

Summary Proceedings of the Board of Regents

May 8, 2006

WELCOME TO NEW REGENT

The Chancellor opened the meeting by extending a warm welcome to Dr. Phillip Frost of Florida, the newest member of the Board of Regents.

REPORT OF THE EXECUTIVE COMMITTEE

The Regents' Executive Committee met on April 27, 2006, and approved the proposed agenda for the May 8, 2006, meeting of the Board of Regents.

REPORT OF THE SMITHSONIAN NATIONAL BOARD

The Smithsonian National Board held its 2006 Mid-Winter Meeting on January 26–28, 2006, in Washington, D.C., where members had the opportunity to welcome 13 chairpersons from various museum and research units of the Smithsonian, as well as a number of Smithsonian National Board alumni. During its business meeting on January 28, the Smithsonian National Board offered its support for the Nomination Committee's recommendation to appoint 13 new members and reappoint four current members to the Board. Accordingly, the Regents approved the following motion:

VOTED that the Board of Regents appoints Judy Hart Angelo, Barbara Barrett, Jane Cafritz, John H. French III, Paul Neely, Morris W. Offitt, Michael E. O'Neill, Russell E. Palmer, Jr., William M. Ragland, Jr., Ronald A. Rosenfeld, Theiline P. Scheumann, Douglas C. Walker, and Mallory Walker and reappoints Bradford Freeman, Irene Y. Hirano, Richard D. Kinder, and Beatrice Taylor to the Smithsonian National Board for three-year terms effective, respectively, October 2006 and May 2006.

APPOINTMENTS TO SMITHSONIAN ADVISORY BOARDS

VOTED that the Board of Regents appoints Elizabeth J. Comstock, Ronald M. Daignault, Madeleine Rudin Johnson, Francine S. Kittredge, and Henry R. Muñoz III, and reappoints Harvey M. Krueger, Irvine Rafael MacManus, and Ruth Ann Stewart to the Board of Trustees of Cooper-Hewitt, National Design Museum for three-year terms effective immediately.

VOTED that the Board of Regents appoints John R. Curtis and H. Christopher Luce and reappoints Constance C. Miller to the Board of Trustees of the Freer Gallery of Art and the Arthur M. Sackler Gallery for four-year terms effective September 15, 2006.

VOTED that the Board of Regents appoints Kathryn S. Fuller and Sandra Day O'Connor to the Board of the National Museum of Natural History for three-year terms effective immediately.

VOTED that the Board of Regents reappoints J. Alex Haller, Jr., Mary Genevieve Hagan Leducky, Lisa Myers, David Perry, and Shirley Sichel and reappoints W. Clark Bunting and Clinton A. Fields to the Advisory Board of the National Zoological Park for three-year terms effective, respectively, September 30, 2005, and September 30, 2006.

VOTED that the Board of Regents reappoints Allan J. Riley to the Commission of the Smithsonian American Art Museum for a four-year term effective July 1, 2006.

VOTED that the Board of Regents appoints Robert B. Whitlatch to the Advisory Board of the Smithsonian Environmental Research Center for a three-year term effective March 30, 2006.

VOTED that the Board of Regents appoints Fred Buenrostro, David L. González, Virginia Gonzalez-Hough, Pedro José Greer, Jr., Jose M. Gutiérrez, Guillermo Jasson, and Jose A. Mejia to the Smithsonian National Latino Board of the Smithsonian Latino Center for three-year terms effective May 8, 2006.

AMENDMENTS TO THE BYLAWS OF SMITHSONIAN ADVISORY BOARDS

VOTED that the Board of Regents approves the proposed revisions to the Bylaws of the Board of Directors of Smithsonian Business Ventures.

VOTED that the Board of Regents approves the proposed revisions to the Bylaws of the Board of Trustees of the Archives of American Art.

VOTED that the Board of Regents approves the proposed revisions to the Bylaws of the Board of Trustees of the Cooper-Hewitt, National Design Museum.

VOTED that the Board of Regents approves the proposed revisions to the Bylaws of the Board of Trustees of the Joseph H. Hirshhorn Museum and Sculpture Garden.

VOTED that the Board of Regents approves the proposed revisions to the Bylaws of the Smithsonian National Latino Board of the Smithsonian Latino Center.

Changes to the Bylaws of the Board of Directors of Smithsonian Business Ventures allow the Board Chair to serve two consecutive two-year terms in order to support better long-range planning and oversight for Smithsonian Business Ventures' operations; the amendment also gives the Board the flexibility to elect or not elect Vice Chairs. Revisions to the Bylaws of the Board of Trustees of the Archives of American Art are based on the recommendations made in the study *Smithsonian Advisory Boards: An Underutilized Asset (2002)* and allow members who have provided exceptional service to be appointed to a third term, simplify the language on appointments, and provide for the orientation of new members.

Changes to the Bylaws of the Board of Trustees of Cooper-Hewitt, National Design Museum increase the size of the Board from 32 to 40 members, offer a general update and clarification of provisions on the appointments of members and committees, provide for the orientation of

members, and delete the Bylaws' attachment, which has been superseded by current Smithsonian collections management policies. Revisions to the Bylaws of the Board of Trustees of the Hirshhorn Museum and Sculpture Garden increase the size of the Board from 23 to 28 general members and restructure the Collections Committee. Changes to the Bylaws of the Smithsonian National Latino Board for the Smithsonian Latino Center add a second Vice Chair position, extend officer terms from one to three years, and reflect changes in the names of the Center and its advisory board.

REPORTS OF SELECTED ADVISORY BOARDS

As part of an ongoing effort to facilitate communications between the Smithsonian's advisory boards and its Board of Regents, the Regents reviewed reports from the advisory boards of the National Museum of American History, Kenneth E. Behring Center; the National Air and Space Museum; and the Smithsonian Latino Center.

REPORT OF THE AUDIT AND REVIEW COMMITTEE

Committee Chair Roger Sant offered an oral report of the Audit and Review Committee's April 17, 2006, meeting. During that meeting, Deputy General Counsel Marsha Shaines updated the Committee about the positive outcome of a five-and-a-half-year review by the IRS. Mr. Sant then reported that two separate divisions of the IRS subsequently contacted the Institution to initiate new engagements. The first inquiry is not considered to be of great consequence, as it primarily would focus on withholding and reporting requirements not reviewed during the previous inquiry. It is anticipated that the second engagement will be dropped.

A comprehensive update on the Institution's collections had been prepared for the Committee's review but presentation of the full report was postponed until the June meeting of the Board of Regents. The Audit and Review Committee was updated about planning for information technology disaster recovery and noted its approval of the effective redundancies built into the system, as well as the routine backups of data. Chief Financial Officer Alice Maroni then updated the Committee on the management of the projects under her purview. The audit for fiscal year 2006 is anticipated to be finished by December 15, 2006 — a new record for the Institution. However, it was noted that the government auditors who will participate in the fiscal year 2006 A-133 audit once again are not willing to accelerate their process. Unlike its financial statement audit, the Smithsonian has no control over the pace of the A-133 audit, which is performed separately.

Mr. Sant said that there was no additional news about the implementation of the Institution's modernized financial system, except for the fact that it is on schedule and meeting its projected benchmarks. The meeting of the Committee concluded following an outline by Ms. Maroni of some of her financial management initiatives.

LEGISLATIVE ACTIVITIES AND ISSUES

Smithsonian-Related Legislation

The Board did not raise any questions or concerns regarding the report on Smithsonian-related legislation. An update on the Smithsonian's efforts to participate in a national response to the avian flu threat was included, as well as other legislative actions of interest to the Smithsonian.

2006 SMITHSONIAN FOLKLIFE FESTIVAL

Alberta, Native American Basketry, Latino Music, African American Music

The Secretary presented an overview of the forthcoming Folklife Festival on the National Mall. An event that attracts over one million people, the annual festival offers an eclectic mix of three or four different sets of activities or themes. He noted that this year's program will include "Alberta at the Smithsonian"; "Carriers of Culture: Living Native Basket Traditions"; a continuation of the well-received Latin music series "Nuestra Musica," which will focus on Latino Chicago this year; and an African American concert series.

DONOR RECOGNITION AND CORPORATE SUPPORT

The Regents approved the following resolutions for donor recognition and corporate support, which were developed in accordance with the fund-raising principles, policies, and procedures approved by the Board of Regents and applicable Smithsonian directives:

VOTED that the Board of Regents recognizes the generosity of the American International Group (AIG) to the National Air and Space Museum and to Phase Two construction of its Steven F. Udvar-Hazy Center and gratefully approves recognizing AIG by placing a plaque in the Center naming AIG as the sponsor of the Commercial Aviation Exhibit Station. This plaque shall remain in place for a period of ten years.

VOTED that the Board of Regents recognizes the generosity and dedication of Bernard and Barbro Osher to the Smithsonian American Art Museum, and gratefully names a gallery in the Donald W. Reynolds Center for American Art and Portraiture in their honor. The gallery will be named the Barbro and Bernard Osher Gallery at least until the next major renovation of the building is required.

VOTED that the Board of Regents recognizes the generosity and dedication of the Morris and Gwendolyn Cafritz Foundation to the Smithsonian American Art Museum and the National Portrait Gallery and gratefully names a gallery in the Donald W. Reynolds Center for American Art and Portraiture in honor of the Foundation. The gallery will be named The Morris and Gwendolyn Cafritz Foundation Gallery at least until the next major renovation of the building is required.

VOTED that the Board of Regents recognizes the generosity of Target Corporation to Cooper-Hewitt, National Design Museum and the Smithsonian Institution and gratefully approves the naming of the Target National Design Education Center in its honor for two years. This recognition will appear on signage at the entrance to the facility and on other signs, as appropriate.

VOTED that the Board of Regents recognizes the generosity and dedication of Allan J. and Reda Riley to the Smithsonian American Art Museum and gratefully approves the naming of a gallery in the Donald W. Reynolds Center for American Art and Portraiture in their honor. The gallery will be named the Allan J. and Reda Riley Gallery for 20 years or until the next comprehensive and total renovation of the building is required, whichever occurs later.

VOTED that the Board of Regents recognizes the generosity and dedication of Shelby and Frederick Gans to the Smithsonian American Art Museum and gratefully names the frames conservation studio in the Lunder Conservation Center of the Donald W. Reynolds Center for American Art and Portraiture in their honor. The studio will be named the Shelby and Frederick Gans Frames Conservation Studio at least until the next renovation of the Museum's conservation facility is required.

VOTED that the Board of Regents authorizes the change of the name of the Smithsonian American Art Museum's second floor, northeast corner gallery in the Donald W. Reynolds Center for American Art and Portraiture. Previously named the Ted Slavin Gallery, the space will be renamed the Ted Slavin and Patricia Berman Gallery at least until the next major renovation of the building.

VOTED that the Board of Regents approves the creation of the Smithsonian American Art Museum Endowment to support the Museum's programmatic initiatives and the funding of it with gifts identified for that purpose.

VOTED that the Board of Regents approves the creation and naming of the W. Richard West, Jr., Endowment for Traveling Exhibitions. Further, the Endowment will be funded by gifts identified by the Museum for that purpose.

VOTED that the Board of Regents recognizes the generosity and dedication of the Lemberg Foundation and Esme Usdan to the Cooper-Hewitt, National Design Museum, and by means of the Foundation's gift, gratefully establishes an endowment to support the Museum's exhibitions program. This endowment is to be named The Esme Usdan Exhibition Endowment Fund.

VOTED that the Board of Regents approves the creation and naming of the Vietnamese American Heritage Endowment. Further, the endowment will be funded by gifts identified by the Smithsonian Asian Pacific American Program for that purpose.

VOTED that the Board of Regents recognizes the generosity and dedication of the Crown Equipment Corporation to the Smithsonian American Art Museum and, by means of the company's gift, gratefully establishes an endowment for the Museum's exhibitions. The endowment is to be named the Crown Equipment Exhibitions Endowment.

VOTED that the Board of Regents recognizes the generosity of the Tiffany & Co. Foundation to the Smithsonian and the National Museum of Natural History and, by means of the Foundation's gift and consistent with its wishes, gratefully creates and names the Tiffany & Co. Foundation Endowment for the purpose of purchasing gemstones for the National Gem Collection. Gems purchased for the National Gem Collection using funds from this endowment shall be known as the Tiffany & Co. Foundation Collection. An exhibition case in the National Gem Collection Gallery shall house the Tiffany & Co. Foundation Collection gems, and other gems, for not less than 20 years, and a label in the exhibition case shall state that the case contains gemstones from the Tiffany & Co. Foundation Collection.

VOTED that the Board of Regents recognizes the generosity and dedication of Sam Rose and Julie Walters to the Smithsonian American Art Museum, and, by means of their gift, gratefully establishes an endowment for the Museum's programmatic initiatives. The endowment is to be named in perpetuity the Julie Walters and Sam Rose Endowment. In addition, the Regents gratefully name a gallery in the Donald W. Reynolds Center for American Art and Portraiture in the donors' honor. The gallery is to be named the Julie Walters and Sam Rose Gallery, at least until the next major renovation of the building is required.

VOTED that the Board of Regents recognizes the generosity and dedication of Elsie V. Benson to the National Museum of Natural History and, by means of her gift, gratefully creates and names in perpetuity the Richard H. Benson Fund for Support of Students in Paleobiology, which will be for the benefit of students studying Paleobiology and Micropaleontology in the Department of Paleobiology at the Museum. Further, the fellowships awarded by this endowment shall be named in perpetuity the Richard H. Benson Fellowships.

VOTED that the Board of Regents recognizes the generosity of Mary Anna Wills to the National Museum of American History, Kenneth E. Behring Center, and permits her bequest gift of \$170,000 be used by the Museum to support "free public programs that address the topics of classic American popular song and classic American theatre music."

UPDATE ON THE PLANNING FOR THE NATIONAL MUSEUM OF AFRICAN AMERICAN HISTORY AND CULTURE

Deputy Secretary Burke updated the Regents on planning efforts for the new National Museum of African American History and Culture. She noted that Director Lonnie Bunch is augmenting staff and working with the Museum's Council on programmatic planning. General Counsel John Huerta and other lawyers have initiated efforts to transfer the designated site, which was selected by the Board of Regents during its January 2006 meeting, from the control of the Interior Department Park Service to the Institution. In addition, environmental assessments are under way, for which Requests for Proposals have been created. A more accurate budget for the construction of this historically significant museum will be developed using the aforementioned environmental studies and subsequent engineering analyses.

UPDATE ON ACTIVITIES TO CELEBRATE THE OPENING OF THE DONALD W. REYNOLDS CENTER FOR AMERICAN ART AND PORTRAITURE

Deputy Secretary Burke next apprised the Regents on the forthcoming opening of the Donald W. Reynolds Center for American Art and Portraiture. As construction and renovation efforts give way to the final installation of the museums' exhibits, work continues towards the opening ceremonies on July 1, 2006. Construction of the enclosed courtyard also is well under way: the columns are in place, the framing that will carry the roof is beginning to be installed, and the scaffolding is up. Another set of hearings is scheduled to address landscaping issues with the National Capital Planning Commission and the Commission on Fine Arts, and discussions continue with other regulatory agencies. As these meetings now are proceeding in a more linear fashion, the Institution anticipates that the courtyard will open by the fall of 2007. Secretary Small also acknowledged the tremendous contributions of Mr. Kogod, who has helped guide the Institution through the complicated process of renovating the historic building.

UPDATE ON THE REVITALIZATION OF THE NATIONAL MUSEUM OF AMERICAN HISTORY, KENNETH E. BEHRING CENTER

The update on the revitalization of the National Museum of American History, Kenneth E. Behring Center, was presented by Deputy Secretary Burke. The Museum will close to the public on September 5, 2006, and the long-awaited renovation of the Museum's central core, including the reinstallation of its signature object, the Star-Spangled Banner, will commence. In addition to updating obsolete mechanical systems, the Museum's revitalization will open up the central core to increase both light and accessibility within the building. Ms. Burke reported that the design phase of this effort has been completed, the relocation of collections already has begun, and the "soft demolition" of areas not open to the public will be under way by September. During the approximately two-year period that the Museum will be closed to the public, the Museum and the National Air and Space Museum will launch a major "Treasures" exhibition of such iconic objects as Lincoln's hat and the Ruby Slippers. The exhibition will be held at the National Air and Space Museum on the Mall.

REPORT OF THE FINANCE AND INVESTMENT COMMITTEE

Committee Chair Alan Spoon offered the Report of the Finance and Investment Committee. The Committee reviewed the proposed Endowment payout and reaffirmed the Institution's policy, which provides for a 5.0% payout on the five-year average market value of the Endowment. Accordingly, the Regents approved the Committee's recommendation:

VOTED that the Board of Regents accepts the recommendation of the Finance and Investment Committee and approves a payout rate of \$35.95 per share for all Endowment funds for fiscal year 2007.

Mr. Spoon then provided an update on the Investment Committee's efforts to restructure the Institution's investments in order both to reduce risk and to increase returns. He also noted that the size of the Institution's endowment demands oversight by a director of investments and that the active recruitment of such a person is in progress.

Chief Financial Officer Alice Maroni next offered the Regents a mid-year review of the Smithsonian's financial health, noting that the Institution has done well in the first six months of fiscal year 2006. The Endowment has performed soundly, fund raising is robust, and Federally funded facilities revitalization initiatives continue. Solicitations of restricted funds are on track and a modest surplus is anticipated in the unrestricted Trust budget, owing in large measure to controls on spending. Revenues and expenses for the year are forecast to be below budget, largely due to the across-the-board cut by Congress at the end of last year's legislative session. The Institution is finding funds within its existing budget to cover the mandated pay raise that was not fully funded by Congress in the fiscal year 2006 appropriation.

Ms. Maroni also reported that the Smithsonian has instituted an aggressive conservation program in response to this year's dramatic utility rate increases and that management is considering other measures to address this problem. However, the Institution's most pressing financial challenge, as reported in prior meetings of the Board of Regents, is that of its facilities revitalization and maintenance backlog. Although efforts to address this critical problem continue, Federal funding in fiscal year 2006 for facilities revitalization was 31 percent less than that received in fiscal year 2005.

Mr. Spoon concluded the report of the Finance and Investment Committee by offering an overview of the Smithsonian's external debt. He reported that the Institution has reduced its external debt during fiscal year 2006 and that the Committee views the Institution's debt status to be appropriate and manageable.

STATUS OF SMITHSONIAN INSTITUTION FISCAL YEAR 2006 GOALS

Deputy Secretary Burke offered a status report on the progress of the Institution's fiscal year 2006 goals as of February 28, 2006. When commenting on the Institution's facilities and revitalization initiatives, Ms. Burke reported that a number of major milestones are being achieved in fiscal year 2006. The Donald W. Reynolds Center for American Art will open on July 1, 2006, Asia Trail I will open at the National Zoo in September 2006, and preparations continue for the 2007 launch of Asia Trail II construction, which is being funded as a public/private partnership. Two major projects at the National Museum of Natural History, the Ocean Hall and the Butterfly House, also are progressing on schedule.

The National Museum of American History will close to the public in September 2006. The project, which will be funded by a mixture of public and private monies, will transform the building's central core and install the Star-Spangled Banner in a new exhibition gallery, for which private fund raising continues. The National Air and Space Museum will host a "Treasures of the National Museum of American History" exhibition during American History's closure.

The Regents next were updated about efforts to increase the Cooper-Hewitt, National Design Museum's exhibition space and better support its educational mission. Another Smithsonian space that is being evaluated for a revitalization initiative is the Castle's Great Hall, for which design plans will be 35 percent completed by the end of the year. The relocation of Smithsonian units from another landmark building, the Arts and Industries Building, will conclude by October 2006.

The completion of Pod 5 at the Museum Support Center in Suitland, Maryland, is pending and will allow the Institution to move an enormous quantity of collections stored in highly flammable alcohol off of the Mall site of the National Museum of Natural History. Also in progress are pan-institutional initiatives to develop consistent and rationalized storage space for all of the Institution's collections; it likewise was noted that the topic of the June 2006 long-range planning meeting of the Board of Regents in fact will be an overview of the Smithsonian collections and their management. The Regents then were told that a sneak preview of the Walt Disney–Tishman African Art Collection will open at the National Museum of African Art on May 17, 2006, and that a major exhibition of the collection will follow in September of 2007.

There was no further discussion about the Institution's fiscal year 2006 goals, as Chief Financial Officer Maroni previously had offered a comprehensive mid-year financial report. Initiatives to increase diversity at the Institution next were reviewed, and included discussion of the Office of Human Resources' far-reaching recruitment searches to secure diverse pools of candidates for Smithsonian positions, suppliers, and contractors.

The update on fiscal year 2006 goals concluded with a brief discussion of the Institution's efforts to verify the provenance of its holdings. Under Secretary for Art Ned Rifkin assured the Regents that the Institution continues to exercise prudence when addressing cultural property issues.

STATUS REPORT OF THE *AD HOC* COMMITTEE ON FACILITIES REVITALIZATION

To a member, the Board of Regents and its *ad hoc* Committee on Facilities Revitalization are unanimous in the belief that no other problem facing the Institution is as important as its facilities revitalization and maintenance funding shortfall. In response, the Committee is actively seeking a meeting with the President in order to discuss the issue of Federal funding for the Smithsonian's facilities revitalization problem. It was agreed that bipartisan representation by both the House and Senate Regents would demonstrate the shared conviction that additional Federal monies are needed to address the Institution's critical facilities issues.

The Committee determined that a brief message should be accompanied by three Smithsonian artifacts that demonstrate the treasures that the Smithsonian is trying to protect. The Regents also reviewed dramatic "before and after" pictures of buildings constructed in the same time and manner as the Institution's landmark Arts and Industries building, which has been closed to the public and is in the process of being mothballed due to safety concerns. As all but the Arts and Industries building have experienced snow-induced roof collapses, the Regents decided that inclusion of these images also would support the presentation to the President.

Accordingly, the following motion was approved:

VOTED that the Board of Regents, recognizing the urgency and likely dire consequences of the Smithsonian Institution's facilities revitalization and maintenance funding shortfall, strongly supports the steps outlined in the paper Message to the President and endorses its prompt communication to the President of the United States.

EXECUTIVE SESSION AND ADJOURNMENT

Before entering into Executive Session, the Regents agreed to continue, in open meeting, the Committee of the Whole's comprehensive discussion of the Smithsonian On Demand agreement between Smithsonian Business Ventures and Showtime Networks, Inc. The Regents were uniform in their support for the agreement and in their opinion that it would not limit access to the Smithsonian's assets and in fact would increase the public's exposure to the Smithsonian. In particular, the Board wished to address the concerns noted in a letter recently received from Representatives Norman D. Dicks and Charles Taylor, Ranking Minority Member and Chairman, respectively, of the House Subcommittee on Interior, Environment, and Related Agencies. The Regents developed a draft response to the communication from Representatives Dicks and Taylor, which ultimately was completed on Tuesday, May 9, and sent that day.

The Board of Regents adjourned the meeting at 3:25 p.m. and entered a short Executive Session. At 4:00 p.m., the Secretary conducted a press conference regarding the Regents' discussions about the Smithsonian On Demand agreement.

REGENTS' DINNER AND MONDAY MORNING EVENTS

On Sunday evening, the Regents, senior officers, and their spouses hosted a dinner at the Renwick Gallery to honor major contributors to the Smithsonian's art programs. The evening also offered the opportunity to view the Gallery's current exhibition *Grant Wood's Studio: Birthplace of "American Gothic"* and the recently reinstalled George Catlin paintings in the second-floor Grand Salon.

A meeting of the Committee of the Whole convened on Monday morning, during which the Regents reviewed the business agreement between the Institution and Showtime Networks, Inc. As previously noted, the subject was further discussed during the afternoon Board of Regents' meeting. During lunch in the Castle Library, Hirshhorn Director Olga Viso presented a fascinating illustrated presentation entitled "Artists at Work: What It Means to be a Museum Devoted to the Art and Artists of Our Time."