

DRAFT MINUTES OF THE OCTOBER 25, 2021, VIDEOCONFERENCE MEETING OF THE BOARD OF REGENTS

ATTENDANCE

This scheduled meeting of the Board of Regents (“Board”) of the Smithsonian Institution (“Smithsonian”) was held on October 25, 2021. Due to the COVID-19 (Coronavirus) pandemic, the Board conducted its scheduled meeting, including business and executive sessions, via videoconference. Board and Executive Committee Chair Steve Case welcomed Regents and staff and called the meeting to order at 10:00 a.m. Participating were Regents:

Chief Justice John G. Roberts, Jr., Chancellor¹
Senator Catherine Cortez Masto
Senator Patrick J. Leahy
Representative Doris Matsui
Representative Lucille Roybal-Allard
Representative Adrian Smith
Ambassador Barbara M. Barrett
Mr. Steve Case, Chair

Mr. John Fahey
Mr. Roger W. Ferguson, Jr.
Mr. Michael Govan
Dr. Risa J. Lavizzo-Mourey, Vice Chair
Mr. Michael M. Lynton
Ms. Denise O’Leary
Mr. Franklin D. Raines

Mr. Dennis Keller, Smithsonian National Board Chair

Vice President Kamala D. Harris and Senator John Boozman were unable to participate.

Smithsonian and Regent staff present by invitation of the Board were:

Lonnie G. Bunch III, Secretary
Greg Bettwy, Chief of Staff to the Secretary
Craig Blackwell, Associate General Counsel²
Deron Burba, Chief Information Officer²
Monique Chism, Under Secretary for Education
Trevor Dean, Office of Senator Cortez Masto
Monica Didiuk, Office of Representative Smith
Kate Forester, Deputy Chief of Staff to the Regents
Mallory Gianola, Special Assistant to the Regents
(recorder)
Kevin Gover, Under Secretary for Museums
and Culture
Doug Hall, Acting Under Secretary for Administration
Cathy Helm, Inspector General
Becky Boutwell Kobberod, Head of Digital
Transformation³
Janice Lambert, Chief Financial Officer
Judith Leonard, General Counsel
Jeremy Marcus, Office of Representative Matsui

Julissa Marengo, Assistant Secretary for
Communications and External Affairs and Chief
Marketing Officer
Era Marshall, Director of the Office of Equal
Employment and Supplier Diversity
Kevin McDonald, Office of Senator Leahy
Jeffrey P. Minear, Counselor to the Chief
Justice
Meroë Park, Deputy Secretary and Chief Operating
Officer
Vernon L. Simms, Director of the Office of
Government Relations
Robert J. Spiller, Assistant Secretary for
Advancement
Ellen Stofan, Under Secretary for Science and
Research
Porter N. Wilkinson, Chief of Staff to the Regents
Josh Yearsley, Office of Senator Cortez Masto

¹ Recused from the Report of the Secretary

² Participated in Executive Session only

³ Participated in Strategic Plan Implementation discussion only

BUSINESS MEETING

REPORT OF THE SECRETARY

Report of the Secretary

Secretary Bunch updated the Board on the state of the Smithsonian at the October 25, 2021, meeting. The update focused on the Smithsonian’s ongoing response to the COVID-19 (Coronavirus) pandemic, specifically impacts of the vaccination mandate and safety protocols on Smithsonian operations. Following the Administration’s Executive Order, the Smithsonian announced on September 14 that it will require all employees, affiliated staff, and contractors to be fully vaccinated by November 22, 2021, except in limited circumstances where a person is legally entitled to a reasonable accommodation. The Secretary informed the Board that all official visitors and guests attending special events will be required to show proof of vaccination or proof of a negative COVID test upon arrival to a Smithsonian facility or Smithsonian-hosted event. In addition to the Executive Order, the Smithsonian will review guidance from the Office of Management and Budget (“OMB”) and the Office of Personnel Management (“OPM”) regarding vaccination mandates and attestation.

Safety Protocols on Smithsonian Operations

The Secretary also reminded the Board that for the public visiting Smithsonian museums and facilities in Washington, D.C., there is currently no vaccine requirement, but since September 9, 2021, New York City has required all visitors ages 12 and older to show COVID-19 vaccination proof before entering certain establishments, including the Cooper Hewitt, Smithsonian Design Museum and the National Museum of the American Indian in New York. The Smithsonian will continue to monitor vaccine mandates and health guidance from local and federal jurisdictions that may impact Smithsonian operations.

REPORT OF THE CHAIR OF THE BOARD AND EXECUTIVE COMMITTEE

Welcome and Regents’ Public Forum

Board and Executive Committee Chair Steve Case began his report by previewing the Regents’ annual public forum. The Board will host the public forum virtually to accommodate for the recommended safety precautions related to COVID-19. The event will be held on December 7 and will focus on advancing Our Shared Future both within the Smithsonian and throughout the global community, the establishment of two new museums, and efforts to advance the Smithsonian as a virtual Institution.

Executive Committee Approvals

Mr. Case also briefed the Board on actions taken by the Executive Committee on behalf of the Board, pursuant to Board Bylaw 3.01. The Executive Committee approved appointments and a gift for the National Museum of the American Latino; a corporate sponsorship for the National Museum of American History; Regent committee member assignments for Barbara Barrett and Frank Raines; appointments to the Smithsonian American Women’s History Museum; appointments, reappointments, and bylaw amendments for the Smithsonian Institution Advisory Boards; the Fiscal Year 2022 Federal and Trust Consolidated

Budget; and the Fiscal Year 2023 Federal Budget Request to OMB. Mr. Case noted that the majority of the actions were related to the initial appointments to the Board of Trustees of the National Museum of the American Latino and the Smithsonian American Women’s History Museum Council, and the Executive Committee’s approval was requested on behalf of the Board to accommodate the appointment terms, which took effect immediately.

Smithsonian Staff Transitions

To conclude his report, Mr. Case also recognized recent staff transitions. He informed the Board that Ronald Cortez, currently the chief financial officer and vice-chancellor of finance and administration at the University of California, Irvine, has been named the Smithsonian’s new Under Secretary for Administration, effective December 6. Mr. Case also thanked Acting Under Secretary for Administration Doug Hall for serving in the interim role, stewarding the many important functions performed by administration staff, and his leadership of the COVID-19 response team.

APPROVAL OF THE CONSENT AGENDA

Consent Agenda

The Consent Agenda (“Agenda”) was presented for the Board’s consideration. Congresswoman Doris Matsui recused herself from voting on the Agenda because she was a candidate for appointment as an emeritus member of the Advisory Board of the Asian Pacific American Center. Action items listed on the October 25, 2021, Agenda included: the approval of minutes from the June 14, 2021, and July 14, 2021, meetings of the Board of Regents; appointments and reappointments to four Smithsonian Institution Advisory Boards; and gifts and naming recognitions. Upon motion duly made and seconded, the Board voted to adopt the Agenda, constituting the approval of all action items listed therein.

See attached Actions 2021.10.01 (*Minutes of the Board of Regents, Appendix A*).

QUESTIONS ON WRITTEN COMMITTEE REPORTS

Questions on Written Committee Reports

Next, Mr. Case provided an opportunity for Regent committee chairs and Smithsonian staff to answer questions on the written reports distributed in advance of the meeting by the Advancement Committee; Audit and Review Committee; Compensation and Human Resources Committee; Facilities Committee; Finance Committee; Governance and Nominating Committee; Investment Committee; Strategy, Innovation, and Technology Committee; and Office of Government Relations.

Written Report of the Advancement Committee

Written Report of the Advancement Committee

The Advancement Committee conducted a meeting on September 21, 2021. During the meeting, the Committee reviewed notable gifts and grants and voted to recommend three gifts and two administrative actions to the Board of Regents. The Committee also discussed fundraising for the new museums and reviewed plans for the next Smithsonian fundraising campaign. The Committee was briefed

on the progress towards the fiscal year 2021 fundraising goal. As of July 31, 2021, the Smithsonian had raised \$236.7 million towards its \$200 million goal.

Written Report of the Audit and Review Committee

Written Report of the Audit and Review Committee

The Audit and Review Committee met on July 19, 2021. During the meeting, the Committee approved the filing of the fiscal year 2020 Forms 990 and 990-T with the Internal Revenue Service (“IRS”) and approved the Smithsonian’s external auditor, KPMG, performing non-audit services related to the preparation and submission of forms to the IRS. The Committee also reviewed the Smithsonian’s Enterprise Risk Management program, including its insurance and IT security programs; KPMG’s audit plan for fiscal year 2021; progress on the identified fiscal year 2019 and 2020 audit deficiencies; the Smithsonian’s annual conflict of interest reporting, and the recent activities of the Inspector General. The Audit and Review Committee also performed its annual review of the Committee Charter.

Written Report of the Compensation and Human Resources Committee

Written Report of the Compensation and Human Resources Committee

The Compensation and Human Resources Committee conducted a meeting on September 27, 2021. As is routine for the Committee, the September meeting focused on the core decisions that guide the executive pay cycle, culminating with the compensation recommendations that the Committee and the Board will review in January 2022. During the meeting, the Committee voted to approve the list of disqualified persons for 2021 and 2022; the decision-making levels for the 2022 compensation process; updated compensation philosophies for 2022; and the methodology for determining comparable compensation for Trust executive positions. The Committee also reviewed the preliminary investment incentive payouts, which will be brought to the Board for discussion at the January 2022 Board meeting, and discussed the current contract with the Smithsonian’s independent compensation consultant Pearl Meyer. The Committee received updates on Smithsonian telework policies, the Smithsonian Employee Perspective Survey, the Smithsonian Enterprises annual incentive program, Trust fund mitigation strategies related to the impact of COVID-19 on the Institution, and personnel searches.

Written Report of the Facilities Committee

Written Report of the Facilities Committee

The Facilities Committee held a meeting on July 21, 2021. During the meeting, the Committee received updates on the progress of site selection for the two new Smithsonian museums, the Hirshhorn Museum and Sculpture Garden revitalization, and revitalization of the Historic Core. The Committee also was briefed on the Facilities Capital and Maintenance programs for FY2021-FY2022, discussed construction cost drivers, and evaluated progress on the Smithsonian’s major capital projects, including the construction of a new greenhouse complex for the National Museum of Natural History (“NMNH”) and replacement of the

electrical system, its major equipment, and associated components throughout NMNH. The Facilities Committee also performed its annual review of the Committee Charter.

Written Report of the Finance Committee

Written Report of the Finance Committee

The Finance Committee conducted a meeting on August 26, 2021. During the meeting, the Committee reviewed and voted to recommend that the Executive Committee approve two motions on behalf of the full Board: (1) the fiscal year 2022 federal and trust consolidated budget, and (2) the fiscal year 2023 federal budget for presentation to the Office of Management and Budget. The Committee also received an update on Smithsonian Enterprises operations, was briefed on the Central Trust deficit, and reviewed the fiscal year 2021 third quarter financial results. Revenues for the period totaled \$1,152.8 million; expenses totaled \$1,209.4 million; and the Net Operating Loss for the period was \$56.6 million. The Finance Committee also performed its annual review of the Committee Charter.

Written Report of the Governance and Nominating Committee

Written Report of the Governance and Nominating Committee

The Governance and Nominating Committee conducted a meeting on September 22, 2021. During the meeting, the Committee reviewed and voted to recommend that the Executive Committee approve three initial candidates for appointment to the Smithsonian American Women's History Museum Council. The Governance and Nominating Committee also performed its annual review of the Committee Charter.

Written Report of the Investment Committee

Written Report of the Investment Committee

The Investment Committee met on October 6, 2021. During the meeting, the Committee approved the proposed 2022 private investment commitment budgets. Additionally, the Committee reviewed the Endowment's performance. The Smithsonian Endowment's preliminary performance report as of June 30, 2021, showed the Endowment ending with assets of \$2,397.4 million, returning 42.3 percent for the year and outperforming the policy benchmark return of 29.3 percent. Against the Cambridge Associates peer universe of endowments and foundations, the Smithsonian ranks in the top decile for the trailing one, three, five, and ten-year periods. The Investment Committee also performed its annual review of the Committee Charter and voted to recommend a proposed amendment to its Charter. The amendment will update language in the Charter to more accurately reflect current Committee practices.

Written Report of the Strategy, Innovation, and Technology Committee

Written Report of the Strategy, Innovation, and Technology Committee

The Strategy, Innovation, and Technology Committee conducted a meeting on September 23, 2021. During the meeting, the Committee engaged in a discussion with senior staff on strategic planning implementation, focus areas, and initiatives. The Committee also received an update on the Smithsonian's e-commerce strategy. The Committee further reviewed upcoming exhibitions and proposed revisions to Smithsonian Directive 603 – the Smithsonian's internal review process designed to help identify in advance any potentially sensitive and/or controversial aspects of an exhibition.

Written Report of the Office of Government Relations

Written Report of the Office of Government Relations

The Office of Government Relations ("OGR") reported that on September 30, 2022, the President signed into law H.R. 5305, the Extending Government Funding and Delivering Emergency Assistance Act. The bill includes a short-term spending measure to fund the government from October 1, 2021, through December 3, 2021, and provides funding for Smithsonian operations and facilities projects at the same rate as fiscal year 2021 for the same period. The Smithsonian also submitted its fiscal year 2023 budget request to OMB in September 2021 and anticipates the OMB summary funding decision in November.

Smithsonian Related Legislation

The Office of Government Relations is tracking bill S.2366, which will direct the Joint Committee of Congress on the Library to replace and remove all statues of individuals who voluntarily served in the Confederate States of America from display in areas of the U. S. Capitol. The bill directs the Architect of the Capitol to arrange to transfer and deliver any statue that is removed to the Smithsonian Institution. OGR is also monitoring four pieces of legislation related to commemorative Congressional Gold Medals, including H.R.5287, S.2756, H.R.3325, and H.R.3642. Each of the bills directs a medal to go to the Smithsonian for display and research.

White House Engagement

The Office of Government Relations continues to work closely with the White House and the Office of the First Lady's staff on diversity, accessibility, access, and inclusion efforts. In June, the Smithsonian brought objects from the National Museum of American History ("NMAH") to the White House for a temporary display recognizing Lesbian, Gay, Bisexual, Transgender, and Queer ("LGBTQ") Pride Month, and in September, the Folklife Festival and NMAH provided objects for Hispanic Heritage Month.

Congressional Engagement

Despite enhanced telework for most Smithsonian and Congressional staff, regular oversight meetings, Congressional briefings, and hearings have continued. Most Congressional engagement has focused on the National Museum of the American Latino, the Smithsonian American Women's History Museum, and the Smithsonian's digital and education strategic focus areas.

UPDATE ON CENTRAL TRUST DEFICIT MITIGATION STRATEGIES

Update on Central Trust Deficit Mitigation Strategies

Secretary Bunch along with Deputy Secretary and Chief Operating Officer Meroë Park updated the Board on the Central Trust deficit and potential mitigation strategies identified by Smithsonian leadership to address the financial impact of the COVID-19 pandemic on the Institution’s Trust budget and the underlying Central Trust annual operating deficit. Deputy Secretary Park informed the Board that with the adverse impact of the COVID-19 shutdowns on business revenue, the accumulated deficit is estimated to reach \$45 million by the end of fiscal year 2021. The Central Trust deficit reduction strategy will focus on reducing future Central Trust spending and expenses while enhancing revenue generating opportunities to increase revenue. The Smithsonian is planning to implement a series of reductions that would be phased over five years, to include a potential reduction to the 403B (Trust Retirement) contributions. The Secretary and Deputy Secretary informed the Board that Smithsonian leadership is evaluating additional strategies to address the accumulative deficit and achieve a balanced Central Trust budget, which will be presented to the Finance Committee and the Board.

STRATEGIC DISCUSSION ON NEW SMITHSONIAN MUSEUMS

Strategic Discussion on New Smithsonian Museums

Mr. Case introduced the strategic discussion on the two new Smithsonian museums. The discussion focused on funding strategies and site selection. Mr. Case reminded the Board that the Regents have now appointed the required members for complete membership, including Regent representatives, to both the Board of Trustees for the National Museum of the American Latino (“NMAL”) and the Advisory Council of the Smithsonian American Women’s History Museum (“SAWHM”).

New Museums Funding Strategies

To begin, Chief Financial Officer Janice Lambert briefed the Board on the Smithsonian’s Congressional engagement strategy for funding of the two new museums. The Smithsonian submitted its fiscal year 2022 budget request to Congress on May 28, 2021. The request included \$2 million for the National Museum of the American Latino and \$2 million for the Smithsonian American Women’s History Museum. The request for the new museums will begin funding for planning and coordination teams to develop exhibitions, public programs, education, research, collections acquisition, technology, and capital fundraising. Ms. Lambert noted that no funds were appropriated in the fiscal year 2021 spending bill for either museum, and the Smithsonian has begun fiscal year 2022 operating under a Continuing Resolution (“CR”) which will impact funding and spending for the two new museums. The Smithsonian will present funding requests to Congress as part of the annual appropriations process over several fiscal years.

New Museums Site Selection

Next, Acting Under Secretary for Administration Doug Hall updated the Board on the site selection process. The locations for the two museums are to be determined by the Board of Regents not later than two years after enactment of the bill – December 2022. Mr. Hall informed the Board that following an RFQ

process, the architectural engineering firm Ayers Saint Gross and Moya Design Partners, as a subconsultant, were selected to assist with site evaluation. The Regents reviewed the current site map of locations under consideration for the new museums. To comply with the statutory deadline, the Facilities Committee is expected to do a preliminary site selection review in April 2022 and an initial Regents’ discussion on site selection is planned for June 2022.

STRATEGIC PLAN IMPLEMENTATION AND CULTURAL ALIGNMENT

Strategic Plan Implementation and Cultural Alignment

Secretary Bunch then briefed the Board on his vision for advancing Our Shared Future—both within the Smithsonian and throughout the global community—including efforts to clarify and streamline focus in support of the Smithsonian’s strategic plan. The Smithsonian is accelerating the implementation of the strategic plan by defining five strategic focus areas, under the Our Shared Future umbrella. The Secretary reviewed the overarching focus areas, to include digital, nimble, trusted source, science, and education. A small Strategic Planning Implementation Team will coordinate and track 25 pan-Institutional initiatives that will advance each of the strategic focus areas and guide implementation efforts over the coming months and years. The Secretary noted that the focus areas and initiatives reflect work the Smithsonian already has underway and incorporates new efforts like adapting to the New Normal.

As part of the discussion, the Board also heard from Becky Boutwell Kobberod, the new Head of Digital Transformation (“HDT”). The HDT position is the Smithsonian’s first leadership role devoted to developing a pan-Institutional digital strategy. Ms. Kobberod updated the Board on the Smithsonian’s digital transformation and reported on her first 60 days at the Smithsonian, specifically preliminary activities, early observations, and next steps such as conducting a current state analysis, establishing an Office of Digital Innovation, and leveraging data and virtual capabilities to support the two new museums.

EXECUTIVE SESSION

Executive Session: Regents and Secretary

The Board moved into an executive session at approximately 11:30 a.m. to discuss business and personnel matters. The Board received updates from the Secretary on matters including the progress of searches for vacant senior-level positions and the historic \$200 million donation From Jeff Bezos.

Executive Session: “Gatekeeper” Reports

The Board continued the executive session with an opportunity to hear from each of the Smithsonian’s Gatekeepers, including the Secretary, Acting Under Secretary for Administration, General Counsel, and Inspector General.

The Board concluded the October 25, 2021, meeting with a Regents-only executive session to review 2022 Board leadership elections, the fiscal year 2021 Regents’ self-assessment, the governance report, and the commissioning of a portrait for a former Secretary.

Executive Session: 2022 Board Leadership Elections

The Board first reviewed the Governance and Nominating Committee's recommendations for the 2022 Board leadership elections. The Board discussed the election of Steve Case as Chair, Risa J. Lavizzo-Mourey as Vice Chair, and John Fahey as a member of the Executive Committee. As candidates under consideration, Mr. Case, Dr. Lavizzo-Mourey, and Mr. Fahey recused themselves from the discussion and vote. Upon motions duly made and seconded, the Board voted to elect the proposed Chair, Vice Chair, and third member of the Executive Committee.

See attached Actions 2021.10.02, 2021.10.03, and 2021.10.04 (*Minutes of the Board of Regents, Appendix A*).

Executive Session: Fiscal Year 2021 Regents' Self-Assessment

Governance and Nominating Committee Chair Doris Matsui led the Board's review of the Regents' fiscal year 2021 self-assessment. It was determined that the current format is effective in helping the Board to evaluate its performance and identify priorities for the year ahead, and the self-assessment will be distributed to the Regents following the October meeting.

Executive Session: Governance Report

Next, Mr. Case led the Board's discussion of the governance report. Since 2015, the Board of Regents has regularly issued a governance report reflecting the Board's commitment to transparency and governance best practices in the nonprofit sector. The Regents discussed the current format of the governance report and future reporting to external stakeholders.

Portraits of Former Secretaries

In conclusion, Mr. Case updated the Board on the status of the former Secretaries' portraits. The Smithsonian's collection includes oil paintings or photographs of all of the former Secretaries of the Institution.

ADJOURNMENT

Adjournment

There being no further business to discuss, the meeting adjourned at approximately 12:27 p.m.

Respectfully submitted,

Lonnie G. Bunch, III
Secretary

APPENDIX A: ACTIONS OF THE OCTOBER 25, 2021, MEETING OF THE BOARD OF REGENTS

VOTED that the Board of Regents adopts the Consent Agenda, which constitutes the approval of all action items listed therein.¹ [2021.10.01]

VOTED that the Board of Regents approves the minutes of the June 14, 2021, and July 14, 2021, meetings of the Board of Regents.

VOTED that the Board of Regents approves the proposed slate of candidates for appointment or reappointment to four (4) Smithsonian Institution Advisory Boards.

VOTED that the Board of Regents approves a gift to the Smithsonian American Women's History Museum. At the request of the donor, details will remain confidential until publicly announced.

VOTED that the Board of Regents recognizes the generosity of Ms. Kelly M. Williams and Mr. Andrew J. Forsyth to the Smithsonian American Art Museum and names the Kelly M. Williams Gallery for 20 years or until the next comprehensive renovation of the gallery, whichever occurs later.

VOTED that the Board of Regents recognizes the generosity of Mr. Jason Tilroe to the Smithsonian American Art Museum and names the Tilroe Family Gallery for 20 years or until the next comprehensive renovation of the gallery, whichever occurs later.

VOTED that the Board of Regents directs the funds identified for current use in support of the mission of the National Museum of the American Indian. Further, the Board of Regents authorizes the transfer of the funds identified for this purpose.

VOTED that the Board of Regents creates a quasi-endowment for the benefit of Friends of the Smithsonian to support its mission. Further, the Board of Regents authorizes the transfer of the funds identified for this purpose.

VOTED that the Board of Regents elects Steve Case as Chair of the Smithsonian Institution's Board of Regents for a one-year term effective February 1, 2022.² [2021.10.02]

VOTED that the Board of Regents elects Risa J. Lavizzo-Mourey as Vice Chair of the Smithsonian Institution's Board of Regents for a one-year term effective February 1, 2022.³ [2021.10.03]

VOTED that the Board of Regents elects John Fahey as a member of the Smithsonian Board of Regents' Executive Committee for a one-year term effective February 1, 2022.⁴ [2021.10.04]

¹ Doris Matsui recused from voting.

² Steve Case recused from voting.

³ Risa J. Lavizzo-Mourey recused from voting.

⁴ John Fahey recused from voting.