

MINUTES OF THE OCTOBER 23, 2017, MEETING OF THE BOARD OF REGENTS

ATTENDANCE

This scheduled meeting of the Board of Regents (“Board”) of the Smithsonian Institution (“Smithsonian”) was held on Monday, October 23, 2017, in the SC Johnson Center at the National Museum of American History (“NMAH”). Board Chair David M. Rubenstein welcomed Regents and staff and called the meeting to order at 9:34 a.m. Also present were Regents:

The Chief Justice ¹	Steve Case, Vice Chair
Senator John Boozman	John Fahey
Senator Patrick J. Leahy	Roger W. Ferguson, Jr.
Senator David Perdue	Michael Govan
Representative Tom Cole	Risa J. Lavizzo-Mourey
Representative Sam Johnson	Michael Lynton
Representative Doris Matsui	John W. McCarter, Jr.
Ambassador Barbara M. Barrett	

Robert MacDonald, Smithsonian National Board Chair

The Vice President was unable to attend the meeting.

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

David J. Skorton, Secretary	John Glier ³ , Chief Executive Officer, Grenzebach Glier and Associates
Patricia Bartlett, Acting Assistant Secretary Education & Access	Amanda Hamilton, Office of Representative Johnson
Caroline Baumann ² , Director, Cooper Hewitt, National Design Museum	Lauren Hancock, Office of Senator Perdue
Greg Bettwy, Chief of Staff to the Secretary	Kate Haw ² , Director, Archives of American Art
Melissa Chiu, Director ² , Hirshhorn Museum and Sculpture Garden	Cathy Helm, Inspector General
John Davis, Under Secretary for Museums and Research/Provost	Toni-Marie Higgins, Office of Senator Boozman
Zully Dorr, Acting Assistant Secretary for Advancement	Albert Horvath, Under Secretary for Finance & Administration/Chief Financial Officer
Julie Eddy, Office of Representative Matsui	Christine Kreamer ² , Acting Director, National Museum of African Art
Kate Forester, Deputy Chief of Staff to the Regents	Judith Leonard, General Counsel
	Carolyn Martin, Acting Assistant Secretary for Communications & External Affairs

1 Participated in the afternoon session only

2 Participated in the lunch presentation only

3 Participated in the morning Post-Campaign Strategy discussion only

4 Participated in lunch presentation and afternoon session London Opportunity discussion only

Era Marshall, Director for the Office of Equal
Employment and Minority Affairs

Kevin McDonald, Senior Adviser to Senator
Leahy

Jeffrey P. Minear, Counselor to the Chief Justice

Sean Murphy, Office of Representative
Cole

Stephen M. Pinkos, Office of the Vice President

Julian Raby⁴, Director, Freer/Sackler Galleries of
Art

Maura Reidy, Acting Director of Government
Relations

Kim Sajet, Director², National Portrait Gallery

Stephanie Stebich², Director, Smithsonian
American Art Museum

Porter N. Wilkinson, Chief of Staff to the Regents

MORNING SESSION

CALL TO ORDER AND EXECUTIVE SESSION

Call to Order and Executive Session

Mr. Rubenstein called the meeting to order and began with a Regents-only executive session. He turned the meeting over to Barbara Barrett, Chair of the Governance and Nominating Committee, to lead the 2018 Board leadership elections. The current leadership was excused, and the Board conducted 2018 leadership elections. Upon motions duly made and seconded, the Board voted to reelect the current Chair, Vice Chair, and member of the Executive Committee.

See attached Actions 2017.10.01–2017.10.03 (*Minutes of the Board of Regents, Appendix A*).

Once the vote was concluded, the Executive Committee returned, and Mr. Rubenstein thanked Ambassador Barrett for leading the vote and resumed his role presiding over the meeting.

REPORT OF THE CHAIR OF THE BOARD AND EXECUTIVE COMMITTEE

Introduction of John Davis

Next, Mr. Rubenstein introduced the new Provost John Davis and conducted an interview covering Dr. Davis’s background and early impressions as Under Secretary for Museums and Research/Provost at the Smithsonian Institution.

APPROVAL OF THE CONSENT AGENDA

Consent Agenda

The consent agenda (“agenda”) was presented for the Board’s approval. Mr. Rubenstein recused himself from voting on the consent agenda because he was a candidate for reappointment to the Board of the National Museum of American History as a Regent Representative. Mr. Case led the discussion and vote. He reminded the Board that non-controversial items not requiring independent discussion are packaged into one action. An item remains on the consent agenda only by unanimous consent. Any Regent may ask the Office of the Regents to remove an item from the consent agenda for discussion, allowing for notice of three days prior to the scheduled Board meeting.

Action items listed on the present meeting’s agenda include the draft minutes of the June and August Regents’ meetings, the appointment and reappointment of candidates to six Smithsonian Advisory Boards, the Governance and Nominating Committee charter amendment, bylaw amendments of the National Museum of African American History and Culture Advisory Council, and gifts and naming recognition. 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 2017.10.04 (*Minutes of the Board of Regents, Appendix A*).

Mr. Rubenstein thanked Mr. Case and resumed his role presiding over the meeting after the vote concluded.

QUESTIONS ON WRITTEN COMMITTEE REPORTS

Questions on Written Committee Reports

Mr. Rubenstein reminded the Board that in effort to maximize time for substantive discussions, Regent committee chairs and Smithsonian staff have been asked to submit their reports in writing in lieu of an oral report, unless a topic requires action or substantial discussion. The reports were distributed in advance of the meeting and committee chairs and Smithsonian senior staff were present to answer questions from the Board.

Written Report of the Audit and Review Committee

The Audit and Review Committee met on July 19, 2017. During the meeting, the Committee reviewed and approved the filing of the fiscal year 2016 IRS Forms 990 and 990-T. The Committee also reviewed the Smithsonian's insurance coverage, KPMG's audit plan for fiscal year 2017, and the results of the fiscal year 2016 A-133 audit. The Committee discussed the Smithsonian's integrated risk management and cybersecurity mitigation program and was briefed on the Inspector General's activities. Subsequent to the Committee meeting, the Inspector General requested that the Committee vote via email ballot to recommend that the Executive Committee approve, on behalf of the Board of Regents, a one-year extension of the contract with the Smithsonian's external auditor, KPMG.

Written Report of the Compensation & Human Resources Committee

The Compensation and Human Resources Committee met on September 20, 2017. As part of the annual cycle of the Committee, the September meeting focused on some of the bedrock decisions that form the foundation for the executive pay cycle, culminating with the compensation recommendations that the Committee and the Board will review in January. Those decisions, made by electronic ballot following the meeting, were as follows: (1) The Committee approved the list of disqualified persons, which is unchanged from last year; (2) The Committee reviewed the decision-making levels, which determine which positions come to the Committee and the full Board to review. The decision-making levels will remain the same as last year, which will result in approximately 10 positions coming to the full Board for review in

January 2018; (3) The Committee approved the compensation consultant's recommended approach for determining comparable compensation for trust executive positions; (4) The Committee approved developing a possible alteration to the existing compensation philosophy for trust executives, which would be brought to the Committee for approval before the full Board meeting in January 2018; (5) The Committee received a preview of potential investment incentive payouts, which the Committee anticipates will be a topic for discussion at the January 2018 full board meeting; and (6) The Committee reviewed its charter, and no changes were made.

Written Report of the Finance Committee

The Finance Committee met on August 10, 2017, and due to a lack of quorum, the Committee subsequently voted by email ballot to approve a motion recommending that the Board approve the fiscal year 2019 federal budget priorities and the fiscal year 2018 federal and trust budgets. The Committee also reviewed the financial data as of June 30, 2017 -- revenues for the period totaled \$1,320 million, expenses totaled \$1,092 million (which reflects the spending of funds carried forward from fiscal year 2016 and no material unanticipated expenses during the course of fiscal year 2017), and net operating revenue totaled \$228 million. The Committee also was briefed on a potential partnership with Carnegie Learning to co-develop a STEM adaptive learning product. As terms and details of the agreement are finalized, the Committee will be updated.

Written Report of the Governance and Nominating Committee

The Governance and Nominating Committee met on September 6, 2017, and reviewed and assessed the effectiveness of the 2016 Regents' self-assessment. The Committee determined that the current format is effective in helping the Board to evaluate its performance and identify priorities for the year ahead. The Committee agreed that it will be utilized for the fiscal year 2017 self-assessment and will be distributed to the Board following the October meeting.

Written Report of the Strategy, Innovation, and Technology Committee's Report

The Strategy, Innovation, and Technology Committee met on September 28, 2017. The Committee welcomed Provost John Davis, reviewed information on select newly opened and upcoming exhibits, and discussed the World Economic Forum partnership, the Smithsonian Future Project at Arts and Industries Building, and the Pepper Project. The Committee also received an

update on the progress of the implementation of the strategic plan and the London partnership with the Victoria and Albert Museum.

Written Report of the Advancement Committee

The Advancement Committee met on September 25, 2017. During the meeting, the Committee voted to recommend that the Board approve four gifts and one administrative motion. The Committee was briefed on the progress of the Smithsonian Campaign (“Campaign”) – as of August 30, 2017, the Smithsonian raised \$1.747 billion for the Campaign. The Committee was also updated on post-campaign volunteer engagement and planning for funding advancement activities. General John R. “Jack” Dailey, the John and Adrienne Mars Director of the National Air and Space Museum, updated the Committee on the museum’s proposed upcoming fundraising strategy.

Written Report of the Facilities Committee

The Facilities Committee held a meeting on July 18, 2017, and received updates on facilities capital and maintenance planning, the status of the revitalization of the National Air and Space Museum (“NASM”), and major capital projects. The Smithsonian continues to prioritize its facilities capital and maintenance projects, even though the federal funding received is well below requested levels. At the time of the Committee meeting, there had been no further action on the President’s proposed fiscal year 2018 budget. Formulation of the five-year capital plan for fiscal years 2019 – 2023 is based on the President’s fiscal year 2018 requested levels, with the largest portion of capital funding directed to the NASM Revitalization.

The construction contract for the Dulles Collections Storage Module 1, which is adjacent to the Udvar Hazy Center (“UHC”) in Chantilly, Virginia, was awarded to Hensel Phelps Construction in June 2017. The facility will provide collections storage space for artifacts that must be relocated out of NASM during the multi-year revitalization. Construction funding in the amount of \$40 million was included in the final fiscal year 2017 appropriation. An additional \$10 million will be required to complete the planned project funding for fiscal year 2018.

The pre-construction services effort for the NASM Revitalization continues with construction firm Clark Smoot Consigli (“CSC”). CSC is currently coordinating plans for procurement of long-lead items. The Smithsonian finalized its decision on the recladding material in May 2017 with the selection of Colonial Rose granite. The cladding selection was approved by the U.S. Commission of Fine Arts in June and by the National Capital Planning Commission in July 2017.

Written Report of the Investment Committee

The Investment Committee met on June 6, 2017, and reviewed the Investment Portfolio, Asset Allocation and Risk Review, and Portfolio Implementation and Operations. The Smithsonian Endowment's preliminary performance as of June 30, 2017, over the trailing one-year, three-year, five-year, and ten-year periods, generated returns against the policy benchmark of 14.0% versus 9.5%, 5.8% versus 2.5%, 9.0% versus 5.7%, and 5.0% versus 2.7%, respectively. As of June 30, 2017, the Smithsonian was ranked in the top quartile of foundations and endowments within the Cambridge Associates universe over the one, three, five, and ten year periods.

Written Report of the Smithsonian National Board

The Smithsonian National Board ("SNB") Chair Robert MacDonald focused with Secretary Skorton and Smithsonian staff on the work of the SNB's committees and working groups to ensure that the focus of these groups continues to align with the work of the board, the Smithsonian's new strategic plan, and the Smithsonian's current priorities. The SNB's four committees are: the Executive Committee, the Nominating and Membership Committee, the Advancement Committee, and the Program Committee. The SNB's Human Capital Working Group has achieved its proposed task of advising the Smithsonian in the area of leadership development – the highly successful Palmer Leadership Development Program is now in its tenth year – and the group is being concluded. A new working group will be convened to focus on the Arts and Industries Building, advising Secretary Skorton and Rachel Goslins on future plans for the building.

Written Report of the Office of Government Relations

The Office of Government Relations ("OGR") reported that the House completed action on H.R. 3354 ("Making appropriations for the Department of Interior, environment, and related agencies for the fiscal year ending September 30, 2018, and for other purposes"). The bill funds the Department of Interior and Related Agencies, including the Smithsonian and packaged with seven other appropriations bills. The package has been rolled into a fiscal year 2018 Omnibus Appropriations bill.

Two amendments passed during floor action are directed at the Smithsonian. The Maloney Amendment adds \$2 million for Smithsonian's women's history initiative and the Jackson Lee amendment prohibits any reduction to funding for Smithsonian's outreach programs below the fiscal year 2017 funding level. There were no other changes to the bill as approved by the full Appropriations Committee in July.

Total funding included in the House bill for the Smithsonian is \$887.1 million, an increase of \$22.8 million above the fiscal year 2017 appropriation. Within this total, the bill with the Maloney amendment includes, \$718.6 million (or \$.4 million below the fiscal year 2017 appropriation) for Salaries and Expenses, and \$168.5 million (or \$21.7 million above the fiscal year 2017 level) for Facilities Capital. At this time, the Senate has not scheduled the markup of their version of the Interior bill.

On October 5, 2017, Senator David Perdue (R-GA) introduced legislation in the U.S. Senate authorizing the Smithsonian Board of Regents to plan, design, and construct a central parking facility on National Zoological Park property in Washington, D.C. The facility may include parking, transportation improvements, visitor amenities including restrooms, a pedestrian bridge to a midpoint zoo entry, and ancillary works to accommodate alternative uses of the facility. The purpose of the facility is to improve the visitor experience and multi-modal access. Construction of the facility would be conducted with funds from non-appropriated sources. The legislation was referred to the Senate Committee on Rules and Administration.

On October 11, 2017, Representative Sam Johnson (R-TX) introduced identical legislation in the U.S. House of Representatives. The legislation was referred to the Committee on House Administration and the Committee on Transportation and Infrastructure Subcommittee on Economic Development, Public Buildings and Emergency Management.

On September 27, 2017, the Golden Goose Award was presented to a team of scientists for their work on Chytridiomycota fungus and amphibians. Three of the recipients conducted their research at the National Zoo. The Golden Goose Award is awarded by a bipartisan Congressional Board in honor of federally funded scientific works without a clear public benefit, which later turn out to have enormously beneficial outcomes. In coordination with the American Association for the Advancement of Science, Secretary Skorton co-authored an op-ed with AAAS Chief Executive Officer and former Congressman Rush Holt on the importance of federally funded basic research. Additionally, Smithsonian Tropical Research Institute Director Matt Larsen co-authored an op-ed with University of Maine President Susan J. Hunter, and Provost John Davis presented the award at the awards reception.

On June 26, 2017, Representative Sam Johnson introduced H.Res.408 - Commemorating the 50th anniversary of the Smithsonian Folklife Festival. The legislation was cosponsored by Representative Doris Matsui and Representative Tom Cole.

On June 27, 2017, Senator John Boozman introduced S.Con.Res.19 - A concurrent resolution commemorating the 50th anniversary of the

Smithsonian Folklife Festival. The legislation was cosponsored by Senator Patrick Leahy and Senator David Perdue.

POST-CAMPAIGN STRATEGY

Post-Campaign Strategy

As the fundraising campaign draws to a close, the Secretary and his team have been reviewing advancement operations, including how to fund advancement activities going forward. The Secretary asked John Glier, Chief Executive Officer of Grenzebach Glier + Associates, to join the meeting for this update and report on his findings and advise on next steps.

REPORT OF THE SECRETARY

Secretary Skorton updated the Board on the state of the Smithsonian, including legislation regarding new museums and Confederate monument removal, the Smithsonian Special Events Policy, the Arts and Industries Building, Fort Mason, the IMAX theatre closure, and the website design update. The Secretary also recently visited Saudi Arabia and he briefed the Board on his trip.

Women's History Museum Act and National Museum of the American Latino Act

He briefed the Board on the pieces of legislation that have been introduced in both the Senate and House to create two new Smithsonian museums – one for a women's history museum, and one for a museum of the American Latino. There appears to be more support, based on the number of co-sponsors, for the women's history museum. The Secretary explained to the Board the Smithsonian's position on both pieces of legislation – the Smithsonian does a better job of telling these stories in all of the museums, without a need to construct new facilities. New philanthropic resources can be spent on programs and exhibits that tell the stories of women and Latinos and reach people immediately; Congressional facilities support can be spent on maintaining and repairing the existing facilities.

Confederate Monument Removal Act

Next, the Secretary updated the Board on another piece of legislation introduced by Senator Cory Booker of New Jersey. The proposed legislation would transfer Confederate statutes from the U.S. Capitol to the Smithsonian. The Secretary explained that the Smithsonian opposes this legislation because it contradicts the established collection policies, where authority to determine what is collected rests with the museums and not Congress. Additional issues also contribute to the opposition including issues surrounding displaying or not displaying the monuments and caring for the objects, as some are extremely heavy and large, and would require significant and expensive efforts.

Special Events Policy

Secretary Skorton reported that the Smithsonian is reviewing its special events policy. Once a new policy has been drafted, the Secretary will update and share with the Board.

Arts and Industries Building

It has been a little over a year since Rachel Goslins was brought on as the Director of the Arts and Industries Building. The Secretary reported that she has transformed the Smithsonian's vision of the building. Building on traditions of the great World Fairs, the building will be used for temporary rotating exhibits, convening debates and dialogues on major contemporary issues, and holding one big annual festival. These activities will explore fundamental themes of the future, including how we will live, work, play, and learn.

Fort Mason

The Secretary also informed the Board that the Smithsonian continues to explore the possibilities for a donor-funded exhibit space in San Francisco, perhaps at the Fort Mason site. The Smithsonian is gathering additional information on the costs involved in making the site is museum ready before evaluating whether or not this is a viable option.

Closing of the IMAX Theater at NMNH

The Secretary updated the Board on the IMAX theater closure at the National Museum of Natural History in September. It was determined that the space could be better utilized, contribute more to the museum's mission and operations, and enhance the guest experience by removing the theater space and replacing it with a larger food service area and space for programming and educational opportunities. The two IMAX theaters at the National Museum of Air and Space, one on the Mall and the other at the Chantilly location, will remain open for Smithsonian guests. There was a public relations effort to reverse the decision by IMAX filmmakers and related individuals and about 200 individuals signed an online petition in protest of the closure. The museum responded to each explaining the rationale behind the decision and there have been no other inquiries since the closure on September 30.

Smithsonian website design update

Secretary Skorton updated the Board on the new Smithsonian website design launched on March 15, 2017. The goal of the redesign was to showcase the depth and breadth of the Smithsonian in a visually appealing way that sparks discovery and is easy to share. The first batch of six-month analytics showed the Smithsonian moving in the right direction. On-site social engagement and content sharing increased as well as pages visited via search engine.

Following the report of the Secretary, the Board adjourned to the luncheon program at approximately 11:30 a.m.

LUNCH: CONVERSATIONS WITH SMITHSONIAN ART DIRECTORS

During lunch, Regents and Smithsonian staff convened for the second in a series of luncheon programs to be featured at Regents' quarterly meetings. A different group of Smithsonian programmatic directors will be invited to join the Regents to highlight the work conducted by the Smithsonian's subject-matter experts. The October 23 luncheon program featured a conversation between Mr. Rubenstein and three of the Smithsonian's art directors. Director of the Hirshhorn Museum and Sculpture Garden Melissa Chiu, Director of the Archives of American Art Kate Haw, and Director of the National Portrait Gallery Kim Sajet discussed their perspectives on the One Smithsonian goal of the strategic plan.

AFTERNOON SESSION

The Chancellor called the afternoon session to order at approximately 1:07 p.m. and reviewed the remainder of the Board's business agenda.

EXECUTIVE SESSION

The Board conducted an executive session to discuss an upcoming exhibition opportunity.

LONDON OPPORTUNITY

London Update

Under Secretary for Finance and Administration Al Horvath and Director of the Arthur M. Sackler Gallery and the Freer Gallery of Art Julian Raby provided the Board with an update on the status of the Smithsonian's proposed collaboration with the Victoria and Albert Museum in London. Both teams continue to fine-tune the operational plans and legal agreements. This would be the Smithsonian's first long-term programmatic presence outside of the United States and would broaden the Smithsonian's reach. The collaboration would not create a new museum nor would it be reliant on new federally appropriated sources and is considered to be a low risk opportunity. The final binding agreement is expected to be completed in the first quarter of 2018.

STRATEGIC PLAN IMPLEMENTATION

Strategic Plan Implementation Update

Mr. Horvath provided an update on the implementation of the strategic plan for 2017 – 2022. He has been working with a core team and seven individual goal teams comprising of more than 120 individuals to implement the strategic plan. Since the Board's last meeting in June, the teams have been focused on engaging leadership and staff across the Smithsonian, defining

strategic priorities, and identifying key milestones. Through these exercises, the teams have united on several emerging themes including accountability, agility, understanding audiences, improved budget and planning, enhanced digital capabilities, and strategic partnerships.

The timeline for next steps is: preliminary recommendations from each goal team in early October, a retreat of the core team to review recommendations in November, internal and public announcements of the plan by early December, and presentation of the full implementation plan to the Board in January.

Mr. Horvath further explained that the current implementation teams were tasked only with developing the tactical plan; different individuals will be charged with actually executing the plan over the coming years.

EXECUTIVE SESSION: “GATEKEEPER” REPORTS

The Board then conducted an executive session with the Smithsonian’s Gatekeepers, including the Secretary, General Counsel, Chief Financial Officer, and Inspector General.

ADJOURNMENT

There being no further business to discuss, the meeting adjourned at approximately 2:42 p.m., after which Mr. Rubenstein and the Secretary moved to a separate room at NMAH to address questions from the media.

Respectfully submitted,

David J. Skorton
Secretary