

# MINUTES OF THE JANUARY 26, 2015, MEETING OF THE BOARD OF REGENTS

## ATTENDANCE

This scheduled meeting of the Board of Regents was held on Monday, January 26, 2015. The Board conducted morning, afternoon, and executive sessions in the Regents' Room in the Smithsonian Castle in Washington, D.C. Board Chair John W. McCarter, Jr., called the meeting to order at 8:30 a.m. Also present were:

The Chief Justice<sup>1</sup>  
Barbara M. Barrett  
John Fahey

Shirley Ann Jackson  
Representative Sam Johnson

Robert P. Kogod  
Senator Patrick J. Leahy  
David M. Rubenstein

Sakurako Fisher, Smithsonian National Board Chair

Vice President Joseph R. Biden, Jr., Representative Xavier Becerra, Representative Tom Cole, Mr. Steve Case, Dr. Risa J. Lavizzo-Mourey, and Mr. Michael M. Lynton were unable to attend the meeting.

Also present were:

Albert Horvath, Acting Secretary  
Patricia L. Bartlett, Chief of Staff to the Secretary  
Greg Bettwy, Associate Director of the Office of  
Human Resources<sup>2</sup>  
Claudine K. Brown, Assistant Secretary for  
Education and Access  
Amy Chen, Chief Investment Officer  
Virginia B. Clark, Director of Advancement and  
Philanthropic Giving  
Barbara Feininger, Senior Writer-Editor for the  
Office of the Regents (recorder)  
David Heil, Assistant to Representative Johnson  
Cathy Helm, Inspector General  
Anson Hines, Director of the Smithsonian  
Environmental Research Center<sup>3</sup>  
John Kress, Interim Under Secretary for Science  
Richard Kurin, Under Secretary for History, Art,  
and Culture

John K. Lapiana, Acting Under Secretary for  
Finance and Administration/Chief Financial  
Officer  
Judith Leonard, General Counsel  
Evelyn S. Lieberman, Director of Communications  
and External Affairs  
Christopher Liedel, President of Smithsonian  
Enterprises  
Kevin McDonald, Assistant to Senator Leahy  
Jeffrey P. Minear, Counselor to the Chief Justice  
Steve Monfort, Director of the Smithsonian  
Conservation Biology Institute<sup>3</sup>  
Sean Murphy, Assistant to Representative Cole  
Rachel Parker, Deputy Chief of Staff to the  
Regents  
Nell Payne, Director of Government Relations  
Porter N. Wilkinson, Chief of Staff to the Regents

<sup>1</sup> The Chancellor, Chief Justice John G. Roberts, Jr., participated in the afternoon session.

<sup>2</sup> Mr. Bettwy participated in the report of the Compensation and Human Resources Committee.

<sup>3</sup> Dr. Hines and Dr. Monfort participated in the luncheon presentation.

## MORNING SESSION

### EXECUTIVE SESSION: REPORT OF THE COMPENSATION AND HUMAN RESOURCES COMMITTEE

#### 2015 Senior Executive Compensation

The morning session of the Board of Regents' meeting began with an executive session. Ambassador Barbara Barrett, chair of the Compensation and Human Resources Committee, led the Board's annual discussion of senior executive compensation decisions. Associate Director of the Office of Human Resources Greg Bettwy assisted with the review.

Upon two motions duly made and seconded, the Board approved the Compensation and Human Resources Committee's compensation recommendations for senior executive positions and the former Secretary.

***See attached Actions 2015.01.01 and 2015.01.02 (Minutes of the Board of Regents, Appendix A).***

#### Post-Employment Contract for the Former Secretary

Upon motion duly made and seconded, the Board approved the post-employment contract for former Secretary G. Wayne Clough.

***See attached Action 2015.01.03 (Minutes of the Board of Regents, Appendix A).***

#### Academic Appointment for the Secretary-Elect

Upon motion duly made and seconded, the Board approved the acceptance by the Secretary-elect of the appointment as an academic affiliate with the title Distinguished Professor at Georgetown University.

***See attached Action 2015.01.04 (Minutes of the Board of Regents, Appendix A).***

The executive session was adjourned at 9:55 a.m.

### CONVERSATION WITH INTERIM UNDER SECRETARY FOR SCIENCE

Board Chair John W. McCarter, Jr., called the open session to order at 10:01 a.m. Following staff introductions, he invited Interim Under Secretary for Science John Kress to update the Board on major science initiatives under way at the Smithsonian Institution ("Smithsonian").

### REPORT OF THE BOARD AND EXECUTIVE COMMITTEE CHAIR

Board Chair John W. McCarter, Jr., began the report of the Board and Executive Committee Chair by thanking Office of the Regents Senior Writer-Editor Barbara Feininger for her service.

**Action Between Meetings** Mr. McCarter reported that the Executive Committee approved, on behalf of the Board, an amendment to the minutes of the April 7, 2014, Board meeting to reflect Dr. France Córdova’s resignation from the Board because of her appointment as director of the National Science Foundation.

**Regents’ Self-Assessment** Mr. McCarter reviewed the results of the Regents’ annual self-assessment. Among other things, more Regents reported that they are appropriately informed by Smithsonian management on activities between meetings and consider time devoted to Regent committee work to be reasonable. Some Regents wish to receive more information about the Smithsonian’s public programs and services. Other comments included a desire that Board meetings devote less time to procedural matters and more time to substantive discussions, as well as concern about the quantity of Board meeting materials to be absorbed. Participation by each member of the Board is desired in future annual self-assessments.

**Appreciation for Senators Cochran and Reed** Upon motion duly made and seconded, the Board approved a motion of appreciation for the contributions of Senator Thad Cochran and Senator Jack Reed during their tenure on the Board of Regents.

*See attached Action 2015.01.05 (Minutes of the Board of Regents, Appendix A).*

**Minutes of the October 20, 2014, Board Meeting** Upon motion duly made and seconded, the draft minutes of the October 20, 2014, meeting of the Board of Regents were approved without modification.

*See attached Action 2015.01.06 (Minutes of the Board of Regents, Appendix A).*

## REPORT OF THE ACTING SECRETARY

Acting Secretary Albert Horvath updated the Board on the state of the Smithsonian. His report focused on Smithsonian news, activities, and initiatives that have occurred since the October 20, 2014, Regents’ meeting. Mr. Horvath reported on the reopening of the Cooper Hewitt, Smithsonian Design Museum. He updated the Board on the progress of the National Museum of African American History and Culture construction as well as the progress of the Smithsonian digitization efforts. Mr. Horvath thanked Evelyn Lieberman, director of communications and external affairs, who received the Secretary’s Gold Medal for Exceptional Service and congratulated Judith Leonard, general counsel of the Smithsonian, and Jeffrey Minear, counselor to the Chief Justice, who were elected to membership in the American Law Institute. Mr. Horvath then updated the Board on the fiscal year 2015 Federal budget and the Trust budget.

To conclude his report, Mr. Horvath updated the Board on progress of the Smithsonian Campaign. He also reported that the Smithsonian was ranked as one of the best places to work in the Federal government for the fifth year in a row and that the Smithsonian had raised 105 percent of its goal in this year’s Combined Federal Campaign.

## REPORT OF THE FINANCE COMMITTEE

David Rubenstein, chair of the Finance Committee, presented the report of the Committee.

### **Fiscal Year 2015 Financial Update**

Mr. Rubenstein presented a summary of the fiscal year 2015 financial update and highlighted revenue sources, expenses, and net operating revenue.

### **Fiscal Year 2015 Federal Budget Update**

Mr. Rubenstein then reported on the update to the fiscal year 2015 Federal budget. The Smithsonian received an appropriation of \$819.5 million in the Consolidated and Further Continuing Appropriations Act, 2015, signed by the President on December 16, 2014. The appropriation included \$675.3 million for salaries and expenses and \$144.2 million for facilities capital.

### **Fiscal Year 2016 Federal Budget Request to Congress**

The Finance Committee presented the Federal budget request to the Board for approval. The Federal budget request of \$936 million is a 14.1 percent increase over the fiscal year 2015 appropriation. The request reflects an increase of \$60.7 million in salaries and expenses and a request of \$200 million for facilities capital. The budget request includes non-discretionary increases for salary, rent, and utilities; an increase of \$27.3 million for facilities operations, security, and maintenance; an increase of \$3.7 million toward collections care initiatives; and an increase of \$2.8 million for scientific research. Mr. Rubenstein noted that the increase in the request for facilities capital includes funding to begin the renovation of the National Air and Space Museum as well as other major renovation efforts.

Upon motion duly made and seconded, the Board approved the Smithsonian's fiscal year 2016 Federal budget request.

***See attached Action 2015.01.07 (Minutes of the Board of Regents, Appendix A).***

## REPORT OF THE INVESTMENT COMMITTEE

David Rubenstein, acting chair of the Investment Committee, presented the report of the Committee.

### **Endowment Update**

Mr. Rubenstein reported that the Endowment had assets of \$1.3 billion at the end of December 2014 and that the Endowment had a one-year rate of return of 15.3 percent and a five-year rate of return of 9.6 percent.

## REPORT OF THE SMITHSONIAN ENTERPRISES SUBCOMMITTEE

Board Chair John W. McCarter, Jr. reported that the Subcommittee held its first meeting on January 16, 2015. He reminded the Board that the Subcommittee was established to provide more engaged Regent oversight of Smithsonian Enterprises.

Mr. McCarter then reported on presentations by the Acting Secretary and the President of Smithsonian Enterprises to the Subcommittee.

## REPORT OF THE STRATEGY, INNOVATION, AND TECHNOLOGY COMMITTEE

Dr. Shirley Ann Jackson, chair of the Strategy, Innovation, and Technology Committee, presented the report of the Committee.

Dr. Jackson reported on the Committee's efforts to address the topics of innovation and technology and that the Committee will pursue an "outside in/inside out" approach to help it determine whether the Smithsonian is making good use of best practices, technologies, and collaborative opportunities.

Dr. Jackson also highlighted the Smithsonian's global strategic framework and recent steps to reorganize the Smithsonian's capabilities to prepare for the responsibilities of participating in a variety of global collaborations and projects.

## REPORT OF THE AUDIT AND REVIEW COMMITTEE

### **Fiscal Year 2014 Audited Financial Statements**

Audit and Review Committee Chair Robert Kogod reported the results of the KPMG audit of the fiscal year 2014 financial statements and recommendations of how the Smithsonian could improve its accounting operations. Mr. Kogod reported that KPMG did not identify any significant changes in the disclosures contained in the audit report or any material weaknesses in internal controls. KPMG made five recommendations intended to improve internal controls and operating efficiencies. Smithsonian management concurred with each recommendation and the Committee was briefed on the actions that will be taken to implement each recommendation.

### **Integrated Risk Management**

Mr. Kogod reported that the Committee also discussed risks associated with securing information technology and the Smithsonian's efforts to mitigate the risks.

## REPORT OF THE ADVANCEMENT COMMITTEE

Advancement Committee member Ambassador Barbara Barrett presented the report of the Committee.

She reported that the Smithsonian Campaign progress is on track to meet its fundraising goal for fiscal year 2015. The Committee also discussed plans for the Smithsonian Campaign's public phase and the work being done to increase online fundraising.

### **Gift Actions**

Director of Advancement and Philanthropic Giving Virginia Clark presented five proposed gift agreements and one administrative action for the full Board's review.

She noted that all gifts conform to Smithsonian gift policies. Upon motion duly made and seconded, the agreements were approved en banc.<sup>4</sup>

**See attached Actions 2015.01.08–2015.01.13** (*Minutes of the Board of Regents, Appendix A*).

## REPORT OF THE GOVERNANCE AND NOMINATING COMMITTEE

Governance and Nominating Committee member John Fahey presented the report of the Committee.

### Advisory Board Appointments

Upon motion duly made and seconded, proposed appointments and reappointments to 12 Smithsonian advisory boards were approved en banc.<sup>4</sup>

**See attached Actions 2015.01.14-2015.01.25** (*Minutes of the Board of Regents, Appendix A*).

### Regent Committee Charter Amendments

During its October 2014, meeting, the Board voted to recommend that each Regent committee revise its charter before January 2015 to reflect changes to committee term limits.

Upon motion duly made and seconded, proposed amendments to the charters of the Advancement; Audit and Review; Compensation and Human Resources; Facilities; Finance; Governance and Nominating; Investment; and Strategy, Innovation, and Technology committees of the Board of Regents were approved.<sup>4</sup>

**See attached Action 2015.01.26** (*Minutes of the Board of Regents, Appendix A*)

### 2015 Committee Assignments and Chairmanships

Upon motion duly made and seconded, a proposed slate of Regents' committee chairmanships and member assignments for 2015 was approved and recommended to the Chancellor for appointment.<sup>4</sup>

**See attached Action 2015.01.27** (*Minutes of the Board of Regents, Appendix A*)

### Acquisition Policy

The Board discussed proposed changes to the *Smithsonian Institution Policy on Museum Acquisitions* and agreed to revisit the discussion at a future meeting.

## REPORT OF THE SMITHSONIAN NATIONAL BOARD

Chair of the Smithsonian National Board Sakurako Fisher presented the report of the Smithsonian National Board. She reported on the Smithsonian National Board's most recent meeting, which was held at the Cooper-Hewitt, Smithsonian Design Museum.

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<sup>4</sup> The motion was approved during the afternoon session of the Board of Regents' meeting.

## REPORT FROM THE OFFICE OF GOVERNMENT RELATIONS

Director of Government Relations Nell Payne presented the report of the Office of Government Relations. She reported that her office provided information on the Smithsonian to all members of the 114th Congress, that the National Museum of American History held a reception for all new Members of Congress, and that the National Portrait Gallery hosted a visit for members of the Cabinet. She also updated the Board on Congressional Committees that are relevant to operations of the Smithsonian.

## LUNCHEON PRESENTATION

Director of the Smithsonian Environmental Research Center Dr. Anson “Tuck” Hines and director of the Smithsonian Conservation Biology Institute Dr. Steve Monfort led the luncheon presentation.

## AFTERNOON SESSION

The Chancellor called the afternoon session to order at approximately 1:20 pm.

## EXECUTIVE SESSION

The Board held an executive session to discuss an opportunity for the Smithsonian to have a presence in London. It also conducted an executive session with the Acting Secretary and General Counsel.

The executive session adjourned at 3:00 p.m.

**See attached Action 2015.01.28** (Minutes of the Board of Regents, Appendix A).

## REPORT OF THE FACILITIES COMMITTEE

Facilities Committee Chair Robert Kogod presented the report of the Committee. He reported on the facilities capital and maintenance investment requirements for fiscal years 2014 to 2020. He reviewed the history of appropriations for facilities capital and maintenance and the facilities capital Federal and private investment requirements.

### **National Air and Space Museum Project Update**

Mr. Kogod reported that the Committee was briefed on the revitalization plans for the National Air and Space Museum at its December meeting. The plans include replacing all major systems and the building’s exterior stone envelope.

### **South Mall Campus Update**

The Facilities Committee also reported on the South Campus Master Plan (“Plan”). The Plan is being rolled out to the Federal and D.C. regulatory agencies with oversight or advisory authority. Mr. Kogod reported that the Office of Facilities,

Engineering, and Operations and architects from Bjarke Ingels Group are currently developing and evaluating cost and implementation strategies over a 20 to 30 year build-out period.

The meeting adjourned at 3:30 p.m.

Respectfully submitted,

Albert Horvath  
Acting Secretary



## APPENDIX A: ACTIONS OF THE JANUARY 26, 2015, MEETING OF THE BOARD OF REGENTS

**VOTED** that the Board of Regents approves the Compensation and Human Resources Committee's compensation recommendations for senior executive positions. [2015.01.01]

**VOTED** that the Board of Regents approves the Compensation and Human Resources Committee's compensation recommendation for the former Secretary. [2015.01.02]

**VOTED** that the Board of Regents approves the post-employment contract for former Secretary G. Wayne Clough. [2015.01.03]

**VOTED** that the Board of Regents approves the acceptance by Secretary-elect David Skorton of an appointment as an academic affiliate with the title of Distinguished Professor at Georgetown University with the condition that Secretary-elect Skorton will seek Board approval prior to accepting any teaching commitments with compensation. [2015.01.04]

**VOTED** that the Board of Regents expresses its deep appreciation and gratitude to Senator Thad Cochran and Senator Jack Reed for their dedication and contributions to the Board of Regents and the Smithsonian Institution. [2015.01.05]

**VOTED** that the Board of Regents approves the minutes of the October 20, 2014, meeting of the Board of Regents. [2015.01.06]

**VOTED** that the Board of Regents authorizes the Acting Secretary to submit to Congress a Federal budget request for appropriated funds for fiscal year 2016 as part of the President's budget in the amount of \$936 million, as negotiated with the Office of Management and Budget (OMB), and authorizes the Acting Secretary to inform OMB and Congress fully about the implications of the President's budget for the mission and priorities of the Smithsonian. [2015.01.07]

**VOTED** that the Board of Regents recognizes the generosity of John and Adrienne Mars to the National Air and Space Museum and the Smithsonian Conservation Biology Institute, creates two endowments to support the respective directors' positions, and names each position the John and Adrienne Mars Director. [2015.01.08]

**VOTED** that the Board of Regents recognizes the generosity of John L. Plueger to the National Air and Space Museum's Steven F. Udvar-Hazy Center and names the John L. Plueger Family Welcome Desk for a period of 10 years. [2015.01.09]

**VOTED** that the Board of Regents recognizes the generosity of the Charles Stark Draper Laboratory, Inc., to the National Museum of American History and names the Draper Spark!Lab on the first floor of the museum's west wing for a period of 20 years. [2015.01.10]

**VOTED** that the Board of Regents recognizes the generosity of Coralyn Wright Whitney to the National Museum of Natural History and names the Coralyn W. Whitney Science Education Center for 20 years or until the next major renovation, whichever occurs last. [2015.01.11]

**VOTED** that the Board of Regents recognizes the generosity of Nancy Brown Negley and the Brown Foundation to the Renwick Gallery of the Smithsonian American Art Museum and names the Nancy Brown Negley Hall until the next comprehensive renovation of the Renwick Gallery. [2015.01.12]

**VOTED** that the Board of Regents creates the Zappasodi Fund for South Asian Art, a quasi-endowment for the benefit of the Freer Gallery of Art and Arthur M. Sackler Gallery to support initiatives that shed light on the art, culture, and history of South Asia. Further, the Board authorizes the transfer of the funds identified for this purpose. [2015.01.13]

**VOTED** that the Board of Regents reappoints Bridget Moore to the Board of Trustees of the Archives of American Art for a three-year term February 1, 2015. [2015.01.14]

**VOTED** that the Board of Regents appoints Maya Rogers to the Advisory Board of the Asian Pacific American Center for a three-year term effective immediately. [2015.01.15]

**VOTED** that the Board of Regents reappoints Agnes C. Bourne, Alberto M. Eiber, Harvey M. Krueger, Nancy Marks, Karen A. Phillips, and Esme Usdan to the Board of Trustees of Cooper Hewitt, Smithsonian Design Museum for three-year terms effective immediately. [2015.01.16]

**VOTED** that the Board of Regents appoints Alain M. Bellemare, Mark B. Dunkerley, and Dawn S. Hickton to the Board of the National Air and Space Museum for three-year terms effective immediately. [2015.01.17]

**VOTED** that the Board of Regents appoints N. Anthony Coles, Brian Cornell, and Robert L. Wright to the Council of the National Museum of African American History and Culture to serve until the opening of the museum, and such service shall be deemed an initial term effective January 27, 2015. [2015.01.18]

**VOTED** that the Board of Regents appoints Randy Falco to the Advisory Board of the National Museum of American History for a three-year term effective February 1, 2015. [2015.01.19]

**VOTED** that the Board of Regents appoints Anna Chavez, Alma Gildenhorn, Jane Kamensky, and Alyssa Taubman to the Commission of the National Portrait Gallery for four-year terms effective immediately. [2015.01.20]

**VOTED** that the Board of Regents appoints Carolyn Small Alper and Anthony Podesta to the Commission of the Smithsonian American Art Museum for four-year terms effective immediately. [2015.01.21]

**VOTED** that the Board of Regents appoints James Erbs, Andrew Heyward, and Michael Tuteur to the Advisory Board of the Smithsonian Astrophysical Observatory for three-year terms effective immediately. [2015.01.22]

**VOTED** that the Board of Regents appoints Brenda J. Gaines, Christine Jenkins, and Stephen H. Willard II to the Advisory Board of the Smithsonian Institution Traveling Exhibition Service for three-year terms effective April 1, 2015. [2015.01.23]

**VOTED** that the Board of Regents appoints Ann Serrano López to the Smithsonian National Latino Board of the Smithsonian Latino Center for a three-year term effective immediately. [2015.01.24]

**VOTED** that the Board of Regents reappoints Teresa M. Bergeson, Irwin Shlachter, Frazier Wilson, and Christos Zahopoulos to the National Advisory Board of the Smithsonian Science Education Center for three-year terms retroactively effective May 9, 2014. [2015.01.25]

**VOTED** that the Board of Regents approves the proposed amendments to the charters of the Advancement; Audit and Review; Compensation and Human Resources; Facilities; Finance; Governance and Nominating; Investment; and Strategy, Innovation, and Technology committees of the Board of Regents. [2015.01.26]

**VOTED** that the Board of Regents approves the proposed committee chairmanships and member assignments for 2015 and requests that the Chancellor make the necessary appointments. [2015.01.27]

**VOTED** that the Board of Regents authorizes the Acting Secretary and his designees to work with the London Legacy Development Corporation (LLDC) to develop terms as the basis for an agreement between the LLDC and the Smithsonian Institution for Smithsonian exhibit space in the cultural complex in East London. The terms shall be consistent with a minimum of a \$50 million funding commitment from the United Kingdom, an agreement term that enables exit by the Smithsonian if conditions warrant and within a reasonable timeframe, and a commitment from the LLDC to assist in raising additional donations prior to exhibit openings in 2021. The terms and conditions will be subject to the approval of the Executive Committee of the Board of Regents, the Board of Regents, the Acting Secretary or Secretary, and the General Counsel. [2015.01.28]