accordingly, the architect's drawings, specifications, and construction estimate have been submitted to the General Services Administration. A second estimate has also been obtained by the Institution. The estimates suggested that some cost savings will be required to meet the



-iv-

\$75 million budget, but these savings will not force any major alterations to the project. The Secretary added that the Smithsonian will not appeal to Congress for any amount greater than the \$36.5 million currently requested for construction. A construction contract package will be ready for bidding in October or November 1982.

Progress in the development of a landscaping plan was reported.

The House Public Works Subcommittee on Public Buildings and Grounds held a hearing on H.R. 5659 (to authorize construction) on April 27 and reported the bill out favorably. The companion measure, S. 2102, was given a hearing by the Senate Committee on Rules and Administration on April 20.

The Secretary underscored the importance of the National Board of the Smithsonian Associates in the domestic fund-raising campaign, noting that the extraordinary generosity and dedication of several members has been critical to launching a sequential strategy for soliciting leadership-level gifts, to be followed by an expanded search for more moderate gifts. A series of special regional meetings will be arranged for the Secretary in this connection. A broader appeal to the entire membership of the National Associates may ensue.

Mr. Ripley outlined the foreign gifts and pledges to date and noted prospects for additional foreign donations. It was noted that all gifts and pledges (\$13,910,800), added to Smithsonian unrestricted fund transfers (\$12,357,100), total \$26,267,900--more than two-thirds of the \$37.5 million goal.

-- A Major Donation of Collections --

One of America's leading collectors of Near and Far Eastern art, to remain anonymous for the time being, has made a firm proposal containing these provisions:

1. He and several of his foundations will make an outright gift to the Smithsonian of works of art for the Near and Far Eastern Gallery with an appraised value of \$50,000,000. The appraisals will be made by authorities acceptable to the Smithsonian, and the selection of objects will be made by the Smithsonian. Objects will be primarily Oriental and ancient Near Eastern and will be of the highest quality.
2. The donor will make a cash contribution of \$4,000,000 toward the cost of construction of the Quadrangle.
3. As a condition of these gifts, the new gallery of Near and Far Eastern art will be named for the donor.

The donor and his foundations will also regularly contribute sums for research and for the publication of scholarly catalogues of the collection. A formal agreement is being drafted and the Director of the Freer Gallery is compiling a list of objects totaling \$50 million in value.

After discussion, and noting the donor's wish that news of this proposed contribution should not be made public unless and until all arrangements have been approved, it was



-v-

VOTED that the Board of Regents authorizes the Secretary to negotiate terms of an agreement on conditions set forth above, which agreement may be signed by the Secretary with the approval of the Board.

Museum Support Center, Inventory, and Collections Management

Acknowledging Dr. Gell-Mann's observation that plans have yet to be fully developed for the appropriate emphasis of archeometry, Mr. Ripley informed the Regents that the Museum Support Center was 65% complete on April 22, 1982. Landscaping began in April with the planting of some trees and the demolition of two remaining block buildings. Design documents for the "wet" storage equipment are under review and a bid invitation is scheduled for May 5. Procedures are being developed to facilitate a complex and multi-stage move to the MSC.

The inventory effort continues to make progress through improved techniques for collecting and recording inventory data and additional funds reallocated to those museums facing the most difficult inventory tasks. The baseline inventory is still targeted for completion by June 1983.

Collections management policies for the National Air and Space Museum and the National Museum of American Art have been approved by the Secretary. Others are nearing completion. Major museums are exploring possible deaccessions of extraneous collections to save space and other resources.

Probate Proceedings of the Estate of Joseph H. Hirshhorn

Mr. Hirshhorn made three bequests to the Smithsonian for the use and benefit of the Hirshhorn Museum and Sculpture Garden: (1) all works of art which he owned at the time of his death--approximately 6,000 works in all, in various locations, now being inventoried; (2) five million dollars--providing four million dollars remain in the residuary estate; and (3) royalty interest in petroleum products from certain lands in Canada to establish and maintain a separate fund for acquisitions--under Canadian law a tax of 15% of the appraised value [\$1,544,400 (Canadian)], or approximately \$185,328 in U.S. dollars, is an obligation of the Estate, but will be charged to the Smithsonian legacy upon acceptance of this bequest. The Trustees of the Hirshhorn Museum and Sculpture Garden will discuss this matter and advise the Board of Regents.

Honor for the Secretary

The Secretary has received the rank of Commander in the Order of Orange-Nassau just prior to the visit of the Queen of the Netherlands, in recognition of the work culminating in the Queen's opening of the De Stijl exhibition at the Hirshhorn Museum and Sculpture Garden as well as, more generally, the Smithsonian's work over the years. The Regents offered their approval and congratulations.

Status Reports

The Secretary discussed each of the following status reports which had been distributed in advance of the meeting:



-vi-

Other Major Construction Projects
Legislation
Litigation

Television
Personnel
Museum of Man

The National Board of the Smithsonian Associates

It was noted that the relationship of the National Board of the Smithsonian Associates with the Board of Regents has been confusing to some members of the National Board, and the Chancellor suggested he would work with the Chairman of the Regents' Executive Committee and the Secretary to devise improved means of communications. The Secretary hoped to include additional members of the National Board at the September 1982 dinner and meeting.

Executive Session

In executive session the Regents discussed various personnel matters and approved a revised retirement annuity plan for the Secretary.

Adjournment

The formal business of the Board of Regents concluded at noon and was followed by an informal luncheon in the Regents' Room.

Regents' Dinner

The traditional Regents' dinner was held in honor of Mr. Webb the preceding evening, May 2, in the "Commons" of the Smithsonian Institution Building. Cocktails were held in the Victorian Garden, where a model of the Quadrangle was on view.

The Secretary greeted the guests and acknowledged particularly the presence of members and spouses of the National Board of the Smithsonian Associates. The Chancellor presented the following citation to Mr. Webb:

With heartfelt appreciation and deep affection for this tireless friend and patriot, the Board of Regents and the Secretary of the Smithsonian Institution are honored to dedicate to

JAMES EDWIN WEBB

Regent of the Smithsonian Institution, 1970-1982
Chairman of the Executive Committee, Board of Regents, 1972-1982

The James E. Webb Fellowships for the promotion of excellence in the management of cultural and scientific institutions. In the traditions of his life-long interest in and outstanding contributions to this nation's public administration and of his unstinting dedication to the sensible fulfillment of James Smithson's mandate, the Webb Fellowships will nurture management abilities of Smithsonian employees and visiting scholars for years to come--and will therefore continue to symbolize our profound gratitude for this sensitive and dear colleague.

Accepting the honor, Mr. Webb expressed his appreciation for the fine work of the Chancellor, the Secretary, and his staff, and his satisfaction for the progress of the Institution.



-vii-

The Secretary offered a toast to Dr. Fred L. Whipple, in whose name the astronomical observatory of Mt. Hopkins is to be dedicated in May 7, 1982. Mr. Ripley also paid tribute to the fine accomplishments of Mr. Richard Griesel, the Business Manager of the Smithsonian who is leaving to enter private industry on May 7.

There followed a showing of In Open Air, a film produced through the generosity of the Allbritton Foundation in connection with the exhibition of the American Impressionists paintings.

Next Meetings

Executive Committee Meeting: Tuesday, August 17, 1982, noon
Regents' Dinner: Sunday, September 19, 1982
Board of Regents' Meeting: Monday, September 20, 1982, 9:30 a.m.



SMITHSONIAN INSTITUTION
PROCEEDINGS OF THE MEETING OF THE BOARD OF REGENTS

May 3, 1982

Attendance

The meeting of the Board of Regents was held in the Regents' Room of the Smithsonian Institution Building and was called to order by the Chancellor at 9:30 a.m. on Monday, May 3, 1982. Present were:

Chief Justice Warren E. Burger, Chancellor
Senator E. J. (Jake) Garn
Senator Barry Goldwater
Senator Henry M. Jackson
Representative Edward P. Boland
Representative Silvio O. Conte
Representative Norman Y. Mineta
David C. Acheson
Anne L. Armstrong
William G. Bowen
William A. M. Burden
Murray Gell-Mann
Carlisle H. Humelsine
James E. Webb
S. Dillon Ripley, Secretary

The following Regents were unable to attend because of prior commitments: Vice President Bush, Judge Higginbotham, and Mr. Austin.

Also present were: Under Secretary Phillip S. Hughes; Assistant Secretaries John F. Jameson, Charles Blitzer, and David Challinor; Treasurer Christian C. Hohenlohe; Executive Assistant to the Secretary James M. Hobbins; Assistant to Senator Garn, Jeff Bingham; Assistant to the Chief Justice, Mark W. Cannon; Assistant to Senator Jackson, D. Michael Harvey; Assistant to Senator Goldwater, Jim Horton; Assistant to Mr. Mineta, Paul Schoellhamer; Assistant to Mr. Boland, Mike Sheehy; Assistant to Mr. Conte, Mary Silveira; and Assistant to Dr. Bowen, Marcia Snowden.



-2-

Minutes of the Meeting of January 25, 1982

The meeting began with the Chancellor's reference to the Minutes of the meeting of January 25, 1982, which had previously been distributed, and the Regents approved the following resolution:

VOTED that the Board of Regents approves
the Minutes of the Meeting of January 25, 1982,
as previously circulated on February 22, 1982.

Report of the Executive Committee

Mr. Humelsine reported that the Executive Committee met in the Ladies' Dining Room of the Supreme Court at noon on Wednesday, April 14, 1982.

Present were:

Chief Justice Warren E. Burger, Chancellor
Carlisle H. Humelsine, Chairman
James E. Webb
William A. M. Burden
David C. Acheson, Vice Chairman, Audit and
Review Committee
S. Dillon Ripley, Secretary

Also present were: Under Secretary Phillip S. Hughes; Assistant Secretary for Administration John F. Jameson; Treasurer Christian C. Hohenlohe; Executive Assistant to the Secretary James M. Hobbins; Assistant Secretary for History and Art Charles Blitzer; and Assistant to the Chief Justice Mark W. Cannon.

The Executive Committee discussed the agenda for the May 3, 1982 meeting of the Board of Regents, and the Committee's views were reflected in the agenda papers. The Committee expressly endorsed each of the proposed actions therein.



-3-

Mr. Hohenlohe outlined the Financial Reports and characterized the current fiscal year's financial conditions as stable. He noted particularly the assistance provided the Institution through the Office of Management and Budget decision to support a portion of the proposed pay supplemental and emphasized the importance of the Smithsonian's self-imposed belt-tightening in matching expenditures to current budget limitations. Mr. Hughes added that the decision reached earlier to limit summer evening visiting hours to the National Zoological Park and the National Air and Space Museum was widely announced and received with very little criticism.

In accordance with the Secretary's authority, confirmed by the Board of Regents on September 17, 1979, Mr. Hohenlohe reported that one bank account has been closed upon the termination of a field research project.

The Secretary suggested, and the Committee agreed, that the members of the National Board of the Smithsonian Associates be invited to join the Regents at their Dinner on May 2, 1982, and for a portion of the Regents' meeting on May 3. The Committee thought that the Board members should join the meeting at 10:30 a.m., when the Regents' discussion of the Quadrangle would get underway.

The Committee noted with regret that Mr. Webb's second term as a Regent will expire on June 21, 1982, and he has expressed his wish to the Chancellor not to stand for reappointment. With great appreciation for Jim Webb's outstanding service to the Smithsonian throughout his years as a Regent and as Chairman of the Executive Committee from 1972 to 1982, and fully aware that his keen insight and great experience will continue to benefit the Board and the staff of the Institution, the Executive Committee suggested that he be



-4-

named Regent Emeritus and accordingly the Regents approved the following motion:

VOTED that, in accordance with Section 2.08 of the Bylaws, the Board of Regents confers on James E. Webb the title of Regent Emeritus, with all the rights and responsibilities thereof.

The Committee agreed with the Chancellor's suggestion that Mr. Acheson be named to the Executive Committee vice Mr. Webb upon the expiration of his term and the Regents approved the following motion:

VOTED that the Board of Regents elects David C. Acheson to membership on its Executive Committee, effective June 22, 1982.

Mr. Humelsine reported that, at the Chancellor's direction, he has chaired the Executive Committee as a search committee to recommend to the Regents a nominee for a Regent from the District of Columbia to replace Mr. Webb. He noted that suggestions have been solicited from the Secretary, all the Regents, and the chairmen of the Institution's authorizing committees in the Congress, and over two dozen highly qualified candidates have been suggested, including a number recommended in connection with earlier searches. Mr. Humelsine added that after careful consideration of all available options, the Executive Committee, as a search committee, unanimously recommended the nomination of Miss Nancy Hanks. After a brief discussion the Regents adopted the following motion:

VOTED that the Board of Regents requests the Congressional Regents to introduce and support legislation to appoint Nancy Hanks citizen Regent of the Smithsonian Institution for the statutory term of six years.



-5-

After an executive session, which discussion was to be resumed with the Board on May 3, 1982, the meeting of the Executive Committee adjourned at approximately 2:30 p.m. at the conclusion of luncheon.

James E. Webb Fellowships

Mr. Humelsine reported that in response to a poll conducted through the mails in April the Board of Regents has unanimously passed the following motion:

VOTED that the Board of Regents establishes the James E. Webb Fellowships for the promotion of excellence in the management of cultural and scientific not-for-profit institutions.

Mr. Humelsine added that the Regents felt this was a particularly appropriate way of honoring Mr. Webb and that it will be a constructive program in public administration--one which will be of great benefit to the Institution. There follows the paper which had been distributed to the Regents in connection with the poll.



-6-

JAMES E. WEBB FELLOWSHIPS

Purpose

The James E. Webb Fellowships are designed to promote excellence in management of cultural and scientific not-for-profit institutions, and to recognize and nurture management ability in Smithsonian employees and others.

They are available to Smithsonian employees who show strong promise for future management positions, to talented graduate students committed to careers in the management of cultural and scientific organizations, and to persons at cultural and scientific institutions in the U.S. who can benefit their institutions by a program of training at the Smithsonian. The fellowships are select and very few, no more than five each year, of which one would be for a Smithsonian employee and four for persons from outside.

For Smithsonian employees the fellowships may take the form of advanced training at a graduate institution of business or public administration or of service with a not-for-profit institution of a size and scope that will significantly enhance the fellow's knowledge and skill.

For graduate students and for personnel in other organizations the fellowships will usually take the form of special assistantships to high ranking Smithsonian officials - Assistant Secretaries, heads of major offices, bureau directors - or, in unusual cases, may be a program of varied assignments originated by the candidate and worked out with the Smithsonian.

In all cases the candidate for fellowship must propose a plan for training. The Smithsonian employee must suggest the graduate school or the in-service program and specify her or his objectives for the training. The non-Smithsonian candidates must offer a statement of objectives and a rationale for selecting a particular location within the Institution in which to work.

Guidelines

1. Smithsonian Staff

In selecting the Smithsonian fellow, priority would be given to candidates not yet at top management levels but who show promise for future promotion to such levels; for example, an outstanding curator or scientist who shows strong potential for a future departmental chairmanship or for the directorship or deputy directorship of a bureau.

If the fellow is to study at a university, the fellowship would be for up to two semesters. If the fellowship is for work with another organization, the award would be for six months.



2. Outside Fellowships

Each year the fellowship would be announced to graduate schools of business or public administration, with priority given to those which have an arts management curriculum or a curriculum in management for not-for-profit organizations. The fellowships would also be announced selectively to museums and research institutions.

All candidates would be required to submit a statement of their training and career objectives and the role of a Smithsonian fellowship in accomplishing them. Graduate student candidates would be required to provide reference letters from at least two members of the faculty, evidence of their grade point average, and evidence that they will be permitted by their graduate school either to substitute the fellowship for course work with credit or to take a leave of absence from the graduate school without detriment to their status as students. Candidates from other organizations would be required to provide evidence that their organization supported their fellowship plan and could guarantee continued employment of the candidate after the fellowship period.

Fellowships for graduate students would be for up to two academic semesters. Fellowships for candidates from other organizations would last six months.

3. Administration of the Program

Fellows would be selected by a committee consisting of senior Smithsonian staff representing administrative and program interests.

Selections would be made on the basis of proposals submitted and references. In the case of Smithsonian staff, potential for future growth into top-level administrative positions will also be considered.

The fellowship program would be administered by the Office of Fellowships and Grants. Administrative procedures would follow those established by that office for other fellowship programs.

4. Cost of the Program

Individual fellowships would be in the range of \$5,000 to \$10,000 depending on the program. Total yearly cost to the Smithsonian Institution would be \$25,000 to \$50,000 of unrestricted trust funds.



-8-

Report of the Audit and Review Committee

Senator Jackson introduced the following report of the Audit and Review Committee meeting of March 23, 1982. He drew the Board's attention to the proposed amendment to the Regents' Indemnification Resolution and Bylaw, discussed on pages 10 and 11 below, and after discussion the following suggested motion was approved:

VOTED that the Board of Regents hereby adopts the amendments to Section 2.09 of the Regents' Bylaws and to the Indemnification Resolution as suggested by the Audit and Review Committee on March 23, 1982.

* * * * *

SMITHSONIAN INSTITUTION

Board of Regents

Minutes of the Meeting of the Audit and Review Committee

The Regents' Audit and Review Committee met at 7:30 a.m., Tuesday, March 23, 1982, in the Regents' Room. Present were:

Honorable Henry M. Jackson, Chairman
Honorable David C. Acheson, Vice Chairman
Honorable Norman Y. Mineta
Honorable George H. Mahon
Honorable Kenneth Rush

Also present were:

Mr. D. Michael Harvey, Assistant to Senator Jackson

Smithsonian Staff

Mr. Phillip S. Hughes, Under Secretary
Mr. John F. Jameson, Assistant Secretary for Administration
Dr. David Challinor, Assistant Secretary for Science
Mr. Christian C. Hohenlohe, Treasurer
Mr. James M. Hobbins, Executive Assistant to the Secretary
Mr. Peter G. Powers, General Counsel
Mr. Chris Peratino, Director, Office of Audits
Mr. John C. Fawsett, Auditor, Office of Audits

Coopers and Lybrand

Mr. A. William Mann, Partner-in-Charge
Mr. John D. Strom, Engagement Manager



-9-

Senator Jackson called the meeting to order and, at his request, Mr. Mann highlighted Coopers and Lybrand's December 31, 1981 Report to Management, which had been distributed in advance. He noted that none of their recommendations were of material significance and that Coopers had been pleased with the responses of Smithsonian staff. Mr. Mann also introduced the outline of Coopers and Lybrand's consolidated audit plan for fiscal year 1982.

Mr. Acheson mentioned that the Audit and Review Committee, represented by Messrs. Rush, Morgan and himself, visited the Cooper-Hewitt Museum in New York on Saturday, March 13. Accompanied by Messrs. Hughes, Blitzer, and Hobbins and Mrs. Hamilton of the Smithsonian staff, as well as Mr. Carroll Leggett, they met with Mrs. Lisa Taylor, the Director, and her staff, as well as Mr. August Hecksher, Chairman of the Cooper-Hewitt Council. Mrs. Taylor and her staff conducted an extensive tour of the research, conservation, library, storage and exhibition facilities in both the Carnegie Mansion and the nearby Miller House. There followed her presentation on the Museum's exhibitions, collections and education programs and a general discussion of the Museum's budget and aspirations for the future.

Mr. Acheson noted that the Committee's delegation was impressed with the level of dedication of Mrs. Taylor and her staff. The programs of the Museum have been carried out largely through self-help measures, and a majority of operating funds continues to be raised from private sources. Housed in two old residences, the Museum needs additional space, particularly for an auditorium, for permanent exhibitions, class rooms, and exhibit-staging areas, as well as adequate collections storage. Mindful of the Museum's self-help measures in the past, and of its earnest desire to continue upgrading the facilities to museum quality standards, the Committee noted with pleasure the intention to develop private funds for this much needed capital-improvement project.



-10-

Mr. Hughes apprised the Committee of the internal auditors' review of the gem collection in the National Museum of Natural History/Museum of Man, pointing out that the current review had been requested by the Director after weaknesses in the exchange program had been disclosed in an audit of his Museum. Mr. Hughes spoke about the size of the collection, its inestimable value and levels of yearly activity in purchases and exchanges of gems and minerals. He emphasized that the current review was not yet complete and no final conclusions have been reached, but there appear to have been instances of inadequate record keeping and review of exchanges and purchases. He suggested that the appearance of these and other weaknesses was more a result of the curators' freewheeling enthusiasm for building the gem collections than a symptom of malfeasance. After discussion, the Committee commended Mr. Hughes and the auditors for their initiative, and it was agreed that the final report, when ready, will be further discussed by the Committee.

Messrs. Powers and Hohenlohe recalled that at its meeting on January 25, 1982 the Board of Regents adopted the Indemnification Resolution and Bylaw proposed by the Audit and Review Committee. Thereafter, it was realized that Regents Emeritus and members of Regents' committees and Smithsonian advisory bodies had, through inadvertence, not been included. Since their inclusion, as originally intended, will not increase the cost of indemnity insurance, the Audit and Review Committee recommended that the Bylaw be amended as follows:

"2.09 INDEMNIFICATION

Members of the Board of Regents, Regents Committees and Smithsonian advisory bodies, Regents Emeritus, officers, and employees of the Smithsonian, may be indemnified for any and all liabilities and reasonable expenses incurred in connection with any claim, action, suit, or proceeding arising from present or past service for the Smithsonian Institution, in accordance with resolutions adopted by the Board."

(new words underscored)



-11-

Similarly, the Committee recommended that the Indemnification Resolution be amended by adding the following paragraph at the end:

"The provisions of this Resolution shall apply to members of Regents Committees and Smithsonian advisory bodies and to Regents Emeritus. The right of indemnification for official service with outside organizations shall be limited to service as a member of the Board of such organization."

The second sentence of this amendment will clarify the original intent of the Resolution that Smithsonian employees and officers will be indemnified for liability arising out of service on boards of other corporations or entities when such service is part of official Smithsonian duties. While the instances of such service on outside boards by Smithsonian employees are few, and the potential liability is believed to be extremely remote, the insurance underwriter for the "Directors and Officers" insurance policy has informed the Smithsonian that for insurance on this particular provision to be secured, the Institution would have to enumerate each such instance of board membership and provide extensive background information on each outside organization. In view of the remoteness of liability under this provision, as well as the administrative problems in obtaining and updating the required information for the underwriter, it has been concluded that it would be cost-effective for the Institution to self-insure this minor aspect of the Indemnification Resolution.

Thereafter, the Audit and Review Committee agreed to propose the following motion:

VOTED that the Board of Regents hereby adopts the amendments to Section 2.09 of the Regents' Bylaws and to the Indemnification Resolution as suggested by the Audit and Review Committee on March 23, 1982.

The amended Resolution is attached to this report.



-12-

Through the use of maps and photographic slides, Dr. Challinor introduced the Committee to the Smithsonian Tropical Research Institute in Panama. He gave a brief history of the Smithsonian's presence in that area and the current status of this tropical biological research installation under the provisions of the Panama Canal Treaty and related agreements. Aside from his descriptions of the wide range of research projects in this rare natural setting, Dr. Challinor emphasized the importance of Panama's positive feelings toward the Smithsonian's presence and contributions to natural conservation in the area. The Committee set a tentative date, November 11-14, 1982, to visit the STRI facilities.

The next meeting of the Audit and Review Committee has been scheduled for Friday, May 21, 1982, at 7:30 a.m., in the Regents' Room. Judge Higginbotham has accepted the Committee's invitation to attend. Topics will include Coopers and Lybrand's audit of the fiscal year 1981 appropriated funds and further discussion of the audit plan for fiscal year 1982; equal opportunity and affirmative action; the organization of publishing; and, time permitting, a brief overview of the Chesapeake Bay Center for Environmental Studies, the proposed site of the Committee's subsequent meeting in early October.

The meeting of the Audit and Review Committee adjourned at 9:25 a.m.



-13-

REVISED INDEMNIFICATION RESOLUTION

Every person who is or was a member of the Board of Regents or an officer or employee of the Smithsonian, or of any other corporation or entity in which he served as such as part of his official Smithsonian duties, may in accordance with the second paragraph of this Resolution be indemnified by the Smithsonian against any and all liability and reasonable expense that may be incurred by him in connection with or resulting from any claim, action, suit or proceeding (whether brought by or in the right of the Smithsonian or such other corporation or entity or otherwise), civil or criminal, administrative or investigative, or in connection with an appeal relating thereto, in which he may be involved, as a party or otherwise, by reason of his being or having been a member of the Board of Regents or an officer or employee of the Smithsonian or such other corporation or entity, or by reason of any action taken or not taken in his capacity as such member of the Board of Regents or officer or employee, whether or not he continues to be such at the time such liability or expense shall have been incurred, provided such person acted, in good faith, in what he reasonably believed to be the best interests of the Smithsonian or such other corporation or entity, as the case may be, and, in addition, in any criminal action or proceeding, had no reasonable cause to believe that his conduct was unlawful. As used in this Resolution, the terms "liability" and "expense" shall include, but shall not be limited to, counsel fees and disbursements and amounts of judgments, fines or penalties against, and amounts paid in settlement by a member of the Board of Regents or officer or employee. The termination of any claim, action, suit or proceeding, civil or criminal, by judgment, settlement (whether with or without court approval), conviction or upon a plea of guilty or nolo contendere, or its equivalent, shall not create a presumption that a member of the Board of Regents or officer or employee did not meet the standards of conduct set forth in this paragraph.

Every person referred to in the first paragraph of this Resolution who has been successful, on the merits or otherwise, with respect to any claim, action, suit or proceeding of the character described in such first paragraph shall be entitled to indemnification as of right. Except as provided in the preceding sentence, any indemnification under such first paragraph may be made by the Board or by a committee of the Board in its discretion, but only if either (i) the Board or such committee, acting by a quorum consisting of persons who were not parties to (or who have been wholly successful with respect to) such claim, action, suit or proceeding, shall have found that the member of the Board of Regents or officer or employee has met the applicable standards of conduct set forth in such first paragraph or (ii) if there be no such disinterested quorum, independent legal counsel shall have delivered to the Smithsonian written advice to the effect that in their judgment such applicable standard has been met.

Expenses incurred with respect to any claim, action, suit or proceeding of the character described in the first paragraph of this Resolution may be advanced by the Smithsonian prior to the final disposition thereof upon receipt of an undertaking (which need not be secured) by or on behalf of the member of the Board of Regents or officer or employee to repay such amount unless it shall ultimately be determined that he is entitled to indemnification by the Smithsonian.



-14-

The rights of indemnification provided in this Resolution shall be in addition to any other rights to which any such member of the Board of Regents or officer or employee may otherwise be entitled by contract, vote of the Board or otherwise or as a matter of law; and in the event of any such person's death, such right shall extend to his heirs and legal representatives.

The provisions of this Resolution shall apply to members of Regents Committees and Smithsonian advisory bodies and to Regents Emeritus. The right of indemnification for official service with outside organizations shall be limited to service as a member of the Board of such organization.

The Annual Report

The Chancellor drew the Regents' attention to the Annual Report of the Secretary and the following motion was carried:

VOTED that the Board of Regents accepts
the Annual Report of the Secretary for
fiscal year 1981.

Financial Report

Mr. Hohenlohe summarized the following financial report, which had been distributed in advance of the meeting.

* * * * *



-15-

Financial Report

Schedules A through E summarize the status of all Institutional funds for fiscal years 1981 through 1983. Supporting detail is also provided for auxiliary activities (Schedule F), unrestricted special purpose (Schedule G), and restricted purpose funds (Schedule H). Trust Fund comparative balance sheets are provided in Schedule I. Further details on FY 1981 activity, along with audited financial statements, are available in the 1981 edition of Smithsonian Year.

FY 1982 - Projection (Schedule D)

--Federal Appropriations: As reported to the Regents in January, the four percent Congressional reduction to the FY 1982 appropriation, together with the prospect of not receiving a supplemental appropriation to cover pay raise costs, led the Institution to undertake a comprehensive review and self-assessment this winter to identify areas of potential reduction as well as priorities for the limited budget resources. Major problems highlighted in this process included inadequate funding for supplies and materials used in physical plant maintenance, for installation of the proprietary alarm system, for manuscript publication, for continuation of the collection inventory schedule, and for a range of salary-related, supply and equipment needs throughout the bureaus. To meet these needs, a number of cost-reduction measures were instituted, including: the limiting of summer evening hours to the National Air and Space Museum and the National Zoological Park; temporary freezes (since lifted) on hiring, travel, and major equipment purchases; and program cutbacks and deferrals in NASM, the International Environmental Science Program, the National Zoo, the Major Exhibitions Program, the Conservation Analytical Laboratory, and selected other offices.



-16-

In response to the Institution's appeal, OMB has agreed to allow submission to Congress of a supplemental appropriation request of \$2.3 million to cover one-half of FY 1982 pay raise costs. While Congressional action is not expected until the summer, the amount requested, together with the actions taken as a result of the self-assessment review, will permit the Institution to continue operations with a minimum of disruption to essential activities. Further benefit of the self-assessment will be realized during formulation of the FY 1984 budget this spring.

--Nonappropriated Trust Funds: Revised projections for FY 1982, based on operating results of the first five months, are reflected on Schedule D, with further detail, compared to original budget, on Schedules F, G and H. While the Unrestricted General Trust Funds are projected to break even, as budgeted, this result will be reached only after the changes noted below:

<u>Income</u>	<u>Projection Compared to Budget</u>
·Magazine - While circulation has remained level, advertising revenues have exceeded budget; projected income of \$5,800,000 may improve further, depending on ad sales. Postage increases effected in January were accounted for in original budget.	+\$800,000
·National Associates - Gifts from Contributing Membership Program are expected to exceed budget by year end.	+\$100,000
·SI Press and Exposition Books - Sales by the Press of <u>The National Museum of American History</u> (published by Abrams), and the <u>Smithsonian Book of Comic Book Comics</u> are falling below budget, and promotional costs for both the Press and Exposition Books have increased due to higher postal rates.	-\$200,000
·Concessions/Parking/Food Services - Cafeteria sales have been lower than projected, due to lower attendance during winter weather, and start-up costs for NASM food service higher than planned.	-\$100,000



-17-

Projection Compared
to Budget

• Division of Performing Arts - Unanticipated costs of promotion (postal rates), record production (royalties to performers), and other program expenses, together with lower ticket sales for concerts, have required program cutbacks and other measures to contain costs. A net loss of \$300,000 is now projected for the year.	-\$400,000
• NASM Theatre - Revenues from the National Air and Space Museum Theatre, which are shared between the Institution and the Museum, are expected to remain at the high level of last year.	+\$200,000

Expenses

• The administrative budget will increase by \$400,000 due to Quadrangle fund-raising costs and the impact of the Executive Level pay increase in January.	-\$400,000
--	------------

Net change to Unrestricted General Trust Funds	-\$0-
---	-------

While no change has been made to financial projections for the Belmont Conference Center in this fiscal year, it should be noted that sale of the land to the State of Maryland should take place this summer, and several potential buyers are expected to make firm offers in the near future on Belmont House and surrounding acres (on which a conservation easement is being placed). To allow for orderly sale, termination of conference activities has been set for the end of this fiscal year. Of the net sale proceeds, \$1,750,000 has been earmarked for Museum Support Center construction, and the allocation of any remainder will be proposed as part of the FY 1983 budget in September.

Unrestricted Special Purpose and Restricted Trust Funds are projected to remain at levels reflected at the January meeting, with the exception of appropriate adjustments to Air and Space Museum theatre revenue and the associated transfer of a portion of this revenue to General Purpose funds.



-18-

FY 1983 - Estimates (Schedule E)

--Federal Appropriations: The budget hearing before the Senate Appropriations Subcommittee is scheduled for May 4, and before the House Subcommittee for May 26 and 27. Receipt of appropriations is not anticipated before fall.

--Nonappropriated Trust Funds: No changes in trust funds are reflected in the FY 1983 estimates. Units are currently in the process of preparing detailed FY 1983 and five-year projections as a part of the Institution's annual budget process. The results of the budget formulation will be presented to the Board of Regents at the August and September meetings.

(\$1,000's)

Schedule A

SMITHSONIAN INSTITUTION - FINANCIAL SUMMARY
Fiscal Years 1981 - 1983

	FY 81 Actual (Sch. B)	FY 82 Budget (Sch. C)	FY 82 Projected (Sch. D)	FY 83 Estimate (Sch. E)
<u>SI OPERATING FUNDS</u>				
<u>FUNDS PROVIDED:</u>				
FEDERAL APPROP. - SEE	122,478	128,470	130,770*	144,110
FEDERAL GRANTS & CONTRACTS	14,172	15,613	15,613	18,293
<u>NON-APPROP. TRUST FUNDS</u>				
Investment Income				
-Unrestr. General & Spec. Purpose	3,712	3,390	3,390	3,400
-Restricted	2,591	2,600	2,600	2,600
Gifts & Grants (Ex. Gifts to Endow.)				
-Unrestr. General & Spec. Purpose	114	110	110	110
-Restricted	2,978	2,500	2,500	2,200
Self-Generated Revenues				
Institutional (Gen. Unrestr. -Sch. F)				
-Gross Revenues	85,048	89,625	90,400	97,124
-Less Related Expenses	(73,679)	(81,470)	(82,045)	(87,069)
-Net Income	11,369	8,155	8,355	10,055
Bureaux (Spec. Purpose)				
-Gross Revenues	3,333	2,794	3,060	2,880
-Less Related Expenses	(2,245)	(2,108)	(2,108)	(2,297)
-Net Income	1,088	686	952	583
Other Misc. -Unrestricted	1,061	930	930	961
-Restricted	809	847	847	830
Total Non-Approp. Tr. Funds - Gross	99,646	102,796	103,837	110,105
-Net of Exps. of Self-Gen. Revs.	23,722	19,218	19,684	20,739
<u>TOTAL ALL OPER. FUNDS PROVIDED:</u>				
-Gross	236,296	246,879	250,220	272,508
-Net	160,372	163,301	166,067	183,142
<u>FUNDS APPLIED:</u>				
Science	62,703	64,831	66,126	71,267
Less: SAO Overhead Recovery	(2,470)	(2,693)	(2,693)	(2,840)
History & Art	25,614	26,214	26,663	26,912
Public Service	3,421	3,443	3,437	3,717
Museum Programs	8,084	8,258	8,311	8,584
Special Programs	7,284	12,392	12,218	15,069
Associates Pgms/Business Mgmt.	312	393	693	369
Administration				
-Federal Appropriation	8,782	9,123	9,398	10,086
-Trust Funds	5,740	6,036	6,156	6,662
Less: SI Overhead Recovery	(5,014)	(5,200)	(5,200)	(5,400)
Facilities Services	36,501	38,513	39,540	44,720
<u>TOTAL OPERATING FUNDS APPLIED</u>				
	150,957	161,310	164,629	179,146
<u>TRANSFERS (Non-Approp. Trust Funds)</u>				
To Plant Funds	2,550	1,025	1,025	1,525
To Endowment Funds				
Unrestricted Purpose	2,550	2,021	2,021	2,021
Restricted Purpose	108	100	100	100
Total Transfers	5,208	3,146	3,146	3,646
<u>CHANGE IN FUND BALANCE</u>				
Unrest. & Special Purpose	2,746	(237)	(171)	105
Restricted (Incl. Fed. Grants & Contracts)	1,276	(733)	(1,352)	245
Federal Appropriation	185*	(185)*	(185)**	-
Total	4,207	(1,155)	(1,708)	350
<u>FUND BALANCES - END OF YEAR</u>				
Unrestricted & Special Purpose	17,642	17,405	17,471	17,576
Restricted (Incl. Fed. Grants & Contracts)	5,951	5,218	4,599	4,844
Federal Appropriation	185*	-	-	-
Total Operating Fund Balances	23,778	22,623	22,070	22,420
* * * * *				
<u>OTHER FEDERAL APPROPRIATIONS</u>				
-Foreign Currency Program	3,650	4,320	4,320	2,000
-Construction	15,829	9,744	9,744	46,500
<u>TOTAL FEDERAL APPROPRIATIONS</u>				
	141,957	142,534	144,834	192,610
* * * * *				

*Includes supplemental request to Congress of \$2,300 thousand for the effect of FY 1982 legislated pay raises.
**FDR Centennial appropriation, available through FY 1982.

(\$1,000's)

SMITHSONIAN INSTITUTION -20-
Source & Application of Funds
Actual FY 1981
(Excluding Foreign Currency Program)

Schedule B

OPERATING FUNDS

Funds Provided:

	Federal Approps.	Federal Gr. & Cont.	Unrest.Trust Funds		Restricted Trust Fds.	Total Op. Funds
			General	Sp.Purp.		
Federal Appropriation	122,478	-	-	-	-	122,478
Investments	-	-	3,123	589	2,591	6,303
Gifts, Grants & Contracts	-	14,172	15	99	2,978	17,264
Self-generated - Gross Rev.						
Auxiliary Acts. (Sched. F)	-	-	85,048	-	-	85,048
Bureaux (Sched. G)	-	-	-	3,333	-	3,333
Other Misc.	-	-	55	1,006	809	1,870
Total Income	122,478	14,172	88,241	5,027	6,378	236,296
Less Expenses - Self Gener.						
Auxiliary Acts. (Sched. F)	-	-	(73,679)	-	-	(73,679)
Bureaux (Sched. G)	-	-	-	(2,245)	-	(2,245)
Net Funds Provided	122,478	14,172	14,562	2,782	6,378	160,372

Funds Applied: (Net)

Science	42,992	13,397	2,890	1,983	1,441	62,703
Less: SAO O/H Recovery	-	-	(2,470)	-	-	(2,470)
History & Art	19,616	75	989	1,819	3,115	25,614
Public Service	2,368	8	659	199	187	3,421
Museum Programs	7,366	87	295	64	272	8,084
Special Programs	5,657	185	669	720	53	7,284
Associates Pgms/Bus.Mgmt.	-	30	260	11	11	312
Administration - SI	8,782*	86	5,365	96	193	14,522
Less: SI O/H Recovery	-	-	(5,014)	-	-	(5,014)
Facilities Services	35,512	-	1,014	(48)	23	36,501
Total Funds Applied	122,293	13,868	4,657	4,844	5,295	150,957

Transfers: Out (In)

Current Funds						
-Bureau Revenue Sharing	-	-	390	(390)	-	-
-NASM Theatre	-	-	(500)	500	-	-
-Fellowships	-	-	948	(948)	-	-
-Special Programs	-	-	2,200	(2,200)	-	-
-Other	-	-	1,778	(1,781)	3	-
Plant Funds	-	-	2,526	24	-	2,550
Endowment Funds	-	-	2,521	29	108	2,658
Total Transfers	-	-	9,863	(4,766)	111	5,208

Change in Fund Balance

Ending Fund Balance

185	304	42	2,704	972	4,207
185**	405	5,043	12,599	5,546	23,778

CONSTRUCTION FUNDS

	Federal Appropriations	Nonfederal Funds
National Zoological Park	3,290	-
Restoration & Renovation of Bldgs.	7,539	-
Quadrangle	-	1,340
Chesapeake Bay Center Land Acquisition	-	300
Museum of African Art Mortgage Payments	-	24
Museum Support Center	5,000	750
East (Sensory) Garden	-	110
STRI Greenhouse	-	26
	<u>15,829</u>	<u>2,550</u>

*Includes \$64,000 unobligated funds returned to the U.S. Treasury.
**Funds available for FDR Centennial through FY 1982.

(\$1,000's)

SMITHSONIAN INSTITUTION -21-
Source & Application of Funds
Budget FY 1982
(Excluding Foreign Currency Program)

Schedule C

OPERATING FUNDS

Funds Provided:

	Federal Approps.	Federal Gr. & Cont.	Unrest. Trust Funds General	Sp. Purp.	Restricted Trust Fds.	Total Op. Funds
Federal Appropriation	128,470*	-	-	-	-	128,470
Investments	-	-	2,840	550	2,600	5,990
Gifts, Grants & Contracts	-	15,613	50	60	2,500	18,223
Self-generated - Gross Rev.						
Auxiliary Acts. (Sched. F)	-	-	89,625	-	-	89,625
Bureaux (Sched. G)	-	-	-	2,794	-	2,794
Other Misc.	-	-	50	880	847	1,777
Total Income	128,470	15,613	92,565	4,284	5,947	246,879
Less Expenses - Self Gener.						
Auxiliary Acts. (Sched. F)	-	-	(81,470)	-	-	(81,470)
Bureaux (Sched. G)	-	-	-	(2,108)	-	(2,108)
Net Funds Provided	128,470	15,613	11,095	2,176	5,947	163,301

Funds Applied: (Net)

Science	43,589	15,388	2,945	1,193	1,716	64,831
Less: SAO O/H Recovery	-	-	(2,693)	-	-	(2,693)
History & Art	20,410	110	637	798	4,259	26,214
Public Service	2,630	5	777	1	30	3,443
Museum Programs	7,588	-	303	2	365	8,258
Special Programs	7,863	110	640	3,688	91	12,392
Associates Pgms/Bus.Mgmt.	-	-	324	29	40	393
Administration - SI	9,123	-	5,805	152	79	15,159
Less: SI O/H Recovery	-	-	(5,200)	-	-	(5,200)
Facilities Services	37,452	-	1,046	15	-	38,513
Total Funds Applied	128,655	15,613	4,584	5,878	6,580	161,310

Transfers: Out (In)

Current Funds						
-Bureau Revenue Sharing	-	-	355	(355)	-	-
-NASM Theatre	-	-	(327)	327	-	-
-Fellowships	-	-	1,112	(1,112)	-	-
-Special Programs	-	-	2,200	(2,200)	-	-
-Other	-	-	150	(150)	-	-
Plant Funds	-	-	1,000	25	-	1,025
Endowment Funds	-	-	2,021	-	100	2,121
Total Transfers	-	-	6,511	(3,465)	100	3,146

Change in Fund Balance

Ending Fund Balance

(185)**	-	-	(237)	(733)	(1,155)
-	405	5,043	12,362	4,813	22,623

CONSTRUCTION FUNDS

Federal Appropriations

Nonfederal Funds

National Zoological Park	1,104	-
Restoration & Renovation of Bldgs.	7,680	-
Quadrangle	960	1,000
Museum of African Art Mortgage Payments	-	25
	<u>9,744</u>	<u>1,025</u>

*Does not include supplemental request to Congress of \$2,300 thousand for the effect of FY 1982 legislated pay raises.

**Expenditures of funds for FDR Centennial carried forward from FY 1981.

(\$1,000's)

SMITHSONIAN INSTITUTION -22-
Source & Application of Funds
Projected FY 1982
(Excluding Foreign Currency Program)

Schedule D

OPERATING FUNDS

	Federal Approps.	Federal Gr. & Cont.	Unrest. Trust Funds		Restricted Trust Fds.	Total Op. Funds
			General	Sp. Purp.		
<u>Funds Provided:</u>						
Federal Appropriation	130,770*	-	-	-	-	130,770
Investments	-	-	2,840	550	2,600	5,990
Gifts, Grants & Contracts	-	15,613	50	60	2,500	18,223
Self-generated - Gross Rev.						
Auxiliary Acts. (Sched. F)	-	-	90,400	-	-	90,400
Bureaux (Sched. G)	-	-	-	3,060	-	3,060
Other Misc.	-	-	50	880	847	1,777
Total Income	130,770	15,613	93,340	4,550	5,947	250,220
Less Expenses - Self Gener.						
Auxiliary Acts. (Sched. F)	-	-	(82,045)	-	-	(82,045)
Bureaux (Sched. G)	-	-	-	(2,108)	-	(2,108)
Net Funds Provided	130,770	15,613	11,295	2,442	5,947	166,067
<u>Funds Applied: (Net)</u>						
Science	44,265	15,388	2,945	1,193	2,335	66,126
Less: SAO O/H Recovery	-	-	(2,693)	-	-	(2,693)
History & Art	20,859	110	637	798	4,259	26,663
Public Service	2,624	5	777	1	30	3,437
Museum Programs	7,675	-	274	1	361	8,311
Special Programs	7,689	110	640	3,688	91	12,218
Associates Pgms/Bus.Mgmt.	-	-	624	29	40	693
Administration - SI	9,398	-	5,905	152	79	15,534
Less: SI O/H Recovery	-	-	(5,200)	-	-	(5,200)
Facilities Services	38,445	-	1,075	16	4	39,540
Total Funds Applied	130,955	15,613	4,984	5,878	7,199	164,629
<u>Transfers: Out (In)</u>						
Current Funds						
-Bureau Revenue Sharing	-	-	355	(355)	-	-
-NASM Theatre	-	-	(527)	527	-	-
-Fellowships	-	-	1,112	(1,112)	-	-
-Special Programs	-	-	2,200	(2,200)	-	-
-Other	-	-	150	(150)	-	-
Plant Funds	-	-	1,000	25	-	1,025
Endowment Funds	-	-	2,021	-	100	2,121
Total Transfers	-	-	6,311	(3,265)	100	3,146
Change in Fund Balance	(185)**	-	-	(171)	(1,352)	(1,708)
Ending Fund Balance	-	405	5,043	12,428	4,194	22,070

CONSTRUCTION FUNDS

	Federal Appropriations	Nonfederal Funds
National Zoological Park	1,104	-
Restoration & Renovation of Bldgs.	7,680	-
Quadrangle	960	1,000
Museum of African Art Mortgage Payments	-	25
	<u>9,744</u>	<u>1,025</u>

*Includes supplemental request to Congress of \$2,300 thousand for the effect of FY 1982 legislated pay raises.

**Expenditures of funds for FDR Centennial carried forward from FY 1981.

(\$1,000's)

SMITHSONIAN INSTITUTION
Source & Application of Funds
Estimate FY 1983
(Excluding Foreign Currency Program)

-23-

Schedule E

OPERATING FUNDS	Federal Approps.	Federal Gr. & Cont.	Unrest. Trust Funds		Restricted Trust Fds.	Total Op. Funds
			General	Sp. Purp.		
Funds Provided:						
Federal Appropriation	144,110	-	-	-	-	144,110
Investments	-	-	2,825	575	2,600	6,000
Gifts, Grants & Contracts	-	18,293	50	60	2,200	20,603
Self-generated - Gross Rev.						
Auxiliary Acts. (Sched. F)	-	-	97,124	-	-	97,124
Bureaux (Sched. G)	-	-	-	2,880	-	2,880
Other Misc.	-	-	50	911	830	1,791
Total Income	144,110	18,293	100,049	4,426	5,630	272,508
Less Expenses - Self Gener.						
Auxiliary Acts. (Sched. F)	-	-	(87,069)	-	-	(87,069)
Bureaux (Sched. G)	-	-	-	(2,297)	-	(2,297)
Net Funds Provided	144,110	18,293	12,980	2,129	5,630	183,142
Funds Applied: (Net)						
Science	47,297	18,158	3,099	1,167	1,546	71,267
Less: SAO O/H Recovery	-	-	(2,840)	-	-	(2,840)
History & Art	22,019	85	621	741	3,446	26,912
Public Service	2,805	-	902	-	10	3,717
Museum Programs	8,172	-	378	2	32	8,584
Special Programs	10,220	50	645	4,017	137	15,069
Associates Pgms/Bus.Mgmt.	-	-	337	32	-	369
Administration - SI	10,086*	-	6,422	130	110	16,748
Less: SI O/H Recovery	-	-	(5,400)	-	-	(5,400)
Facilities Services	43,511	-	1,191	14	4	44,720
Total Funds Applied	144,110	18,293	5,355	6,103	5,285	179,146
Transfers: Out (In)						
Current Funds						
-Bureau Revenue Sharing	-	-	374	(374)	-	-
-NASM Theatre	-	-	(330)	330	-	-
-Fellowships	-	-	1,185	(1,185)	-	-
-Special Programs	-	-	2,700	(2,700)	-	-
-Other	-	-	175	(175)	-	-
Plant Funds	-	-	1,500	25	-	1,525
Endowment Funds	-	-	2,021	-	100	2,121
Total Transfers	-	-	7,625	(4,079)	100	3,646
Change in Fund Balance	-	-	-	105	245	350
Ending Fund Balance	-	405	5,043	12,533	4,439	22,420

CONSTRUCTION FUNDS	Federal Appropriations	Nonfederal Funds
National Zoological Park	1,550	-
Restoration & Renovation of Bldgs.	8,450	-
Quadrangle	36,500	1,500
Museum of African Art Mortgage Payments	-	25
	<u>46,500</u>	<u>1,525</u>

*The previously unallocated amounts of \$3,400,000 for necessary pay and inflation, and \$4,566,000 for the effect of FY 1982 legislated pay raises have been distributed to the appropriate category.



SMITHSONIAN INSTITUTION - AUXILIARY ACTIVITIES

Schedule F

(\$1,000's)

	FY 1981 Actual	FY 1982 Budget	FY 1982 Projected	FY 1983 Estimate
ASSOCIATES: - <u>Magazine</u>				
Gross Income	42,234	44,157	44,957	50,504
Less Expenses	(33,905)	(39,157)	(39,157)	(43,539)
Net Income	8,329	5,000	5,800	6,965
- <u>National Program</u>				
Gross Income	8,398	8,378	8,478	8,908
Less Expenses	(8,058)	(8,111)	(8,111)	(8,608)
Net Income	340	267	367	300
- <u>Resident Program</u>				
Gross Income	2,278	2,368	2,368	2,487
Less Expenses	(2,256)	(2,318)	(2,318)	(2,442)
Net Income	22	50	50	45
BUS. MGT: - <u>Shops, Mail Ord, BMO</u>				
Gross Income	16,074	16,869	16,869	17,815
Less Expenses	(15,632)	(16,418)	(16,418)	(17,395)
Net Income	442	451	451	420
- <u>Concessions/Parking/Food Svc.</u>				
Gross Income	2,682	4,610	4,560	4,865
Less Expenses	(704)	(2,597)	(2,647)	(2,805)
Net Income	1,978	2,013	1,913	2,060
- <u>Belmont</u>				
Gross Income	371	390	390	-
Less Expenses	(433)	(480)	(480)	-
Net Income	(62)	(90)	(90)	-
PUBLIC SERVICE: - <u>Perf. Arts</u>				
Gross Income	4,375	5,042	5,042	5,919
Less Expenses	(4,561)	(4,942)	(5,342)	(5,809)
Net Income	(186)	100	(300)	110
- <u>Smithsonian Press</u>				
Gross Income	2,322	2,417	2,342	1,006
Less Expenses	(2,091)	(2,108)	(2,183)	(991)
Net Income	231	309	159	15
- <u>Smithsonian Expo. Books</u>				
Gross Income	5,261	4,298	4,298	4,450
Less Expenses	(4,725)	(4,062)	(4,112)	(4,110)
Net Income	536	236	186	340
MUSEUM PROGRAMS:				
- <u>Traveling Exhibition Svc.</u>				
Gross Income	940	982	982	1,045
Less Expenses	(1,166)	(1,163)	(1,163)	(1,245)
Net Income	(226)	(181)	(181)	(200)
ADMINISTRATION:				
- <u>Photographic Services</u>				
Gross Income	113	114	114	125
Less Expenses	(148)	(114)	(114)	(125)
Net Income	(35)	-	-	-
<u>Total Auxiliary Activities</u>				
Gross Income	85,048	89,625	90,400	97,124
Less Expenses	(73,679)	(81,470)	(82,045)	(87,069)
Net Income	11,369	8,155	8,355	10,055

SMITHSONIAN INSTITUTION - Special Purpose Trust Funds

Schedule G

(\$1,000's)

SCIENCE

Museum of Nat. History

	FY 1981 Actual	FY 1982 Budget	FY 1982 Projected	FY 1983 Estimate
Income	111	102	102	96
Expense	680	210	210	183
Transfer (In)/Out	(637)	(95)	(95)	(102)
Ending balance	334	321	321	336

Natl. Air & Space Museum

Activity income	2,183	1,894	2,160	1,919
Other income	345	259	259	277
Activity expense	1,267	1,326	1,326	1,448
Other expense	498	601	601	584
Transfer (In)/Out	365	211	411	210
Ending balance	2,838	2,853	2,919	2,873

Other Science

Activity income	210	184	184	194
Other income	534	452	452	511
Activity expense	197	181	181	194
Other expense	805	383	383	401
Transfer (In)/Out	(842)	(292)	(292)	(315)
Ending balance	2,092	2,456	2,456	2,881

HISTORY & ART

Museum of American History

Income	81	108	108	103
Expense	647	288	288	297
Transfer (In)/Out	(394)	(91)	(91)	(98)
Ending balance	273	184	184	88

Cooper-Hewitt

Activity income	661	586	586	627
Other income	124	195	195	211
Activity expense	484	480	480	524
Other expense	304	307	307	287
Transfer (In)/Out	(12)	-	-	-
Ending balance	33	27	27	54

Museum of African Art

Activity income	130	30	30	35
Other income	7	5	5	5
Activity expense	175	26	26	30
Other expense	(5)	5	5	5
Transfer (In)/Out	15	21	21	21
Ending balance	2	(15)	(15)	(31)

Other History & Art

Income	238	173	173	145
Expense	935	234	234	190
Transfer (In)/Out	(863)	(49)	(49)	(50)
Ending balance	457	445	445	450

SPECIAL PROGRAMS

Income	75	35	35	38
Expense	742	3,693	3,693	4,027
Transfer (In)/Out	(1,291)	(3,170)	(3,170)	(3,745)
Ending balance	1,621	1,133	1,133	889

ALL OTHER

Income	328	261	261	265
Expense	360	252	252	230
Transfer (In)/Out	(1,107)	-	-	-
Ending balance*	4,949	4,958	4,958	4,993

*Includes Tax Liability Reserve

\$3,100

\$3,100

\$3,100

\$3,100

SMITHSONIAN INSTITUTION - Restricted Trust Funds

Schedule H

(\$1,000')

	FY 1981 Actual	FY 1982 Budget	FY 1982 Projected	FY 1983 Estimate
SCIENCE				
<u>Smith. Astro. Observ.</u>				
Income	113	141	141	149
Expense	104*	141	141	149
Ending balance	20	20	20	20
<u>Museum of Nat. History</u>				
Income	625	477	477	344
Expense	518*	519	519	343
Ending balance	576	534	534	535
<u>Natl. Air & Space Museum</u>				
Income	64	47	47	48
Expense	121*	92	92	51
Ending balance	90	45	45	42
<u>Ft. Pierce Bureau</u>				
Income	761	695	695	750
Expense	389	695	1,314	750
Ending balance	813	813	194	194
<u>Other Science</u>				
Income	551	277	277	297
Expense	311	269	269	253
Transfer (In)/Out	79	-	-	-
Ending balance	677	685	685	729
HISTORY & ART				
<u>Museum of Am. History</u>				
Income	357	128	128	111
Expense	231	392	392	173
Ending balance	458	194	194	132
<u>Natl. Portrait Gallery</u>				
Income	121	132	132	207
Expense	297	189	189	253
Ending balance	233	176	176	130
<u>Freer Gallery of Art</u>				
Income	1,418	1,445	1,445	1,547
Expense	1,241	1,263	1,263	1,339
Ending balance	810	992	992	1,200
<u>Archives of American Art</u>				
Income	450	565	565	560
Expense	447	554	554	597
Ending balance	271	282	282	245
<u>Cooper-Hewitt Museum</u>				
Income	344	742	742	677
Expense	287	509	509	582
Ending balance	313	546	546	641
<u>Museum of African Art</u>				
Income	14	123	123	131
Expense	83	123	123	131
Ending balance	4	4	4	4
<u>Other History & Art</u>				
Income	594	597	597	349
Expense	529	1,229	1,229	371
Ending balance	625	(7)	(7)	(29)
ALL OTHER				
Income	966	578	578	460
Expense	739	605	605	293
Transfer (In)/Out	30	100	100	100
Ending balance	656	529	529	596

*Includes minor transfers



(\$1,000's)

TRUST FUNDS COMPARATIVE BALANCE SHEET
CURRENT FUNDS

-27-

Schedule I

Assets:	9/30/80	9/30/81	12/31/81
Cash	\$ 40	\$ 1,092	\$ 3,527
Investments (Book Values)*	21,785	28,526	31,470
Receivables	11,052	12,619	10,969
Inventories	6,244	7,464	7,069
Prepaid & Deferred Expense	3,204	3,457	1,976
Deferred Magazine Expense	4,091	4,078	3,508
Capital Improvements/Equipment	1,469	1,421	1,412
Total Assets	<u>\$47,885</u>	<u>\$58,657</u>	<u>\$59,931</u>
Liabilities and Fund Balances:			
Due to other Funds	\$ 4,273	\$ 8,271	\$10,004
Deferred Magazine Subscr. Income	14,742	14,597	18,410
Other current liabilities	9,299	12,196	7,130
Fund Balances			
Unrestricted Funds:			
General Purpose	5,001	5,043	5,783
Special Purpose	9,895	12,599	14,099
Restricted Funds:	4,675	5,951	4,505
Total Liabilities & Fund Bal.	<u>\$47,885</u>	<u>\$58,657</u>	<u>\$59,931</u>
*Market Values	<u>\$21,336</u>	<u>\$27,831</u>	<u>\$30,512</u>

ENDOWMENT FUNDS

Assets:			
Cash & Notes Receivable	\$ 79	\$ 72	\$ 87
Due from current funds	435	678	894
Investments (Book Values)*	62,908	73,708	75,285
Loan to U. S. Treasury	1,000	1,000	1,000
Total Assets	<u>\$64,422</u>	<u>\$75,458</u>	<u>\$77,266</u>
Endowment Fund Balances:			
Endowment	\$38,390	\$36,322	\$37,105
Quasi-endowment	26,032	39,136	40,161
Total Endow. Fund Balances	<u>\$64,422</u>	<u>\$75,458</u>	<u>\$77,266</u>
*Market Values	<u>\$76,876</u>	<u>\$77,274</u>	<u>\$84,054</u>

PLANT FUNDS

Assets:			
Due from Current Funds	\$ 3,837	\$ 7,592	\$ 7,442
Real Est.-Cost or Appraised Value	12,544	14,024	14,067
Total Assets	<u>\$16,381</u>	<u>\$21,616</u>	<u>\$21,509</u>
Liabilities and Fund Balances			
Liabilities	\$ 210	\$ 305	\$ 267
Acquisition Fund Balance	3,810	7,464	7,350
Investment in Plant	12,361	13,847	13,892
Total Liabil. & Fund Balances	<u>\$16,381</u>	<u>\$21,616</u>	<u>\$21,509</u>

AGENCY FUNDS

Assets:			
Due from Current Funds	\$ 1,618	\$ 1,958	\$ 1,588
Investment at Cost	10	10	10
Total Assets	<u>\$ 1,628</u>	<u>\$ 1,968</u>	<u>\$ 1,598</u>
Fund Balance:			
Due to Current Funds	\$ 1,219	\$ -0-	\$ -0-
Deposits Held in Custody	409	1,968	1,598
Total Funds	<u>\$ 1,628</u>	<u>\$ 1,968</u>	<u>\$ 1,598</u>

Report of the Investment Policy Committee

On behalf of Chairman Burden Mr. Hohenlohe reported that the Investment Policy Committee held its regular semi-annual meeting on April 28, 1982, in the New York office of Chairman William Burden. Present were Messrs. Burden, Mott, Ripley, Salomon, Watson, Wheeler and Hohenlohe. Unable to attend were Messrs. Austin, Humelsine, Moriarty and Webb.

The Committee reviewed endowment fund performance and investment strategy with each of the investment managers, and also voted a recommendation to the Board on a proposed rate of income payout in fiscal year 1983 under the Institution's Total Return Income Payout Policy.

Endowment Performance

As of March 31, 1982, the market value of the Smithsonian Endowment Funds under outside management was \$77,866,000, compared to \$83,572,000 on December 31, 1981, and \$86,761,000 on March 31, 1981. The drop in market value of \$5,706,000 in the last quarter consisted of: (1) interest and dividend income of \$390,000 in excess of total return withdrawal of \$906,000, including managers' fees (this excess was reinvested into principal); (2) new money of \$207,000 sent to Fiduciary Trust; and (3) market depreciation of \$6,303,000, or -7.5% on December 31, 1981 assets. Total return performance (including interest/dividends and market appreciation/depreciation) by individual manager is shown below for various periods ending March 31, 1982; the return for periods exceeding one year is shown on an annualized basis:

	Last Quarter	Last Year	Annualized		
			Last 2 Years	Last 3 Years	Since 6/30/78
Batterymarch	-3.5%	-4.0%	+18.7%	+14.2%	+13.6%
Fiduciary	-8.1%	-12.7%	+12.1%	+11.7%	+12.3%
Torrey	-3.7%	-3.8%	+18.1%	+11.2%	+14.1%
Composite SI	-5.8%	-8.4%	+15.2%	+11.9%*	+11.9%*
DJIA	-4.5%	-13.0%	+8.6%	+4.5%	+6.0%
S&P 500	-7.3%	-13.1%	+10.3%	+8.9%	+10.0%
Balanced Fund**	-5.3%	-9.2%	+9.5%	+8.0%	+8.9%

*Includes BEA from 6/30/78 - 12/31/79

**Based on S&P 500 (80.4%); Salomon Brothers Index (10.8%); Treasury Bills (8.8%), reflecting historic asset mix of SI composite.



-29-

Attachment A sets forth the holdings of the three portfolios, totaling \$77,866,000 on March 31, 1982, and invested 79% in common stock. The relative total return performance of each manager, as well as the total Smithsonian fund, is charted on attachments B and C in comparison to the Dow Jones and S&P 500 market averages. As these indicate, the total Smithsonian endowments have outperformed the market on a cumulative basis since June 30, 1978.

In discussion with the Committee, Batterymarch reported the establishment of a new investment strategy to which it intends to direct at least 10% of its assets in the near future--stocks with substantially depressed prices and earnings which Batterymarch terms the "Corporate Recovery" universe. While this is a low quality sector of the market, Batterymarch expects the recovery potential of these companies to be more than sufficient to offset investment risk. Another area still under study, which Batterymarch expects to recommend to the Investment Policy Committee for investment in the future, is international securities. Torray Clark emphasized its heavy participation in financial and cyclical securities, sectors of the market the firm believes to be out of favor and therefore significantly underpriced. In several of these companies, Torray noted that the holdings of all their clients exceeded 10% of the companies' outstanding securities, but they expressed the belief that as these stocks came back into favor with institutional investors, the positions could be easily liquidated. Fiduciary reviewed their economic forecasts, and expressed more optimism for the equity markets than they had previously had, particularly in interest-sensitive and consumer stocks. The Committee expressed general satisfaction with performance of the three managers.

Interest on Smithsonian Deposit at U. S. Treasury

The Committee considered the pending legislation to tie the interest



rate of the \$1,000,000 deposit at the U. S. Treasury to the yield of Treasury securities, and recommended to management that when this legislation is passed, the Institution request from Treasury a short (three to six month) maturity schedule for one-half of this fund and a long (ten to fifteen year) maturity for the other half. Such a balance would lock \$500,000 into the currently high long-term rates of 13% to 14%, while allowing the remaining \$500,000 to fluctuate with the yields of Treasury bills.

Total Return Income Payout - FY 1983

Following the Endowment Funds Income Payout Policy adopted by the Board in January, 1979, the Investment Policy Committee is to recommend a rate of endowment fund income payout to the Board for the succeeding fiscal year. Factors to be considered in its recommendation are: (1) 4-1/2% of the five-year adjusted running average market value of the funds; (2) current interest and dividend yield; (3) support needs of the bureaus and scientists; and (4) inflationary factors. Background on these factors is contained in the attached paper prepared for the Committee's consideration. Balancing the needs of the programs supported by restricted endowment funds with the policy of the Board to augment the Institution's endowment funds, the Committee recommends to the Board that: (1) Unrestricted General Purpose Endowment income payout be continued in fiscal year 1983 at the same rate (\$5.00 per unit) as in fiscal year 1982, and (2) the income payout rate for Restricted and Designated Purpose Endowment be increased in fiscal year 1983 by 5% (to \$6.24 per unit) to offset in part the impact of inflation. This combination of payout rates is expected to permit a reinvestment of some \$1.5 million of excess yield into principal, approximately the amount projected in the current fiscal year 1982. The weighted average of these payout rates



-31-

would be approximately 4.3% of current market value, which the Committee believes to be quite conservative.

The following motion, recommended by the Investment Policy Committee, was approved by the Board of Regents:

VOTED that the Board of Regents accepts the report of the Investment Policy Committee and approves a total return income payout rate of \$6.24 to Restricted and Designated Purpose Endowment Funds and \$5.00 to Unrestricted General Purpose Endowment Funds in Fiscal Year 1983.

(\$1,000's)

SMITHSONIAN INSTITUTION
Investment Funds Summary*

	Jun. 30, 1978		Mar. 31, 1981		Dec. 31, 1981		Mar. 31, 1982	
BATTERYMARCH								
Cash or Equiv.	1,072	8%	348	1%	639	2%	865	4%
Bonds	-	-	-	-	-	-	-	-
Cv. Bds. & Pfd.	249	2	260	1	-	-	-	-
Common Stock	11,283	90	25,933	98	25,026	98	23,639	96
Total	12,604	100	26,541	100%	25,665	100%	24,504	100%
Div. & Int/Yr.	459	3.6% Mkt.	1,515	5.7% Mkt.	1,729	6.7% Mkt.	1,735	7.1% Mkt.
Tot Ret Inc/Yr.	666	5.3% Mkt.	1,072	4.0% Mkt.	1,172	4.6% Mkt.	1,172	4.8% Mkt.
FIDUCIARY TRUST								
Cash or Equiv.	2,135	9%	3,558	8%	2,139	5%	904	2%
Bonds	5,154	21	2,253	5	8,390	20	10,345	27
Cv. Bds. & Pfd.	1,214	5	4,066	9	3,082	7	2,294	6
Common Stock	15,461	65	34,488	78	28,861	68	25,233	65
Total	23,964	100%	44,365	100%	42,472	100%	38,776	100%
Div. & Int/Yr.	1,304	5.4% Mkt.	1,927	4.3% Mkt.	2,661	6.3% Mkt.	2,670	6.9% Mkt.
Tot Ret Inc/Yr.	1,120	4.7% Mkt.	1,738	3.9% Mkt.	1,762	4.1% Mkt.	1,762	4.5% Mkt.
TORRAY CLARK								
Cash or Equiv.	1,660	84%	2,668	17%	1,681	11%	40	-%
Bonds	-	-	1,453	9	1,662	11	1,739	12
Cv. Bds. & Pfd.	-	-	932	6	-	-	-	-
Common Stock	328	16	10,802	68	12,092	78	12,807	88
Total	1,988	100%	15,855	100%	15,435	100%	14,586	100%
Div. & Int/Yr.	125	6.3% Mkt.	1,331	8.4% Mkt.	1,243	8.1% Mkt.	1,198	8.2% Mkt.
Tot Ret Inc/Yr.	103	5.2% Mkt.	620	3.9% Mkt.	689	4.5% Mkt.	689	4.7% Mkt.
TOTAL SMITHSONIAN CONSOLIDATED ENDOWMENT*								
Cash	9,310	18%	6,574	8%	4,459	5%	1,809	2%
Bonds	6,926	13	3,706	4	10,052	12	12,084	16
Cv. Bds. & Pfd.	2,001	4	5,258	6	3,082	4	2,294	3
Common Stock	33,522	65	71,223	82	65,979	79	61,679	79
Total	51,759	100%	86,761	100%	83,572	100%	77,866	100%
Div. & Int/Yr.	2,695	5.2% Mkt.	4,773	5.5% Mkt.	5,633	6.7% Mkt.	5,603	7.2% Mkt.
Tot Ret Inc/Yr.	2,559	4.9% Mkt.	3,430	4.0% Mkt.	3,623	4.3% Mkt.	3,623	4.7% Mkt.
Unrestricted Fds.								
Freer Fund	15,113		31,824		32,576		30,321	
Oth. Restr'd Fds.	15,973		23,287		21,896		20,354	
Total	20,673		31,650		29,100		27,191	
	51,759		86,761		83,572		77,866	
Stock Mkt Averages								
DJIA	818.95		1,003.87		875.00		823.25	
S&P 500	95.53		136.00		122.55		111.96	
Value Line Comp.	104.11		154.13		137.81		125.31	

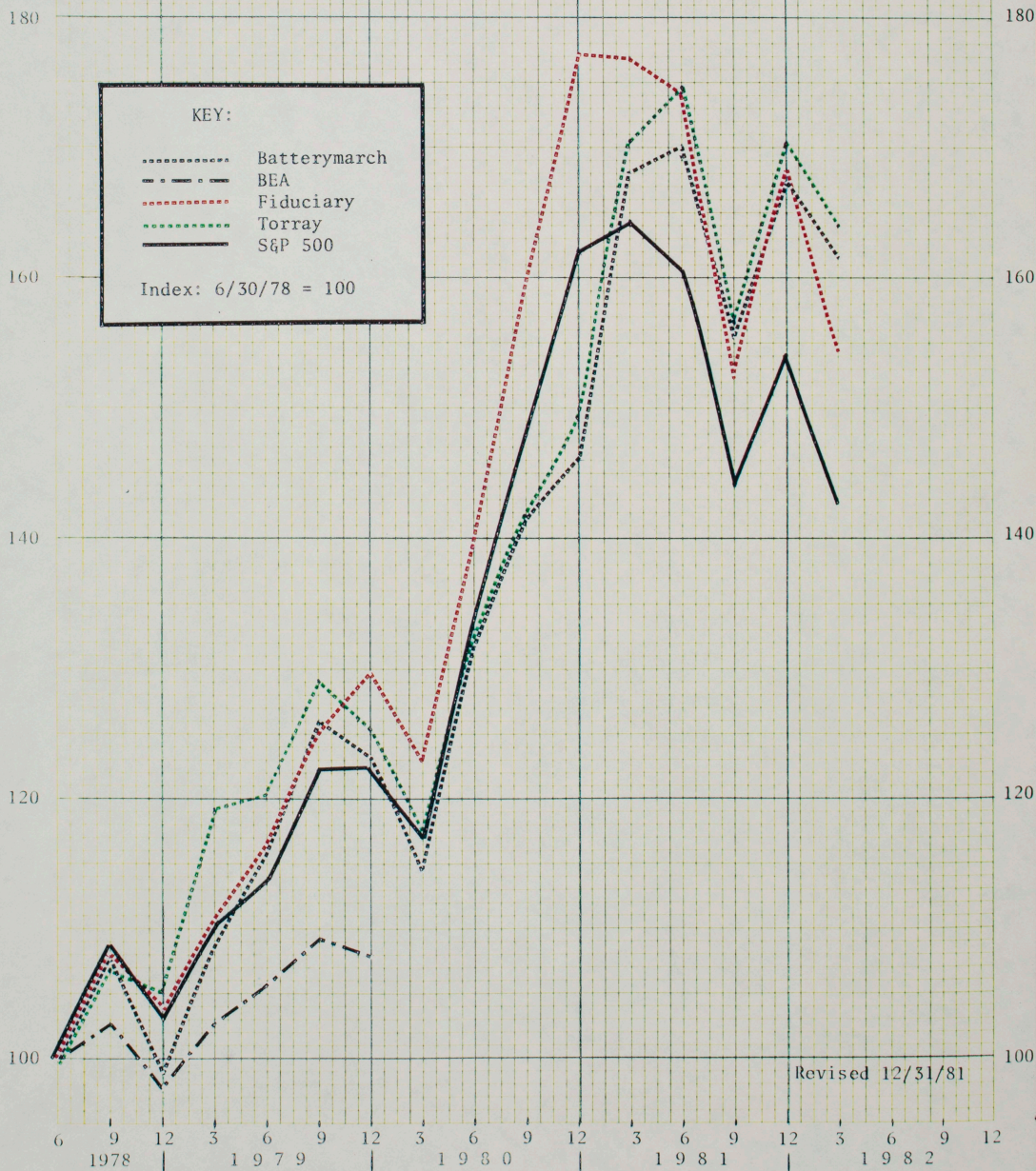
*Includes BEA from 6/30/78 - 12/31/79



-33-

B

TOTAL RETURN PERFORMANCE SMITHSONIAN ENDOWMENTS

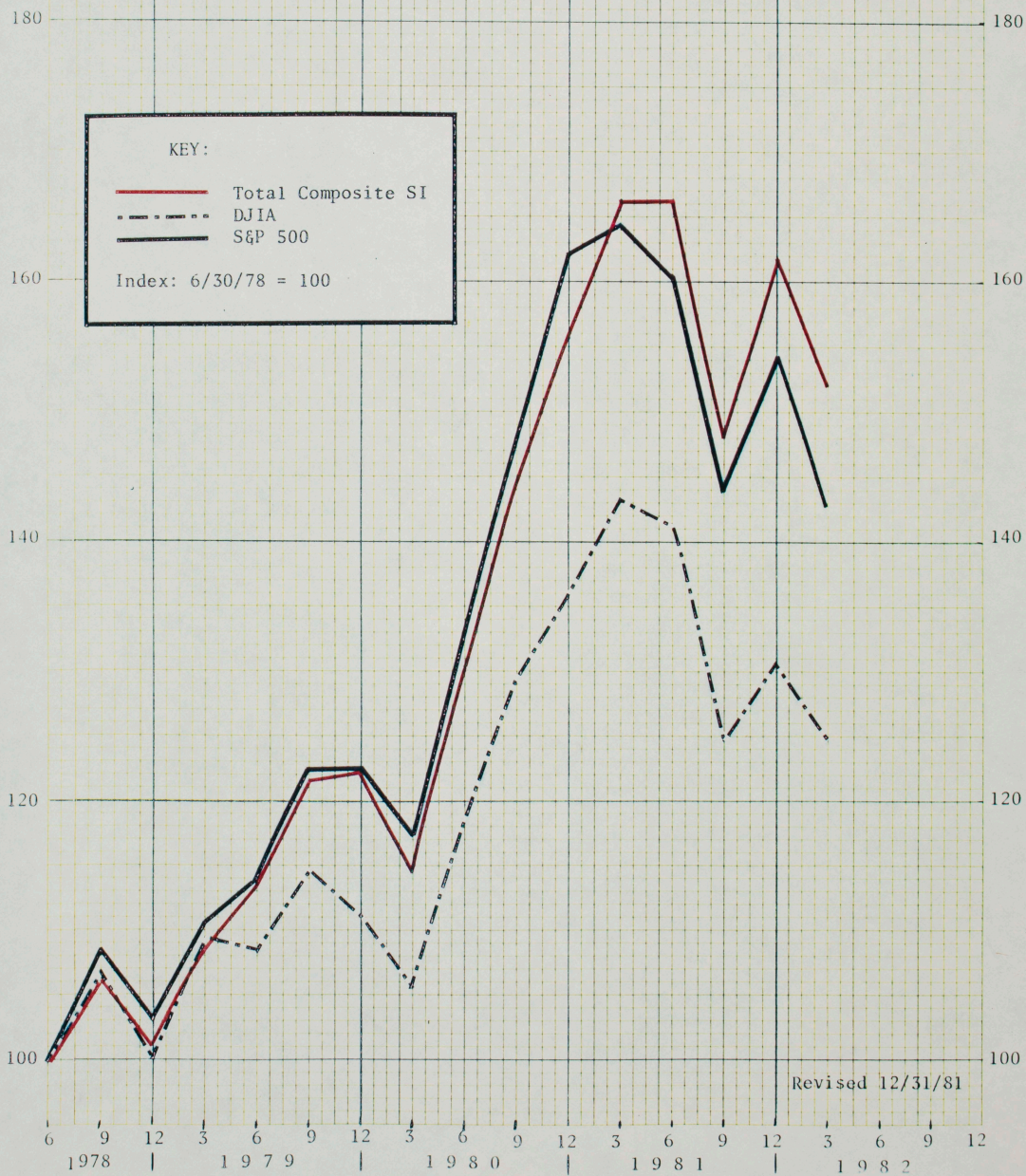
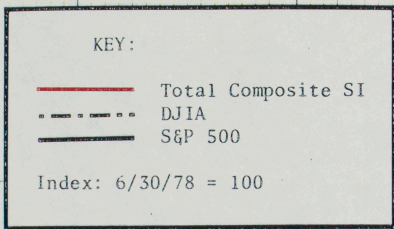




-34-

C

TOTAL RETURN PERFORMANCE
SMITHSONIAN ENDOWMENTS





Smithsonian Endowment Funds
Total Return Income Payout Policy - FY 1983

In January 1979, the Board of Regents amended the Total Return Income Payout Policy for endowment funds to provide that:

"Prior to the beginning of each fiscal year, the Secretary and the Investment Policy Committee will propose to the Board of Regents, as part of the budget process, a set amount per unit which will be the total return income payout to participating endowment fund units in the succeeding year; this amount will take into account such factors as, but not limited to (1) 4-1/2% of the five-year adjusted running market averages, (2) current dividend and interest yield, (3) support needs for bureaus and scientists, and (4) inflationary factors as measured by the Consumer's Price Index."

Background on each of these items follows, together with possible alternative payout amounts for fiscal year 1983, beginning next October. This discussion, as well as the attached table, refers to total return income and yield per "unit" of each endowment. The endowment funds are accounted for on a "mutual fund basis," with each named endowment, e.g., Freer Fund, owning a certain number of shares or units of the total funds; as of March 31, 1982, there were 583,900 units outstanding, having a market value of \$134.61 each.

(1) 4-1/2% Formula:

Prior to January 1979, total return income payout to Smithsonian endowment funds was automatically set each year at 4-1/2% of the five-year market value average of the funds, adjusted for additions/withdrawals of capital. Under the new policy, this figure is only one element to be considered. 4-1/2% of the five-year market average (period ending 3/31/82) would result in a payout in FY 1983 of \$5.49 per unit, equivalent to 4.1% of the current market value. The total return payout for the current FY 1982 was set last year at the rate of \$5.00 per unit of unrestricted endowment and \$5.94 per unit of restricted endowment, or a weighted average of \$5.60 per unit, equivalent to 4.6% of the five-year average and 3.9% of the then current market value.

(2) Current Dividend and Interest Yield:

The annual dividend and interest yield rate is currently 7.4% of the market value of the funds, or 8.1% of the five-year running market average. In FY 1981, the yield exceeded the total return payout (after fees) by over \$1.2 million, and this amount was reinvested into principal. Reinvestment of at least \$1.6 million is expected this year. The current level of yield may be expected to continue in FY 1983 since dividend increases will probably offset any decreases in interest from the portion of endowment in fixed assets (12%).



(3) Support Needs of Bureaus and Scientists:

Of the endowment funds at March 31, 1982, almost two-thirds were for restricted and designated purposes, namely support of the Freer Gallery (26%), oceanographic research (20%), and a range of other specific projects throughout the Institution (18%). The remaining third is for unrestricted support of the Institution.

Approximately two-thirds of the Freer income is used for salaries and benefits. For planning purposes, an October 1982 pay raise of 5.0% is expected, but this is subject to change. In addition to that automatic increase, promotions and merit increases may be expected to raise salary costs another 2-3%. The remainder of restricted endowment income is used for operating costs (Freer), research, collections acquisitions, and other program support for a large number of bureaus. During the budget process, proposals for use of the funds in conformance with restrictions are solicited from the bureaus; requests for these support funds have always exceeded amounts available. An increase in payout comparable to inflation can be assumed necessary to continue the on-going level of activity.

(4) Inflationary Trends:

The Research and Development Price Index and the Higher Education Price Index, both compiled by the National Institute of Education to measure cost increases at colleges and universities, show inflation of 9.9% and 9.8% respectively for the year ended June 30, 1981, compared to 9.6% for the Consumer Price Index during that same period. The CPI for calendar 1981 showed an increase of 8.9%, and economic assumptions in the President's budget project a further increase of 6.6% in calendar 1982.

Alternatives:

Several alternative payout rates for FY 1983 are shown on the attached table, in comparison to prior years, with detail on the resulting income (in dollars) to the various endowments as well as the rate of reinvestment of excess yield into principal. Alternatives shown are:

- (a) \$5.49/unit, the rate that would follow from application of the 4-1/2% formula. This would represent a 7.6% reduction from the payout rate to restricted funds in the current year, but an increase to unrestricted funds;
- (b) \$5.00/unit for unrestricted and \$5.94/unit for restricted funds, a continuation of the current year's payout rate;
- (c) \$5.00/unit for unrestricted and \$6.24/unit for restricted funds, an increase of 5% over the current rate for restricted funds; and,
- (d) \$5.00/unit for unrestricted and \$6.42/unit for restricted funds, an increase of 8% over the current rate for restricted funds.



-37-

The first alternative (a) is provided for reference purposes only. In the remaining three alternatives, retention of the current payout level for unrestricted purpose funds is assumed, in order further to augment the growth of unrestricted endowment. Of the three alternative rates for restricted purpose funds, an increase of 5% (alternative c) is recommended, as balancing a conservative payout policy with the operating needs of Smithsonian curators and scientists in the face of continued inflation; this alternative would result in \$1.5 million, or approximately 30% of dividend and interest yield, being reinvested into principal, in addition to whatever market appreciation the managers are able to secure.

Smithsonian Endowment Funds

Total Return Income Payout Alternatives

	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>	<u>FY 1983</u>			
				<u>A</u>	<u>B*</u>	<u>C*</u>	<u>D*</u>
				<u>4-1/2%</u>	<u>No</u>	<u>5%</u>	<u>8%</u>
				<u>Formula</u>	<u>Increase</u>	<u>Increase</u>	<u>Increase</u>
						<u>To Restr.</u>	<u>To Restr.</u>
<u>Payout Rate/Unit</u>							
Actual - To Units	5.00	5.50	5.00/5.94	5.49	5.00/5.94	5.00/6.24	5.00/6.42
-For investment managers	.52	.64	.64	.64	.64	.64	.64
	<u>5.52</u>	<u>6.14</u>	<u>5.64/6.58</u>	<u>6.13</u>	<u>5.64/6.58</u>	<u>5.64/6.88</u>	<u>5.64/7.06</u>
<u>Dividend & Interest Yield/Unit</u>	7.52	8.26	9.00	9.00	9.00	9.00	9.00
<u>Amount Reinvested In Principal</u>							
-Per Unit	2.00	2.12	3.36/2.42	2.87	3.36/2.42	3.36/2.12	3.36/1.94
-Total Amount (\$1,000's)	1,099	1,214	1,606	1,711	1,651	1,539	1,472
<u>Distributions: (\$1,000's)</u>							
-To Freer	763	839	907	838	907	953	983
-To Other Restricted Funds	1,032	1,132	1,205	1,116	1,205	1,271	1,308
-To Unrestricted Funds	<u>951</u>	<u>1,157</u>	<u>1,154</u>	<u>1,320</u>	<u>1,222</u>	<u>1,222</u>	<u>1,222</u>
Total to Beneficiaries	2,746	3,128	3,266	3,274	3,334	3,446	3,513
Investment Manager Fees	<u>284</u>	<u>363</u>	<u>365</u>	<u>380</u>	<u>380</u>	<u>380</u>	<u>380</u>
Total Distributed	3,030	3,491	3,631	3,654	3,714	3,826	3,893

*Per unit figures are shown for unrestricted/restricted.



Quadrangle

As noted in the foregoing report of the Executive Committee, it was suggested that the members of the National Board of the Smithsonian Associates be invited to join the Regents at 10:30 a.m. for their discussion of the Quadrangle. Accordingly, at the prescribed hour the following National Board members joined the meeting:

Mr. James M. Kemper, Jr., Chairman,
National Board of the Smithsonian Associates

Mr. William S. Anderson, Chairman,
Office of the Chairman, Quadrangle Committee

Mr. W. L. Hadley Griffin

Mr. George C. McGhee

Mrs. Justin Dart

Mr. and Mrs. Henry C. Beck, Jr.

Accompanying the members were Mr. James McK. Symington, Director, Office of Membership and Development; and Messrs. George Brakeley and Richard Stainbrook of Brakeley, John Price Jones, Inc.

After introducing the National Board members, Mr. Ripley highlighted a report on the Quadrangle which had been distributed in advance of the meeting. He said that the tentative design phase drawings and specifications were submitted by the architect to the General Services Administration on March 22, and the architect's construction estimate was forwarded to GSA on April 2. An independent construction estimating firm (Robert Scharf Associates) was retained by the Institution to provide a second estimate for verification and comparison.



-40-

Cost estimates have been received and are being studied by the Institution and the GSA in collaboration with the architect. While some cost savings will be required to reconcile final estimates and the \$75 million budget, these can be done in a manner not requiring major alterations to the project. (In any event, the Secretary emphasized, the Smithsonian will not appeal to the Congress for any amount in excess of the \$36.5 million now requested for the federal appropriation toward construction). It is expected that this reconciliation will be completed early in May, at which time the GSA and the Institution will authorize the architect to proceed with the working drawing phase of the design contract. A contract package will be ready for construction bidding in October or November 1982.

Recently Mr. Carlhian met with Mr. Lester Collins (landscape architect on the Hirshhorn Garden) to review the proposed Quadrangle landscape plan, and a refined garden plan will be available in early May. On April 27, Mr. Carlhian and the Secretary and his staff made a design presentation to the Freer Visiting Committee at its regularly scheduled spring meeting.

Hearings before the House Public Works Subcommittee on Public Buildings and Grounds were held on April 27 on H.R. 5659, a bill to authorize construction of the Quadrangle project, and action was taken to report the bill to the full Committee on Public Works and Transportation with a recommendation that the measure be passed by the Congress. As noted below in the status report on Legislation, hearings on a companion measure, S. 2102, were held April 20 before the Senate Committee on Rules and Administration, and as noted in the Financial Report appropriations hearings have been scheduled in the Senate (May 4) and the House (May 26 and 27).



-41-

Secretary Ripley mentioned that the presence of the National Board of the Smithsonian Associates was significant in that it symbolized the Regents' interest in working with the National Board on the Quadrangle project, and the Chancellor expressed the Regents' gratitude to the National Board for its success, through the National Associates, in making the Smithsonian a grass-roots American institution with a membership of such great magnitude. Mr. Ripley then announced a number of pledges recently made by several individual members of the National Board, and spoke of their importance for additional fund-raising. As noted in the agenda papers, the Secretary and selected individuals from the National Board of the Smithsonian Associates, with the assistance of Brakeley, John Price Jones, Inc., have outlined a strategy for soliciting leadership-level gifts from individual Americans and domestic corporations and foundations. With such commitments in hand, the campaign will expand in search of additional, more moderate gifts. This sequential process, launched at the time of the National Board's spring meeting in Paris, will soon proceed through a series of special regional meetings and activities for the Secretary throughout the United States. The domestic fund raising campaign, under the continuing leadership of William S. Anderson, former Chairman of the National Board, may include a broader appeal to the entire membership of the National Associates.

Mr. Ripley noted that foreign gifts continue to be solicited. The Institution still awaits the announcement of a major pledge from the Middle East, and other gifts from that region seem promising. There are additional hopeful signs from Morocco, the Philippines, and other African and Oriental



-42-

sources. The new Quadrangle brochure will be printed in English, French, Arabic, and Japanese.

The Secretary reported that as of May 3, 1982 gifts, pledges, and other resources committed to the Quadrangle project now total \$26,267,900--more than two thirds of the \$37.5 million goal established for support from the private sector--and are listed in the following table.

Smithsonian Institution Quadrangle Development
Financing Summary

May 3, 1982

GIFTS AND PLEDGES

Foreign Governments	\$7,000,000
U.S. Corporations, Foundations, and Individuals	6,073,300
Japanese Corporations	284,600*
Interest	<u>552,900</u>
Subtotal	\$13,910,800

SMITHSONIAN UNRESTRICTED
FUND TRANSFERS

Transferred to date	\$4,795,000
Transfers anticipated (FY 1983-FY 1985)	4,860,000
Sale of African Art Buildings (est.)	2,000,000
Interest	<u>702,100</u>
Subtotal	\$12,357,100
TOTAL	<u>\$26,267,900</u>

*Pledges have been made in yen; actual amount will vary in accordance with the currency exchange rate at the time funds are transferred.



-43-

-- A Major Donation of Collections --

Mr. Ripley stated that one of America's leading collectors of Near and Far Eastern art, who shall remain anonymous for the time being, has discussed with the Smithsonian several times over the past years the possibility of his becoming involved in the Quadrangle project. In the past this donor has been a major benefactor of museums and universities.

This donor has now made a firm proposal to the Smithsonian containing the following provisions:

1. He and several of his foundations will make an outright gift to the Smithsonian of works of art for the Near and Far Eastern Gallery with an appraised value of \$50,000,000. The appraisals will be made by authorities acceptable to the Smithsonian, and the selection of objects will be made by the Smithsonian. Objects will be primarily Oriental and ancient Near Eastern and will be of the highest quality.
2. The donor will make a cash contribution of \$4,000,000 toward the cost of construction of the Quadrangle.
3. As a condition of these gifts, the new gallery of Near and Far Eastern art will be named for the donor.

In addition, the donor and his foundations will regularly contribute quite substantial sums for research and for the preparation and publication of scholarly catalogues of the collection; several such catalogues already exist as a result of the donor's special interest.



-44-

A formal agreement embodying these terms is being drafted and at the same time the Director of the Freer Gallery is working with the donor's staff on compiling a list of objects totaling \$50,000,000 in value.

The Secretary noted that all with whom he had discussed this proposal felt that it was appropriate. (The Vice President had cabled his concurrence.) He added that the donor's name would not be attributed to the entire Center for African, Near Eastern and Asian Cultures, but would rather represent an element within the Center. This agreement, however, could well be one of the most significant gifts that could be made to the Center. The Regents were provided with biographical information on the prospective donor and agreed in principle with the terms as outlined. The Regents thought that the terms of the agreement should be specific and that the Secretary should be authorized to negotiate those terms subject to further review by the Board.

SPECIAL NOTE: THE REGENTS EXPRESSED AGREEMENT WITH THE DONOR'S WISH THAT NEWS OF THIS PROPOSED CONTRIBUTION SHOULD NOT BE MADE PUBLIC UNLESS AND UNTIL ALL ARRANGEMENTS HAVE BEEN APPROVED.

In accordance with the foregoing discussion, the following motion was approved:

VOTED that the Board of Regents authorizes the Secretary to negotiate terms of an agreement on conditions set forth above, which agreement may be signed by the Secretary with the approval of the Board.



-45-

Museum Support Center, Inventory, and Collections Management

Mr. Ripley highlighted the following reports which were distributed in advance of the meeting. He acknowledged Dr. Gell-Mann's observation that plans have yet to be fully developed for the appropriate emphasis of archeometry.

Construction of the Museum Support Center (MSC) was 65% complete on April 22, 1982. Recent accomplishments include the near-completion of the various roof systems and major portions of the interior partitions. Additionally, boilers and chillers and related climate controlling equipment have been installed, while the installation of the entire fire suppression sprinkler system is about 1/3 complete (despite a brief strike by the fire sprinkler craftsmen). Testing of the main electrical switchgear has been completed and permanent electric service is ready when required.

Landscaping began during the second week in April when nine willow oak trees were planted. Demolition of the two block buildings being used as construction offices began on April 20, and by April 22 only a few truckloads of rubble remained.

Design documents for the "wet" storage pod equipment are under review by GSA and SI personnel; bid invitation is now scheduled for May 5. Procurement orders for laboratory equipment are being written as scheduled. The professional moving consultant is becoming familiar with the problems related to the movement of collections. It is anticipated that basic laboratory and associated office functions will be the first moved, then the "wet" collections.



-46-

Inventory

The inventory effort continues to be marked by progress, and improved techniques for collecting and recording inventory data are being utilized in the museums with the largest and most complex collections. The importance attached to the inventory is reflected in the allocation of additional funds, identified through a budget reassessment exercise, to those museums faced with the most difficult inventory tasks. This reinforcement will help the Institution meet the target date of June 1983 for completion of base line inventories.

The quarterly status report compiled in April by the Office of the Registrar shows the following percentages of accomplishment:

AfA.	60%	NMAA.	66%
Cooper-Hewitt. . .	78%	NMAH.	61%
Freer.	100%	NMNH.	70%
HMSG.	100%	NPG.	100%
NASM.	68%	NZP.	100%

As noted in earlier reports, estimates of total holdings become more accurate as the inventory progresses; this in turn causes adjustments in the percentages shown above.

Collections Management

Collections management policies for the National Air and Space Museum and the National Museum of American Art have been completed and were approved by the Secretary. Policies for several other museums are nearing completion and will be submitted for final approval in the near future. Several major museums are exploring possible deaccession of extraneous collections to save space and other resources.



Probate Proceedings of the Estate of Joseph H. Hirshhorn

At the Secretary's request Mr. Blitzer outlined the following report, which had been distributed in advance of the meeting.

* * * * *

Joseph Hirshhorn made three separate bequests to the Smithsonian Institution "for the exclusive use and benefit of the Hirshhorn Museum and Sculpture Garden." The following is a brief summary of the status of each:

1. All works of art in all media which he owned at the time of his death. The Estate has been inventorying and appraising these works of art, numbering about 6,000 in all, in various locations in New York and Washington. The transfer of title, subject to a refunding agreement, is expected to begin shortly and the staff of the Museum will begin the complicated and difficult task of studying this vast collection in order to make recommendations to the Museum's Board of Trustees, which by statute has sole authority over acquisitions and deaccessioning.

Some questions have arisen concerning exactly which works of art Mr. Hirshhorn owned at the time of his death, as distinct from those that might have been owned by members of his family. These questions involve only a small fraction of the total and it is hoped that they can be resolved amicably.

2. The sum of five million dollars, provided that Mr. Hirshhorn's residuary estate, at the values thereof as finally determined for Federal estate tax purposes, shall be no less than four million dollars; if the residuary estate should be less than four million dollars, the bequest



to the Smithsonian shall abate to the extent required to bring the value of the residuary estate to four million dollars. Present indications from the Executors suggest that the Smithsonian is likely to receive the full five million dollar bequest, but this is not certain. In any event, it is unlikely that the Smithsonian will receive funds under this paragraph in less than a year.

3. "The Overriding Royalty Interest in petroleum products produced and saved from certain lands located in Canada"

The Will provides that this bequest "be held as a separate fund, in perpetuity, the net income of which shall be applied exclusively to the acquisition of works of art for the Hirshhorn Museum and Sculpture Garden." The Will also provides that any taxes that shall become payable in Canada in respect of this property shall be paid by the Smithsonian and shall not be a charge against the residuary estate.

The Executors have received an appraisal of \$1,544,400 (Canadian) on this property, and have determined that the Canadian tax is imposed at the rate of 15% of the appraised value. Assuming that the appraisal is accepted, the tax owed by the Estate will amount to \$231,660 (Canadian), or approximately \$185,328 in U.S. dollars. Since this tax is an obligation of the Estate, and since payment was due on April 30, it is our understanding that the Executors have made the minimum initial payment of 10% of the tax.



-49-

If the Smithsonian chooses to accept this bequest, the Executors intend to charge this initial payment and future payments (including interest on the unpaid balance, which at present amounts to 19% annually) to the cash legacy payable to the Smithsonian. The Board of Trustees of the Hirshhorn Museum will discuss this matter at its meeting on May 12 and will advise the Board of Regents as to its views of whether this bequest should be accepted along with the obligation to pay the Canadian taxes. No action by the Board of Regents is required until that time.

Honor for the Secretary

Mr. Ripley noted that it has been traditional for the Secretary to inform the Regents of awards conferred upon him, and in that spirit he mentioned that on April 19, 1982, just prior to the visit of the Queen of the Netherlands, he was honored to receive the rank of Commander in the Order of Orange-Nassau. The Order is conferred to honor people (citizens of both the Netherlands and friendly nations) for their unusual service to the Queen, the State, or society. In this instance, the honor recognizes the work culminating in the Queen's opening of the De Stijl exhibition at the Hirshhorn Museum and Sculpture Garden as well as, more generally, the Smithsonian's work over the years. The decoration, a five-pointed silver star with the lion rampant and bearing the device of the Royal House, Je maintiendrai, will be soon accompanied by a Royal decree.

Mr. Ripley said he was extremely honored to receive this distinction and the Regents offered their approval and congratulations.



-50-

The following status reports were distributed to the Regents in advance of the meeting and were highlighted by Mr. Ripley.

* * * * *

Other Major Construction Projects

Arts and Industries. The Institution is continuing contract negotiations for approximately \$1.9 million of roof, facade and other repairs to the northwest quadrant of the A&I Building including the pavilion, the west tower and entrance, and the NW and WN ranges. The negotiations are based on drawings and specifications which were revised in mid-April. These repairs will take up to 12 months for completion, and will be followed by successive phases in fiscal years 1983 through 1987.

Cooper-Hewitt Museum. The architect-engineering firm of Hardy, Holzman, Pfeiffer and Associates was selected to prepare conceptual design plans for a proposed facility expansion. The architect-engineer's fee proposal is considerably greater than current available funds. Therefore, the contracting officer is negotiating an acceptable fee.

American Art and Portrait Galleries. The construction contract for removal of asbestos insulation and the application of new fireproofing and insulation in attic spaces and mechanical rooms at the mezzanine and basement levels of the building is complete. Phase I renovation of the HVAC system, which is the installation of new chillers, is approximately 60% complete and should be finished in April. Phase II roof repairs began in April and are expected to be completed in July.

Freer Gallery of Art. Phase I renovation of the HVAC system was completed in February. A contract was awarded in early April in the amount of \$379,000 for Phase II which includes installation of a steam station and replacement of air handling units. This phase is scheduled for a September 1982 completion.



-51-

Renwick Gallery. The contract for preparation of molds and models is approximately one-third complete and on schedule with an April 1983 anticipated completion. A contract for the second phase, acquisition and installation of precast concrete elements, should be awarded by mid-summer.

Research Facilities. The construction contract for the second phase of safety improvements to the access road at Mt. Hopkins is approximately 55% complete, and should be finished by May of this year.

At Panama, construction of the Tivoli Library has been delayed due to financial problems on the part of the contractor. The bonding company expects to take over and complete the project.

National Zoological Park. Construction of Monkey Island is 30% complete and should be finished in August 1982; a contract award is pending for the next construction phase. The Hoofed Stock Facility at the Conservation Research Center in Front Royal, Virginia, is 95% complete; outside fencing and yard work are in progress and should be completed in May. Construction of the Small Animal Facility at the Conservation Research Center is on schedule and about 15% complete.



-52-

LEGISLATION

Quadrangle Construction Authority

The Senate Regents introduced S. 2102, a bill to authorize Quadrangle construction, on February 11, 1982. The bill was referred to the Committee on Rules and Administration which held a hearing on it on April 20. The Committee expects to mark-up and report the bill on May 13.

On March 2 Congressmen Howard, Fary, and Levitas joined Regents Boland, Conte, and Mineta in introducing a companion measure, H.R. 5659. A hearing on the bill was held on April 27 and it has been reported favorably to the full Committee on Public Works and Transportation.

National Museum Act

The draft bill approved by the Regents at their September 14, 1981 meeting has been approved by the Office of Management and Budget with a slight revision. The measure was introduced on April sixth by the House Regents and referred to the Committee on House Administration. Its number is H.R. 6089.

Senator Jackson introduced S. 2390, a companion measure, for himself and Senator Goldwater on April 15. The Committee on Rules and Administration held a hearing on it April 20.

Adjusting Rate of Interest on Smithsonian Funds Loaned Permanently to the U. S. Treasury

Agreement has been reached with the Department of the Treasury and the Office of Management and Budget on draft legislative language to eliminate the six percent ceiling on interest earned on Smithsonian funds at the



-53-

Treasury, in accordance with the Regents' resolution of September 14, 1981.

S. 2391 was introduced on April 15 by Senator Jackson for himself and Senator Goldwater. A hearing on it was held on April 20 by the Committee on Rules and Administration and a favorable report is expected in May.

A companion measure, H.R. 6132, was introduced on April 21 and referred to the Committee on House Administration.

International Exchange Service

Efforts are continuing to transfer from the Smithsonian the function of distributing U.S. Government publications to foreign governments. The Department of State may assume responsibility for the program.



LITIGATION REPORT

NEW CASES:

NONE

CASES PREVIOUSLY REPORTED:

1. Abraham v. United States

This suit, filed in the U. S. District Court for the District of Columbia in December 1980, is brought under the Federal Tort Claims Act, alleging wrongful death of plaintiff's daughter. The daughter disappeared while serving as a volunteer field assistant on a scientific expedition sponsored by the Smithsonian's Department of Anthropology to Ramah Bay, Labrador, in August 1976. The administrative tort claim filed in this matter was denied in June 1980. Plaintiff seeks \$3 million in compensatory damages, along with other relief. It is the Institution's belief that this accident is covered by the Federal Employees' Compensation Act, which is an exclusive remedy. By law, questions concerning the scope of the Act must be referred to the Secretary of Labor for resolution. A motion to this effect was filed by the Smithsonian, and on June 10, 1981, the Court stayed the proceeding with instructions to the plaintiff to initiate a claim with the Secretary of Labor within sixty days. The claim was filed on July 24, 1981, and on January 8, 1982, the U. S. Department of Labor issued its opinion that the accident is covered by the Federal Employees' Compensation Act. On February 5, 1982, the plaintiff requested the Department of Labor to reconsider its decision. The Department has ninety days to act on the request.

2. Cramer v. United States

This suit, brought under the Federal Tort Claims Act as a result of injuries sustained by plaintiff from a fall in December 1979 on the inside vestibule steps leading from the National Museum of Natural History to Constitution Avenue, N. W., was filed in the U. S. District Court for the District of Columbia in October 1981. Plaintiff's administrative claim, in the amount of \$6,000, was denied in April 1981. Plaintiff seeks \$100,000 in damages in this suit. A motion has been submitted to limit plaintiff to the amount set forth in her administrative claim (\$6,000). Trial in this case is set for May 13, 1982.

3. In Re Estate of Eliot Elisofon

The circumstances which precipitated this litigation arose prior to the Smithsonian's acquisition of the National Museum of African Art. The case involves a bequest to the Museum of photographic and African art collections by a renowned New York photographer. In 1973, at the time of the bequest, the donor's surviving issue elected under New York law to contest the charitable disposition as excessive, but this election was not pursued until after the Museum was acquired by the Smithsonian. In January 1981 the donor's surviving issue initiated a special proceeding in the New York Surrogate's Court and simultaneously commenced litigation in the U. S. Court of Claims for recovery of the value of the property distributed to the Museum by the estate's executors. The Surrogate's Court proceeding named as defendants not only the Smithsonian, but also certain individuals, other charitable beneficiaries, and the executors of the estate. A complex hearing on various defenses



was held by the Court on May 29, 1981, and on September 2, 1981, a decision favorable to the Museum was issued. The plaintiffs have appealed, and the case is scheduled to be heard at the Spring term of the Appellate Division of the New York Supreme Court.

4. Epps v. Ripley

On March 10, 1981, plaintiff, a former employee (Janitor Foreman, WS-02) of the Institution filed suit in the U. S. District Court for the District of Columbia, alleging sex discrimination, mental distress, and negligent supervision (the negligent supervision allegation has been dropped voluntarily by plaintiff) and seeking money damages, back pay, and reinstatement. Plaintiff alleges that her supervisor sexually harassed her over the period 1972-1979. Investigations conducted by the Institution when this complaint was filed administratively in 1978 produced no evidence to substantiate plaintiff's claims. On March 11, 1982, a motion to dismiss for procedural and jurisdictional insufficiency, filed by the Department of Justice on behalf of the Institution, was denied. An answer to the complaint will be filed in early April, to be followed by additional pleadings seeking dismissal or summary judgment.

5. Lucas v. Ripley

In this class action suit, filed in July 1978 in the U. S. District Court for the District of Columbia, plaintiff (a black, female employee of the Smithsonian) alleges sex and racial discrimination, on behalf of herself and all black employees of the Institution. The basis of the suit is her nonselection for a higher paid position. On February 12, 1982, a decision denying the cross motions for summary judgment and declining to certify the class was entered. Plaintiff is presently seeking approval of the District Court to certify the denial of class certification issues to the U. S. Court of Appeals prior to proceeding on the merits of her individual complaint.

6. In Re Estate of Therese Davis McCagg

Petitioner in this action (a Rhode Island bank which has been appointed administrator of this estate) seeks to reclaim two paintings lent by the decedent to the National Museum of American Art (then known as the National Gallery of Art) in 1917. The lender died in 1932, leaving no instructions in her will or otherwise with regard to the paintings, and the Museum was never contacted. In 1980 the Probate Division of the Superior Court of the District of Columbia issued letters of administration to reopen the estate after a lapse of some fifty years when the paintings came to the attention of certain heirs. On February 6, 1981, the Museum was ordered to show cause why these paintings should not be turned over to the administrator. The Museum contended that the statute of limitation had run. Following a hearing that had been held on May 13, 1981, the Probate Division of the Superior Court of the District of Columbia, on May 28, 1981, ordered the Museum to surrender the paintings. The Museum has appealed, and oral arguments on the appeal are scheduled for April 21, 1982.

7. Thomas v. United States

This suit was filed in the U. S. Court of Claims on January 16, 1980, and asserts that the Smithsonian/University of Arizona Multiple Mirror Telescope (MMT) infringes a patent owned by plaintiff. Plaintiff has demanded damages equiva-



lent to the cost of construction (approximately \$8 million) of the MMT. On August 6, 1981, a stay of the case was granted, pending resolution of a request by plaintiff that the U. S. Patent Office reissue his patent. Plaintiff's request to the U. S. Patent Office was subsequently withdrawn. Plaintiff is now proceeding pro se. The U. S. Court of Claims case will now proceed with discovery beginning immediately. No trial date has yet been set.

There have been no significant developments in the following cases, which have been reported previously to the Board.

8. Dance v. Ripley (racial discrimination) - Filed August 1978 in the U. S. District Court for the District of Massachusetts. Awaiting trial date.
9. Genson v. Ripley ("misidentification" of a coin donated to the Smithsonian) - Filed March 26, 1981, in the U. S. District Court for the District of Arizona (Tucson Division). Motion for Summary Judgment and Dismissal granted December 18, 1981. Decision appealed to the U. S. Court of Appeals (9th Circuit).
10. Jones v. Smithsonian Institution (termination of employment) - Filed January 8, 1982, in the U. S. Court of Claims. Decision on Motion for an Order Transferring the Case to the Regular Docket of the Court and Setting a Schedule for Further Proceedings, filed by the Justice Department on behalf of the Institution, pending.
11. Petition of the United States on behalf and for the benefit of the Smithsonian Institution, Trustee (petition for construction of provisions of the J. Seward Johnson and Hunterdon Medical Center School of Health gifts) - Filed February 1977 in the U.S. District Court for the District of Columbia. Decision issued January 31, 1980; order and judgment on the decision entered February 29, 1980. Final order and judgment entered on July 1, 1981, confirming prior findings in the February 29, 1980, order. No appeal of the July 1, 1981, decision taken. Request for the award of attorneys' fees filed by Harbor Branch (and opposed by the Department of Justice on behalf of the Institution) pending.

CASES DISPOSED OF:

1. Scherer v. Ripley

Plaintiff (a civil service employee) had filed an internal EEO complaint in 1974, alleging sex discrimination. The complaint was settled in plaintiff's favor; she subsequently alleged that she was subjected after the settlement to reprisals and harassment by her supervisor. Investigation supported the charges, in part, and administrative action was taken against the supervisor. In October 1977 plaintiff brought this action in the U. S. District Court for the District of Columbia, alleging that the Smithsonian's administrative action was insufficient and seeking retroactive promotion, back pay, compensatory damages, further reprimand



-57-

and suspension of her supervisor, and other administrative measures. The case was tried in November 1979; a decision was filed on February 11, 1982. The Court ordered judgment for the plaintiff (with attorneys' fees and costs) and ordered defendants to not discriminate against plaintiff or take reprisals against her, to provide her appropriate staffing assistance and supervisory responsibilities over clericals and to accurately reflect "the work done by the plaintiff in each publication to be credited in print therein."



Television

Arrangements are being made at long last for the production of a Smithsonian television series, in a magazine format, for public broadcasting. Under development since 1978 and last discussed with the Regents at their January 26, 1981 meeting, Smithsonian World will be co-produced and co-owned by the Institution and WETA/26, Washington, D.C. The McDonnell Foundation has made a preliminary determination to underwrite the production of this series of seven programs over a two-year period and has granted \$500,000 to WETA for six months' preproduction work. Upon the completion of that work, and a favorable review of it, the Foundation is expected to grant \$3,000,000 for the full production of the series, and the McDonnell Douglas Corporation plans substantial funding for advertising.

Mr. Tom Wolf, consultant to the Secretary on television matters, will continue to prepare a proposal to the MacArthur Foundation for a program of laser videodisc hardware and software to enhance junior and senior high school curricula, as outlined for the Regents at their January 25, 1982 meeting (Minutes, p. 92).

The Office of Telecommunications' film about the American Impressionist artists, In Open Air, premiered on March 30 at the opening of the Smithsonian Institution Traveling Exhibition Service's American Impressionists exhibition in Paris. This half-hour film, funded in part by the Joe L. and Barbara B. Allbritton Foundation, is scheduled to be shown throughout Europe as well as in the United States through public broadcasting.



PERSONNEL

Smithsonian Astrophysical Observatory

In the winter of 1981, Dr. George Field announced his intention to step down from the Directorship of the Smithsonian Astrophysical Observatory effective 1 July 1982. Dr. Field has served in this post since July 1973 and managed the integration of SAO with the Harvard College Observatory into the Center for Astrophysics.

A Search Committee appointed in the spring of 1981 has recently recommended to the Secretary the appointment of Professor Irwin Shapiro of MIT to succeed Dr. Field. Negotiations are continuing at present on this appointment. The negotiations are expected to be concluded in early May. The appointment is expected to be effective September 1982.

Professor Shapiro is a distinguished astrophysicist with particular expertise in radioastronomy. He is a member of the National Academy of Sciences and holds a number of important posts in professional societies. He is the author of several books and over 200 articles. He has taught at MIT since 1967 and was associated with the MIT Lincoln Laboratory for over two decades. Dr. Shapiro currently heads a major research group at MIT engaged in government contract work on Very Long Baseline Interferometric (VLBI) observations of celestial radio sources.

National Portrait Gallery

The Secretary has appointed Dr. Alan M. Fern to succeed Marvin Sadik as Director of the National Portrait Gallery. Dr. Fern, who is the Director for Special Collections at the Library of Congress, is an art historian and a respected and productive scholar with a number of exhibitions and publications to his credit. He has taught at the University of Chicago, the University of



-60-

Maryland, Pratt Institute in New York, and the Chicago Art Institute as well as lecturing extensively in museums across the country. At the Library of Congress he is responsible for a staff numbering more than two hundred and collections including some fifty million items.

Dr. Fern will assume his duties at the NPG on June 1, 1982. Following is a copy of his vita.



Curriculum Vitae

ALAN MAXWELL FERN

Personal: Born in Detroit, Michigan, October 19, 1930
Primary and Secondary education in Detroit Public Schools;
graduated from Cass Technical High School (art curriculum)
in 1948; extra-curricular study of painting & sculpture.

Married (1957) to Lois Karbel. No children.
Residence: 3605 Raymond Street, Maryland 20815 (301)652-0640
Office: Library of Congress, Washington, D.C. 20540
(202) 287-5550

Education: B.A. The College, University of Chicago, 1950 (general
scholastic honors)
M.A., Department of Art, University of Chicago, 1954
Ph.D., Department of Art, University of Chicago, 1960
Fulbright Scholar 1954-55, Courtauld Institute of Art,
University of London. Worked on connections between
English and continental graphic arts 1890-1910.
Have traveled extensively in Europe and Latin America.

Employment: Academic and professional employment
1952 - Instructor (substitute) in art history, Institute
of Design, Chicago
1953-54 - Assistant in Art, The College and the Downtown
Center, University of Chicago
1955-58 - Teacher of adult classes, Department of Museum
Education, Art Institute of Chicago
1953-61 - Assistant Examiner, then Examiner in Humanities 1,
then Senior Humanities Examiner, The College, University
of Chicago
1953-61 - Assistant, then Instructor, then Assistant Professor
of Humanities, The College, University of Chicago
1961-64 - Assistant Curator, then Curator of Fine Prints,
Prints and Photographs Division, Library of Congress,
Washington, D.C.
1964-73 - Assistant Chief, Prints and Photographs Division,
Library of Congress
1973-76 - Chief, Prints and Photographs Division, Library
of Congress
1976-78 - Director, Research Department, Library of Congress
1978-present - Director for Special Collections, Library of
Congress

while at Library of Congress, taught (1962-67) at Pratt
Institute, Brooklyn, N.Y. and (1972) at Art Department,
University of Maryland, College Park, Md., both history
of graphic arts (printmaking, photography, and the book).

Non-academic employment (1948-1953) included work as
technical photographer, examination proctor, exhibition
gallery assistant, and library processing assistant.

Professional
Activities:

Memberships

American Antiquarian Society (elected 1976), Baltimore Bibliophiles, College Art Association, Cosmos Club, Double Crown Club (honorary, 1978), Grolier Club, Print Council of America (president 1969-71), Printing Historical Society, William Morris Society. Past memberships: American Institute of Graphic Arts (director 1968-71, pres. Wash. chapter 1968-69), Society of Typographic Arts (Chicago), Special Libraries Assoc.

Other Professional Activities

Television series-"The Influence of Print and Picture"
WBBM-TV (Chicago) 1960 (sustaining, produced by
University of Chicago)
Book review editor-Art Journal (College Art Assoc.) 1967-71
President, Washington chapter AIGA, 1968-69
President, Print Council of America, 1969-71
Chairman (art history) College Art Association annual
meeting, 1979 (Washington, DC)
Juror for 12 national or regional exhibitions, including
Corcoran Area Exhib. (1963); North Carolina State Museum
photo show (1973); Cali, Colombia, international print
and drawing biennial (1973); AIGA 1st photographic
exhib. (1973); Sante Fe, N.M., Southwest Biennial (judged
photographic section, 1976); Miami, Fla. Graphic Biennial
'77)
Presented more than 100 lectures, on history and criticism
of printmaking, illustration, typography and photography,
at such places as National Gallery of Art, Metropolitan
Museum of Art, Art Institute of Chicago, Detroit Art
Institute, Los Angeles County Art Museum, Albright-Knox
Art Gallery, Toledo Museum of Art, Liljevalchs Art
Gallery (Stockholm), USIS Brussels, Yale University
Art Gallery, University of Chicago, Grolier Club
Exhibitions organized include "The Architect and the
University" (U. of Chicago, 1961), "The Midway Gardens of
Frank Lloyd Wright" (U. of Chicago, 1969), "Viewpoints"
(Library of Congress, 1962, with others), "American Prints
Today" (United States Information Agency, 1965), "Leonard
Baskin" (National Collection of Fine Arts, 1970),
"Contemporary Photographs from Sweden" (Library of
Congress, 1976), "Belgium..." (Library of Congress, 1980)
National Endowment for the Arts: have served as panel member
for Museum program, Visual Arts Program (indiv. artists
grants in printmaking and in photography); currently
represent Library of Congress at Federal Council on Arts
and Humanities (designated by Librarian of Congress)
Serve on boards of Swann Foundation and Paul Strand Foundation
(both of New York City)

Publications:

Books

A Note on the Eragny Press (Cambridge Univ. Press, 1957)
Art Nouveau (co-author; Museum of Modern Art, 1960)



-63-

Word and Image (Museum of Modern Art, 1969)
Leonard Baskin (Smithsonian Institution, NCFA, 1970)
Revolutionary Soviet Film Posters (co-author; Johns Hopkins, 1974)

Chapters in Books

The Neo-Impressionists (ed. Jean Sutter; NY Graphic Society, 1971)
American Prints in the Library of Congress (Johns Hopkins, 1970)
Lasansky: Printmaker (Univ. Iowa Press, 1975)
Essays in Honor of Beaumont Newhall (Univ. New Mexico Press, 1975)
Fritz Eichenberg/The Wood and the Graver (Potter, 1977)
The Documentary Photograph as a Work of Art (Chicago, 1976)
and others

Articles and Reviews

More than 80 published, in such journals as Apollo,
Architectural Review, Book-Collector's Quarterly,
Chicago Review, The Connoisseur, College Art Journal,
Library Quarterly, New York Times Book Review,
Typographica, Quarterly Journal of the Library of Congress,
as well as the Encyclopedia Britannica and the Dictionary of American Biography.

Honors:

Fulbright fellowship, 1954-55.
Chevalier, Ordre de la Couronne (Belgium), 1980.



-64-

Museum of Man

A little less than a year ago, we launched an effort to move ahead on the concept of a Museum of Man along two tracks:

1. Under the leadership of Douglas Ubelaker, Chairman of the Department of Anthropology, that Department proceeded to move toward the Museum of Man concept developed by Dr. Ubelaker from his perspective as Chairman of the Department.

2. Under the general guidance of the Under Secretary, a collegium of Douglas Ubelaker; Roy Bryce Laporte, Director, Research Institute for Immigration and Ethnic Studies; Ralph Rinzler, Director, Folklife Program; and Douglas Heck, Special Assistant for International Programs, National Anthropological Film Center; will consider the Ubelaker concept and work to broaden it to include other disciplines and perspectives as appropriate and practical, all within the general framework of a Museum of Man.

During the year, we have made enough progress to merge the two tracks. Dr. Ubelaker and the Department of Anthropology have taken the leadership in furthering the concept through personnel recruitment, through the merging of the Research Institute for Immigration and Ethnic Studies into the Department and through exploration of a broadened framework for a Museum of Man or Anthropology which would include additional elements of art and history. The development of the Quadrangle with its Museums of African and Eastern Art and continued interest in the Congress and elsewhere in a Native American Institute or Museum have helped to focus attention on the interrelationships between traditional anthropological interests and the art, crafts and history of all peoples.

We are in the process of exploring whether a Museum of Man/Anthropology might fit more comfortably within the History and Art components of the Institution than in Natural History.



-65-

The National Board of the Smithsonian Associates

Mr. Kemper, Chairman of the National Board of the Smithsonian Associates, expressed his appreciation, on behalf of the National Board, for the Regents' invitation to attend this meeting. He noted that the relationship of the National Board with the Board of Regents has been confusing to various members of the National Board in recent years and suggested that measures should be taken to define the relationship more clearly. The Chancellor acknowledged that such questions have arisen occasionally before and he said he would work with Mr. Humelsine and the Secretary to devise improved means of communications. The Secretary expressed his gratitude to the National Board members for their attendance and hoped that with an earlier notice additional National Board members will attend the September 1982 meeting and dinner.

Executive Session

In an executive session the Regents discussed a variety of personnel matters and approved a revised retirement annuity plan for the Secretary, which plan supersedes the Secretary's pension plan adopted by the Board of Regents May 17, 1966.

Adjournment

The formal business of the Board of Regents was concluded at 12 noon and was followed by an informal luncheon with the Secretary, his executive staff, and the attending members of the National Board of the Smithsonian Associates.



Regents' Dinner

The traditional Regents' Dinner was held in honor of Mr. James E. Webb the preceding evening, Sunday, May 2, 1982, in the "Commons" of the Smithsonian Institution Building. Guests were treated to cocktails in the Victorian Garden, where the model of the Quadrangle was on view. Toward the conclusion of dinner the Secretary greeted guests and noted particularly the presence of the members and spouses of the National Board of the Smithsonian Associates. Introduced by the Secretary, the Chancellor presented the following citation to Mr. Webb:

With heartfelt appreciation and deep affection for this tireless friend and patriot, the Board of Regents and the Secretary of the Smithsonian Institution are honored to dedicate to

JAMES EDWIN WEBB

Regent of the Smithsonian Institution, 1970-1982
Chairman of the Executive Committee, Board of Regents, 1972-1982

The James E. Webb Fellowships for the promotion of excellence in the management of cultural and scientific institutions. In the traditions of his life-long interest in and outstanding contributions to this nation's public administration and of his unstinting dedication to the sensible fulfillment of James Smithson's mandate, the Webb Fellowships will nurture management abilities of Smithsonian employees and visiting scholars for years to come--and will therefore continue to symbolize our profound gratitude for this sensitive and dear colleague.

In accepting this honor Mr. Webb spoke of his profound appreciation for the assistance given him by the Chancellor and the Secretary and his staff, and mentioned his great satisfaction for the progress of the Institution over the last dozen years.

Resuming at the lectern, Mr. Ripley offered a toast to Dr. Fred L. Whipple, in whose name the astronomical observatory at Mt. Hopkins, Arizona, is to be dedicated on May 7, 1982 (see Minutes, September 14, 1981, pp. 55-56). Mr. Ripley also specially acknowledged the presence of Mr. Richard Griesel, who



-67-

is resigning as the Business Manager of the Institution on May 7 to accept a position in private industry; he praised Mr. Griesel's accomplishments over the last decade and wished him every success.

There followed a showing of In Open Air, a film produced through the generosity of the Joe L. and Barbara B. Allbritton Foundation in connection with the exhibition of the American Impressionists paintings, which opened in Paris March 30, 1982.

Next Meetings

- Executive Committee: Tuesday, August 17, 1982, noon
- Regents' Dinner: Sunday, September 19, 1982
- Board of Regents' Meeting: Monday, September 20, 1982, 9:30 a.m.

Respectfully submitted,

S. Dillon Ripley
S. Dillon Ripley
Secretary



MAY 25 1982
SMITHSONIAN
ARCHIVES



SMITHSONIAN INSTITUTION
PROCEEDINGS OF THE MEETING OF THE BOARD OF REGENTS
May 3, 1982

SUMMARY OF PROCEEDINGS

Report of the Executive Committee

On April 14, 1982 the Executive Committee discussed the agenda for the Regents' May 3 meeting. Mr. Hohenlohe outlined the financial reports and characterized the fiscal year's financial conditions as stable, noting the assistance provided by OMB's support for a partial pay supplemental and by the Institution's own belt-tightening. Mr. Hughes noted that the decision to restrict summer evening hours to the National Air and Space Museum and the Zoo was widely announced and received little criticism.

The Committee agreed with the Secretary's suggestion to invite members of the National Board of the Smithsonian Associates to the May Regents' Dinner and a portion of the meeting.

The expiration of Mr. Webb's term on June 21 was noted, and, in view of his past contributions and his continuing interests, it was

VOTED that, in accordance with Section 2.08 of the Bylaws, the Board of Regents confers on James E. Webb the title of Regent Emeritus, with all the rights and responsibilities thereof.

The Committee recommended that Mr. Acheson be named to the Executive Committee vice Mr. Webb, and it was

VOTED that the Board of Regents elects David C. Acheson to membership on its Executive Committee, effective June 22, 1982.

The Executive Committee served as a search committee to recommend to the Regents a nominee for a Regent from the District of Columbia to replace Mr. Webb. After considering suggestions from the Secretary, the Regents, and the chairmen of the Institution's authorizing committees in the Congress, the Committee unanimously recommended the nomination of Miss Nancy Hanks. After discussion the Regents adopted the following resolution:

VOTED that the Board of Regents requests the Congressional Regents to introduce and support legislation to appoint Nancy Hanks citizen Regent of the Smithsonian Institution for the statutory term of six years.

James E. Webb Fellowships

In response to a poll conducted through the mails in April, it was

VOTED that the Board of Regents establishes the James E. Webb Fellowships for the promotion of excellence in the management of cultural and scientific not-for-profit institutions.



-ii-

It was noted that this was a particularly appropriate honor for Mr. Webb, and that this program in public administration will be of great benefit to the Institution. A short description of the Webb Fellowships has been included in the Minutes.

Report of the Audit and Review Committee

The Committee met on March 23, 1982. Coopers and Lybrand, the independent auditors, highlighted their December 31, 1981 Report to Management, noting that none of their recommendations were of material significance and that Smithsonian staff had been responsive to suggestions. Coopers and Lybrand also introduced their consolidated audit plan for FY 1982.

Mr. Acheson reported on the Committee's visit to the Cooper-Hewitt Museum in New York City on March 13. Messrs. Acheson, Rush, and Morgan and accompanying staff were given a tour of the Museum facilities, and Mrs. Lisa Taylor, Director of the Museum, spoke about exhibitions, collections, and education programs. Discussion ensued about the budget and future aspirations for the Museum, including a proposed expansion of the facilities. The Committee noted with pleasure the intention to develop private funds for the capital improvement project.

Mr. Hughes informed the Committee about a current review, as yet incomplete, of the gem collection in the National Museum of Natural History/Museum of Man, which review had been suggested when certain weaknesses had been discovered in the exchange program. It was agreed that the final report will be further discussed by the Committee.

It was noted that the Indemnification Resolution and Bylaw adopted by the Board of Regents January 25, 1982 had, through inadvertence, not included coverage for Regents Emeritus and members of Regents' committees and Smithsonian advisory bodies. To effect this coverage, and to clarify the intent of the Resolution that Smithsonian employees and officers will be indemnified for liability arising out of service on boards of other organizations when such service is part of official Smithsonian duties, the Audit and Review Committee recommended amended language for the Bylaws and Resolution, and the Board of Regents agreed to the following motion:

VOTED that the Board of Regents hereby adopts the amendments to Section 2.09 of the Regents' Bylaws and to the Indemnification Resolution as suggested by the Audit and Review Committee on March 23, 1982.

Dr. Challinor introduced the Committee to the Smithsonian Tropical Research Institute, using maps and slides. He gave a brief history of the Smithsonian's presence in Panama and added that the Smithsonian continues to be welcome for its contributions to natural conservation in the area. The Committee agreed to visit STRI facilities in November 1982.

The Committee will next meet on May 21, 1982 and Judge Higginbotham will attend. Topics will be: Coopers and Lybrand's audit of FY 1981 appropriated funds and further discussion of audit plan for FY 1982; equal opportunity and affirmative action; the organization of book publishing; and an overview of the Chesapeake Bay Center for Environmental Studies.



-iii-

The Annual Report

It was

VOTED that the Board of Regents accepts the Annual Report of the Secretary for fiscal year 1981.

Financial Report

The Institution has been allowed to submit to Congress a supplemental appropriation request of \$2.3 million to cover one-half of FY 1982 pay raise costs. This amount, together with cost-reduction actions taken as a result of the self-assessment review, will permit the Institution to continue operations with a minimum of disruption to essential activities. Few complaints have resulted from the decision to limit summer evening hours to the National Air and Space Museum and the National Zoo. Revised projections for Unrestricted General Trust Funds still anticipate a break-even budget, with increased net gains expected from the Smithsonian magazine being offset by lower returns in other auxiliary activities and increased administrative expenses.

Report of the Investment Policy Committee

The performance of the Institution's investment managers was reviewed by the Investment Policy Committee at its meeting on April 28, 1982. Mr. Hohenlohe noted that total Smithsonian endowments continue to outperform the standard market indices. For the last three and three-quarters year period, their annualized total return was approximately 12 percent compared to 6 percent for the Dow Jones Industrial Average and 10 percent for the Standard & Poor's 500. The Board approved the total return income payout in FY 1983 as recommended by the Investment Policy Committee, and it was

VOTED that the Board of Regents accepts the report of the Investment Policy Committee and approves a total return income payout rate of \$6.24 to Restricted and Designated Purpose Endowment Funds and \$5.00 to Unrestricted General Purpose Endowment Funds in Fiscal Year 1983.

Quadrangle

Six members of the National Board of the Smithsonian Associates joined the meeting of the Board of Regents for the discussion of the Quadrangle. The Secretary highlighted the report circulated in advance, noting progress through the tentative design phase. Accordingly, the architect's drawings, specifications, and construction estimate have been submitted to the General Services Administration. A second estimate has also been obtained by the Institution. The estimates suggested that some cost savings will be required to meet the



-iv-

\$75 million budget, but these savings will not force any major alterations to the project. The Secretary added that the Smithsonian will not appeal to Congress for any amount greater than the \$36.5 million currently requested for construction. A construction contract package will be ready for bidding in October or November 1982.

Progress in the development of a landscaping plan was reported.

The House Public Works Subcommittee on Public Buildings and Grounds held a hearing on H.R. 5659 (to authorize construction) on April 27 and reported the bill out favorably. The companion measure, S. 2102, was given a hearing by the Senate Committee on Rules and Administration on April 20.

The Secretary underscored the importance of the National Board of the Smithsonian Associates in the domestic fund-raising campaign, noting that the extraordinary generosity and dedication of several members has been critical to launching a sequential strategy for soliciting leadership-level gifts, to be followed by an expanded search for more moderate gifts. A series of special regional meetings will be arranged for the Secretary in this connection. A broader appeal to the entire membership of the National Associates may ensue.

Mr. Ripley outlined the foreign gifts and pledges to date and noted prospects for additional foreign donations. It was noted that all gifts and pledges (\$13,910,800), added to Smithsonian unrestricted fund transfers (\$12,357,100), total \$26,267,900--more than two-thirds of the \$37.5 million goal.

-- A Major Donation of Collections --

One of America's leading collectors of Near and Far Eastern art, to remain anonymous for the time being, has made a firm proposal containing these provisions:

1. He and several of his foundations will make an outright gift to the Smithsonian of works of art for the Near and Far Eastern Gallery with an appraised value of \$50,000,000. The appraisals will be made by authorities acceptable to the Smithsonian, and the selection of objects will be made by the Smithsonian. Objects will be primarily Oriental and ancient Near Eastern and will be of the highest quality.
2. The donor will make a cash contribution of \$4,000,000 toward the cost of construction of the Quadrangle.
3. As a condition of these gifts, the new gallery of Near and Far Eastern art will be named for the donor.

The donor and his foundations will also regularly contribute sums for research and for the publication of scholarly catalogues of the collection. A formal agreement is being drafted and the Director of the Freer Gallery is compiling a list of objects totaling \$50 million in value.

After discussion, and noting the donor's wish that news of this proposed contribution should not be made public unless and until all arrangements have been approved, it was



-v-

VOTED that the Board of Regents authorizes the Secretary to negotiate terms of an agreement on conditions set forth above, which agreement may be signed by the Secretary with the approval of the Board.

Museum Support Center, Inventory, and Collections Management

Acknowledging Dr. Gell-Mann's observation that plans have yet to be fully developed for the appropriate emphasis of archeometry, Mr. Ripley informed the Regents that the Museum Support Center was 65% complete on April 22, 1982. Landscaping began in April with the planting of some trees and the demolition of two remaining block buildings. Design documents for the "wet" storage equipment are under review and a bid invitation is scheduled for May 5. Procedures are being developed to facilitate a complex and multi-stage move to the MSC.

The inventory effort continues to make progress through improved techniques for collecting and recording inventory data and additional funds reallocated to those museums facing the most difficult inventory tasks. The baseline inventory is still targeted for completion by June 1983.

Collections management policies for the National Air and Space Museum and the National Museum of American Art have been approved by the Secretary. Others are nearing completion. Major museums are exploring possible deaccessions of extraneous collections to save space and other resources.

Probate Proceedings of the Estate of Joseph H. Hirshhorn

Mr. Hirshhorn made three bequests to the Smithsonian for the use and benefit of the Hirshhorn Museum and Sculpture Garden: (1) all works of art which he owned at the time of his death--approximately 6,000 works in all, in various locations, now being inventoried; (2) five million dollars--providing four million dollars remain in the residuary estate; and (3) royalty interest in petroleum products from certain lands in Canada to establish and maintain a separate fund for acquisitions--under Canadian law a tax of 15% of the appraised value [\$1,544,400 (Canadian)], or approximately \$185,328 in U.S. dollars, is an obligation of the Estate, but will be charged to the Smithsonian legacy upon acceptance of this bequest. The Trustees of the Hirshhorn Museum and Sculpture Garden will discuss this matter and advise the Board of Regents.

Honor for the Secretary

The Secretary has received the rank of Commander in the Order of Orange-Nassau just prior to the visit of the Queen of the Netherlands, in recognition of the work culminating in the Queen's opening of the De Stijl exhibition at the Hirshhorn Museum and Sculpture Garden as well as, more generally, the Smithsonian's work over the years. The Regents offered their approval and congratulations.

Status Reports

The Secretary discussed each of the following status reports which had been distributed in advance of the meeting:



-vi-

Other Major Construction Projects
Legislation
Litigation

Television
Personnel
Museum of Man

The National Board of the Smithsonian Associates

It was noted that the relationship of the National Board of the Smithsonian Associates with the Board of Regents has been confusing to some members of the National Board, and the Chancellor suggested he would work with the Chairman of the Regents' Executive Committee and the Secretary to devise improved means of communications. The Secretary hoped to include additional members of the National Board at the September 1982 dinner and meeting.

Executive Session

In executive session the Regents discussed various personnel matters and approved a revised retirement annuity plan for the Secretary.

Adjournment

The formal business of the Board of Regents concluded at noon and was followed by an informal luncheon in the Regents' Room.

Regents' Dinner

The traditional Regents' dinner was held in honor of Mr. Webb the preceding evening, May 2, in the "Commons" of the Smithsonian Institution Building. Cocktails were held in the Victorian Garden, where a model of the Quadrangle was on view.

The Secretary greeted the guests and acknowledged particularly the presence of members and spouses of the National Board of the Smithsonian Associates. The Chancellor presented the following citation to Mr. Webb:

With heartfelt appreciation and deep affection for this tireless friend and patriot, the Board of Regents and the Secretary of the Smithsonian Institution are honored to dedicate to

JAMES EDWIN WEBB

Regent of the Smithsonian Institution, 1970-1982
Chairman of the Executive Committee, Board of Regents, 1972-1982

The James E. Webb Fellowships for the promotion of excellence in the management of cultural and scientific institutions. In the traditions of his life-long interest in and outstanding contributions to this nation's public administration and of his unstinting dedication to the sensible fulfillment of James Smithson's mandate, the Webb Fellowships will nurture management abilities of Smithsonian employees and visiting scholars for years to come--and will therefore continue to symbolize our profound gratitude for this sensitive and dear colleague.

Accepting the honor, Mr. Webb expressed his appreciation for the fine work of the Chancellor, the Secretary, and his staff, and his satisfaction for the progress of the Institution.



-vii-

The Secretary offered a toast to Dr. Fred L. Whipple, in whose name the astronomical observatory of Mt. Hopkins is to be dedicated on May 7, 1982. Mr. Ripley also paid tribute to the fine accomplishments of Mr. Richard Griesel, the Business Manager of the Smithsonian who is leaving to enter private industry on May 7.

There followed a showing of In Open Air, a film produced through the generosity of the Allbritton Foundation in connection with the exhibition of the American Impressionists paintings.

Next Meetings

Executive Committee Meeting: Tuesday, August 17, 1982, noon

Regents' Dinner: Sunday, September 19, 1982

Board of Regents' Meeting: Monday, September 20, 1982, 9:30 a.m.



MEMORANDUM

TO: Heads of Bureaus and Major Offices

FROM: Jim Hobbins, Executive Assistant
to the Secretary

DATE: May 21, 1982

SUBJECT: Minutes of Board of Regents' Meeting of May 3, 1982

I am pleased to forward the attached Summary of Proceedings from the May 3, 1982 meeting of the Board of Regents. As in the past, I continue to hope that this précis of the minutes will be useful, and I would be happy to have your comments or questions.

Attachment



SMITHSONIAN INSTITUTION
PROCEEDINGS OF THE MEETING OF THE BOARD OF REGENTS
May 3, 1982

SUMMARY OF PROCEEDINGS

Report of the Executive Committee

On April 14, 1982 the Executive Committee discussed the agenda for the Regents' May 3 meeting. Mr. Hohenlohe outlined the financial reports and characterized the fiscal year's financial conditions as stable, noting the assistance provided by OMB's support for a partial pay supplemental and by the Institution's own belt-tightening. Mr. Hughes noted that the decision to restrict summer evening hours to the National Air and Space Museum and the Zoo was widely announced and received little criticism.

The Committee agreed with the Secretary's suggestion to invite members of the National Board of the Smithsonian Associates to the May Regents' Dinner and a portion of the meeting.

The expiration of Mr. Webb's term on June 21 was noted, and, in view of his past contributions and his continuing interests, it was

VOTED that, in accordance with Section 2.08 of the Bylaws, the Board of Regents confers on James E. Webb the title of Regent Emeritus, with all the rights and responsibilities thereof.

The Committee recommended that Mr. Acheson be named to the Executive Committee vice Mr. Webb, and it was

VOTED that the Board of Regents elects David C. Acheson to membership on its Executive Committee, effective June 22, 1982.

The Executive Committee served as a search committee to recommend to the Regents a nominee for a Regent from the District of Columbia to replace Mr. Webb. After considering suggestions from the Secretary, the Regents, and the chairmen of the Institution's authorizing committees in the Congress, the Committee unanimously recommended the nomination of Miss Nancy Hanks. After discussion the Regents adopted the following resolution:

VOTED that the Board of Regents requests the Congressional Regents to introduce and support legislation to appoint Nancy Hanks citizen Regent of the Smithsonian Institution for the statutory term of six years.

James E. Webb Fellowships

In response to a poll conducted through the mails in April, it was

VOTED that the Board of Regents establishes the James E. Webb Fellowships for the promotion of excellence in the management of cultural and scientific not-for-profit institutions.



-ii-

It was noted that this was a particularly appropriate honor for Mr. Webb, and that this program in public administration will be of great benefit to the Institution. A short description of the Webb Fellowships has been included in the Minutes.

Report of the Audit and Review Committee

The Committee met on March 23, 1982. Coopers and Lybrand, the independent auditors, highlighted their December 31, 1981 Report to Management, noting that none of their recommendations were of material significance and that Smithsonian staff had been responsive to suggestions. Coopers and Lybrand also introduced their consolidated audit plan for FY 1982.

Mr. Acheson reported on the Committee's visit to the Cooper-Hewitt Museum in New York City on March 13. Messrs. Acheson, Rush, and Morgan and accompanying staff were given a tour of the Museum facilities, and Mrs. Lisa Taylor, Director of the Museum, spoke about exhibitions, collections, and education programs. Discussion ensued about the budget and future aspirations for the Museum, including a proposed expansion of the facilities. The Committee noted with pleasure the intention to develop private funds for the capital improvement project.

Mr. Hughes informed the Committee about a current review, as yet incomplete, of the gem collection in the National Museum of Natural History/Museum of Man, which review had been suggested when certain weaknesses had been discovered in the exchange program. It was agreed that the final report will be further discussed by the Committee.

It was noted that the Indemnification Resolution and Bylaw adopted by the Board of Regents January 25, 1982 had, through inadvertence, not included coverage for Regents Emeritus and members of Regents' committees and Smithsonian advisory bodies. To effect this coverage, and to clarify the intent of the Resolution that Smithsonian employees and officers will be indemnified for liability arising out of service on boards of other organizations when such service is part of official Smithsonian duties, the Audit and Review Committee recommended amended language for the Bylaws and Resolution, and the Board of Regents agreed to the following motion:

VOTED that the Board of Regents hereby adopts the amendments to Section 2.09 of the Regents' Bylaws and to the Indemnification Resolution as suggested by the Audit and Review Committee on March 23, 1982.

Dr. Challinor introduced the Committee to the Smithsonian Tropical Research Institute, using maps and slides. He gave a brief history of the Smithsonian's presence in Panama and added that the Smithsonian continues to be welcome for its contributions to natural conservation in the area. The Committee agreed to visit STRI facilities in November 1982.

The Committee will next meet on May 21, 1982 and Judge Higginbotham will attend. Topics will be: Coopers and Lybrand's audit of FY 1981 appropriated funds and further discussion of audit plan for FY 1982; equal opportunity and affirmative action; the organization of book publishing; and an overview of the Chesapeake Bay Center for Environmental Studies.



-iii-

The Annual Report

It was

VOTED that the Board of Regents accepts the Annual Report of the Secretary for fiscal year 1981.

Financial Report

The Institution has been allowed to submit to Congress a supplemental appropriation request of \$2.3 million to cover one-half of FY 1982 pay raise costs. This amount, together with cost-reduction actions taken as a result of the self-assessment review, will permit the Institution to continue operations with a minimum of disruption to essential activities. Few complaints have resulted from the decision to limit summer evening hours to the National Air and Space Museum and the National Zoo. Revised projections for Unrestricted General Trust Funds still anticipate a break-even budget, with increased net gains expected from the Smithsonian magazine being offset by lower returns in other auxiliary activities and increased administrative expenses.

Report of the Investment Policy Committee

The performance of the Institution's investment managers was reviewed by the Investment Policy Committee at its meeting on April 28, 1982. Mr. Hohenlohe noted that total Smithsonian endowments continue to outperform the standard market indices. For the last three and three-quarters year period, their annualized total return was approximately 12 percent compared to 6 percent for the Dow Jones Industrial Average and 10 percent for the Standard & Poor's 500. The Board approved the total return income payout in FY 1983 as recommended by the Investment Policy Committee, and it was

VOTED that the Board of Regents accepts the report of the Investment Policy Committee and approves a total return income payout rate of \$6.24 to Restricted and Designated Purpose Endowment Funds and \$5.00 to Unrestricted General Purpose Endowment Funds in Fiscal Year 1983.

Quadrangle

Six members of the National Board of the Smithsonian Associates joined the meeting of the Board of Regents for the discussion of the Quadrangle. The Secretary highlighted the report circulated in advance, noting progress through the tentative design phase. Accordingly, the architect's drawings, specifications, and construction estimate have been submitted to the General Services Administration. A second estimate has also been obtained by the Institution. The estimates suggested that some cost savings will be required to meet the



-iv-

\$75 million budget, but these savings will not force any major alterations to the project. The Secretary added that the Smithsonian will not appeal to Congress for any amount greater than the \$36.5 million currently requested for construction. A construction contract package will be ready for bidding in October or November 1982.

Progress in the development of a landscaping plan was reported.

The House Public Works Subcommittee on Public Buildings and Grounds held a hearing on H.R. 5659 (to authorize construction) on April 27 and reported the bill out favorably. The companion measure, S. 2102, was given a hearing by the Senate Committee on Rules and Administration on April 20.

The Secretary underscored the importance of the National Board of the Smithsonian Associates in the domestic fund-raising campaign, noting that the extraordinary generosity and dedication of several members has been critical to launching a sequential strategy for soliciting leadership-level gifts, to be followed by an expanded search for more moderate gifts. A series of special regional meetings will be arranged for the Secretary in this connection. A broader appeal to the entire membership of the National Associates may ensue.

Mr. Ripley outlined the foreign gifts and pledges to date and noted prospects for additional foreign donations. It was noted that all gifts and pledges (\$13,910,800), added to Smithsonian unrestricted fund transfers (\$12,357,100), total \$26,267,900--more than two-thirds of the \$37.5 million goal.

-- A Major Donation of Collections --

One of America's leading collectors of Near and Far Eastern art, to remain anonymous for the time being, has made a firm proposal containing these provisions:

1. He and several of his foundations will make an outright gift to the Smithsonian of works of art for the Near and Far Eastern Gallery with an appraised value of \$50,000,000. The appraisals will be made by authorities acceptable to the Smithsonian, and the selection of objects will be made by the Smithsonian. Objects will be primarily Oriental and ancient Near Eastern and will be of the highest quality.
2. The donor will make a cash contribution of \$4,000,000 toward the cost of construction of the Quadrangle.
3. As a condition of these gifts, the new gallery of Near and Far Eastern art will be named for the donor.

The donor and his foundations will also regularly contribute sums for research and for the publication of scholarly catalogues of the collection. A formal agreement is being drafted and the Director of the Freer Gallery is compiling a list of objects totaling \$50 million in value.

After discussion, and noting the donor's wish that news of this proposed contribution should not be made public unless and until all arrangements have been approved, it was



-v-

VOTED that the Board of Regents authorizes the Secretary to negotiate terms of an agreement on conditions set forth above, which agreement may be signed by the Secretary with the approval of the Board.

Museum Support Center, Inventory, and Collections Management

Acknowledging Dr. Gell-Mann's observation that plans have yet to be fully developed for the appropriate emphasis of archeometry, Mr. Ripley informed the Regents that the Museum Support Center was 65% complete on April 22, 1982. Landscaping began in April with the planting of some trees and the demolition of two remaining block buildings. Design documents for the "wet" storage equipment are under review and a bid invitation is scheduled for May 5. Procedures are being developed to facilitate a complex and multi-stage move to the MSC.

The inventory effort continues to make progress through improved techniques for collecting and recording inventory data and additional funds reallocated to those museums facing the most difficult inventory tasks. The baseline inventory is still targeted for completion by June 1983.

Collections management policies for the National Air and Space Museum and the National Museum of American Art have been approved by the Secretary. Others are nearing completion. Major museums are exploring possible deaccessions of extraneous collections to save space and other resources.

Probate Proceedings of the Estate of Joseph H. Hirshhorn

Mr. Hirshhorn made three bequests to the Smithsonian for the use and benefit of the Hirshhorn Museum and Sculpture Garden: (1) all works of art which he owned at the time of his death--approximately 6,000 works in all, in various locations, now being inventoried; (2) five million dollars--providing four million dollars remain in the residuary estate; and (3) royalty interest in petroleum products from certain lands in Canada to establish and maintain a separate fund for acquisitions--under Canadian law a tax of 15% of the appraised value [\$1,544,400 (Canadian)], or approximately \$185,328 in U.S. dollars, is an obligation of the Estate, but will be charged to the Smithsonian legacy upon acceptance of this bequest. The Trustees of the Hirshhorn Museum and Sculpture Garden will discuss this matter and advise the Board of Regents.

Honor for the Secretary

The Secretary has received the rank of Commander in the Order of Orange-Nassau just prior to the visit of the Queen of the Netherlands, in recognition of the work culminating in the Queen's opening of the De Stijl exhibition at the Hirshhorn Museum and Sculpture Garden as well as, more generally, the Smithsonian's work over the years. The Regents offered their approval and congratulations.

Status Reports

The Secretary discussed each of the following status reports which had been distributed in advance of the meeting:



-vi-

Other Major Construction Projects
Legislation
Litigation

Television
Personnel
Museum of Man

The National Board of the Smithsonian Associates

It was noted that the relationship of the National Board of the Smithsonian Associates with the Board of Regents has been confusing to some members of the National Board, and the Chancellor suggested he would work with the Chairman of the Regents' Executive Committee and the Secretary to devise improved means of communications. The Secretary hoped to include additional members of the National Board at the September 1982 dinner and meeting.

Executive Session

In executive session the Regents discussed various personnel matters and approved a revised retirement annuity plan for the Secretary.

Adjournment

The formal business of the Board of Regents concluded at noon and was followed by an informal luncheon in the Regents' Room.

Regents' Dinner

The traditional Regents' dinner was held in honor of Mr. Webb the preceding evening, May 2, in the "Commons" of the Smithsonian Institution Building. Cocktails were held in the Victorian Garden, where a model of the Quadrangle was on view.

The Secretary greeted the guests and acknowledged particularly the presence of members and spouses of the National Board of the Smithsonian Associates. The Chancellor presented the following citation to Mr. Webb:

With heartfelt appreciation and deep affection for this tireless friend and patriot, the Board of Regents and the Secretary of the Smithsonian Institution are honored to dedicate to

JAMES EDWIN WEBB

Regent of the Smithsonian Institution, 1970-1982
Chairman of the Executive Committee, Board of Regents, 1972-1982

The James E. Webb Fellowships for the promotion of excellence in the management of cultural and scientific institutions. In the traditions of his life-long interest in and outstanding contributions to this nation's public administration and of his unstinting dedication to the sensible fulfillment of James Smithson's mandate, the Webb Fellowships will nurture management abilities of Smithsonian employees and visiting scholars for years to come--and will therefore continue to symbolize our profound gratitude for this sensitive and dear colleague.

Accepting the honor, Mr. Webb expressed his appreciation for the fine work of the Chancellor, the Secretary, and his staff, and his satisfaction for the progress of the Institution.



-vii-

The Secretary offered a toast to Dr. Fred L. Whipple, in whose name the astronomical observatory of Mt. Hopkins is to be dedicated on May 7, 1982. Mr. Ripley also paid tribute to the fine accomplishments of Mr. Richard Griesel, the Business Manager of the Smithsonian who is leaving to enter private industry on May 7.

There followed a showing of In Open Air, a film produced through the generosity of the Allbritton Foundation in connection with the exhibition of the American Impressionists paintings.

Next Meetings

Executive Committee Meeting: Tuesday, August 17, 1982, noon
Regents' Dinner: Sunday, September 19, 1982
Board of Regents' Meeting: Monday, September 20, 1982, 9:30 a.m.