

## **MINUTES OF THE APRIL 22, 2020, FACILITIES COMMITTEE TELECONFERENCE MEETING**

The Facilities Committee (“Committee”) of the Board of Regents (“Board”) of the Smithsonian Institution (“Smithsonian”) held a teleconference meeting on April 22, 2020. Participating were Committee Chair David M. Rubenstein and Committee members Representative John Shimkus, Michael Govan, Risa J. Lavizzo-Mourey, Dennis Keller, John W. McCarter, Jr., and Lawrence C. Nussdorf.

Also present by invitation of the Committee were Director of Smithsonian Facilities Nancy Bechtol; Chief of Staff to the Secretary Greg Bettwy; Associate General Counsel Craig Blackwell; Chief of Staff to Representative Roybal-Allard Victor Castillo; Deputy Director for the Office of Planning, Design, and Construction Maria Delsasi; Deputy Director for Smithsonian Facilities Walter Ennaco; Deputy Chief of Staff to the Regents Kate Forester; Special Assistant to the Regents Mallory Gianola (recorder); Acting Provost Kevin Gover; Acting Deputy Under Secretary for Finance and Administration Doug Hall; Inspector General Cathy Helm; Assistant Secretary for Communications and External Affairs and Chief Marketing Officer Julissa Marengo; Under Secretary for Finance and Administration Mike McCarthy; Senior Adviser to Senator Leahy Kevin McDonald; Program Management Specialist for Smithsonian Facilities Tiffany Myers; Deputy Secretary and Chief Operating Officer Meroë Park, Director of the Office of Facilities Management and Reliability Rick Petito; Chief of Staff to Representative Shimkus Craig Roberts; Assistant Secretary for Advancement Robert Spiller; and Chief of Staff to the Regents Porter Wilkinson.

### **CALL TO ORDER**

Committee Chair David M. Rubenstein called the meeting to order at 12:00 p.m. and reviewed the agenda.

### **APPROVAL OF THE DECEMBER 19, 2019, COMMITTEE MEETING MINUTES**

Upon motion duly made and seconded, the minutes of the December 19, 2019, Committee meeting were approved without modification.

### **COVID-19 (CORONAVIRUS) UPDATE**

Smithsonian Coordinating Officer Doug Hall updated the Committee on the Institutional impact of COVID-19 (Coronavirus). The Smithsonian’s COVID-19 Response Team has been actively monitoring and planning for any real and potential COVID-19 impact on Smithsonian staff, visitors, and operations. The team includes an Occupational Medicine and Public Health Emergency Officer, Veterinary Epidemiologist, Emergency Management Specialists, and Safety and Policy Personnel. Mr. Hall informed the Committee that while the vast majority of museum staff are teleworking, the Smithsonian has approximately 700 staff working onsite weekly. Staff includes the Office of Protection Services, Occupational Health, Office of Facilities Management and Reliability, and staff providing animal care at the National Zoo. The Committee discussed

the potential impact to major capital projects, and the safety measures taking place onsite to continue limited construction and maintenance projects being performed by contractors, including the rebuilding of the National Air and Space Museum.

## **CONSOLIDATED ADMINISTRATIVE HEADQUARTERS**

Under Secretary for Finance and Administration Mike McCarthy then briefed the Committee on the progress of the Smithsonian's Consolidated Administrative Headquarters. The fiscal year 2020 appropriations bill, which was signed by the President in December 2019, included language allowing for servicing debt associated with the purchase of the Capital Gallery Building. No significant issues were reported following completion of the environmental and facility due diligence process. Mr. McCarthy consulted with the Committee on the final terms of the purchase and the Institution's plans for securing financing at a level sufficient to cover the purchase and the costs for moving to and building out the space.

Upon motion duly made and seconded, the Committee approved the following motion:

**VOTED** that the Facilities Committee, having been consulted by the Secretary regarding the principal final terms negotiated for the purchase of a portion of Capital Gallery ("Building"), and in accordance with the Action of the Board of Regents on June 10, 2019, approves the Secretary or his designee to secure financing up to \$300M for the purchase of the Building, inclusive of the costs of moving to, and building out, the newly acquired space.

## **REAL ESTATE PORTFOLIO UPDATE**

Deputy Director for Smithsonian Facilities Walter Ennaco updated the Committee on the Smithsonian's real estate portfolio. He reviewed lease terms for the four largest Smithsonian spaces: Capital Gallery Building, Pennsy Drive, the Victor Building, and Discovery Park. The Institution's real estate strategic plan goals include consolidating administrative leases, consolidating collections space, and planning long-term moves to owning instead of leasing particularly for large facilities. Mr. Ennaco also noted three upcoming lease renewals that would require approval by the Board or Executive Committee in the coming year.

## **FACILITIES CAPITAL AND MAINTENANCE REPORT**

The Committee received an update on the facilities capital and maintenance programs and funding for fiscal years 2020 and 2021. In fiscal year 2020, the Smithsonian received \$253.7 million in facilities capital, of which \$135 million was earmarked for the rebuilding of the National Air and Space Museum ("NASM"). Deputy Director for the Office of Planning, Design, and Construction Maria Delsasi reported that fiscal year 2021 funding levels are still pending. The Smithsonian requested \$290 million in facilities capital for fiscal year 2021, including the \$55 million budgeted for the completion of NASM. Ms. Delsasi also reviewed the ten-year planned capital programs and projects, and highlighted those currently underway in fiscal year 2020, including the Hirshhorn Museum and Sculpture Garden, Historic Core (Smithsonian Castle

and Arts and Industries Building), National Zoological Park, National Museum of Natural History, and Collections Storage and Care. The Committee was also briefed on capital infrastructure projects that could potentially be included in a COVID-19 stimulus bill request to Congress.

Director of the Office of Facilities Management and Reliability Rick Petito outlined the facilities maintenance funding received in federal appropriations for fiscal year 2020, and the Smithsonian's maintenance funding request for fiscal year 2021. In fiscal year 2020 the Smithsonian received \$35 million in increased maintenance funding to begin addressing the Institution's deferred maintenance backlog. The Committee reviewed the allocation of the \$35 million for deferred maintenance by system and location. The Smithsonian submitted a fiscal year 2021 maintenance funding request of \$116 million. Mr. Petito also briefed the Committee on the preventative and predicative maintenance practices as part of determining the Smithsonian's federal funding request, including the two to four percent replacement value recommended in guidance by the General Services Administration. Mr. Petito stressed the need for consistent investment in the Smithsonian's maintenance funding to mitigate the ongoing risk to national treasures.

#### **NATIONAL AIR AND SPACE MUSEUM FUNDING STRATEGY**

Director of Smithsonian Facilities Nancy Bechtol briefed the Committee on the request for additional funding for the rebuilding of the National Air and Space Museum. The Committee reviewed existing costs and federal funding received to date. Ms. Bechtol reported that the \$18 million in contingency funds have been expended more rapidly than expected due to unforeseen conditions related to the deterioration of steel and concrete, the unexpected additional effort to de-install and move large artifacts installed more than 40 years ago, and emergent issues from deferred project scope resulting from the COVID-19 pandemic. Current projections anticipate that the project will have a shortfall in contingency planning. In accordance with the U.S. Government Accountability Office recommendations, the Smithsonian will need to seek an additional \$64 million for contingency. Ms. Bechtol noted plans for increased communication with Regents and Congress while continuing to evaluate the impact of the Coronavirus crisis on the National Air and Space Museum rebuilding.

#### **MAJOR CAPITAL PROJECT UPDATES**

The Committee then received updates on the Smithsonian's major capital projects. Ms. Bechtol began the update with the revitalization of the Historic Core, which includes the Smithsonian Institution Building ("Castle") and the Arts and Industries Building ("AIB"). A program reconciliation workshop was held in March, and the architect engineering contract is expected be awarded in April 2020.

Ms. Bechtol provided an overview of the gallery lighting replacement project taking place at the Donald W. Reynolds Center. The existing track lighting will be replaced with state of the art LED lighting with Bluetooth controls and the ability to automatically control lighting for exhibit

mode or night mode to improve conservation of the art. Design is complete and construction began in late 2019, and is approximately nine percent complete.

Ms. Delsasi also reviewed progress of the electronic security system modernization in the Quadrangle Building, which is a three-story underground building that opened to the public in 1987 and comprises the National Museum of African Art, the Arthur M. Sackler Gallery, and the Ripley Education Center. Survey and design is 25 percent complete and a schematic design review is forthcoming.

Next, Ms. Delsasi provided an update on the expansion of facilities at the Smithsonian Environmental Research Center to support increased facilities maintenance needs as well as future mission-critical initiatives. Design is in the final phase, with full design completion expected in June 2020.

To conclude, Ms. Delsasi shared that phase one and two of the design process to renovate the Historic Sellman House at the Smithsonian Environmental Research Center is complete. Full exterior work completion is expected in July 2020, with the two-phase construction plan underway, including comprehensive sitework and a complete first floor interior rehabilitation to the house, historical exhibits, visitor orientation, and donor reception areas.

## **EXECUTIVE SESSION**

The Committee moved into an executive session at approximately 1:27 p.m. to discuss a business matter.

## **ADJOURNMENT**

With no further business to discuss, the meeting was adjourned at approximately 1:30 p.m.

Respectfully submitted,

David M. Rubenstein, Chair