

MINUTES OF THE OCTOBER 19, 2020, 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 Monday, October 19, 2020. Due to recommended safety precautions related to COVID-19 (Coronavirus), the Board conducted the scheduled meeting, business, and executive sessions via videoconference. Chancellor John G. Roberts, Jr. welcomed Regents and staff and called the meeting to order at 9:30 a.m. Participating were Regents:

Senator Patrick J. Leahy
Representative Doris Matsui
Representative Lucille Roybal-Allard
Representative John Shimkus
Mr. Steve Case, Chair
Mr. John Fahey
Mr. Roger W. Ferguson, Jr.

Mr. Michael Govan
Dr. Risa J. Lavizzo-Mourey, Vice Chair
Mr. Michael Lynton
Ms. Denise O’Leary
Mr. Franklin D. Raines
Mr. David M. Rubenstein

Ms. Kathryn Hall, Investment Committee Chair
Mr. Dennis Keller, Smithsonian National Board Chair
Mrs. Christine Udvar-Hazy, Advancement Committee Chair

Vice President Michael R. Pence, Senator John Boozman, and Senator David Perdue 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
Roger Brissenden, Acting Under Secretary for Science and Research
Victor Castillo, Office of Representative Roybal-Allard
Kate Forester, Deputy Chief of Staff to the Regents
Mallory Gianola, Special Assistant to the Regents (recorder)
Kevin Gover, Acting Under Secretary for Museums and Research
Cathy Helm, Inspector General
Carol LeBlanc, President of Smithsonian Enterprises¹
Toni-Marie Higgins, Office of Senator Boozman
Judith Leonard, General Counsel
Stephanie Lightfoot, Office of Senator Perdue
Julissa Marengo, Assistant Secretary for Communications and External Affairs and Chief Marketing Officer

Era Marshall, Director for the Office of Equal Employment and Supplier Diversity
Mike McCarthy, Under Secretary for Administration
Kevin McDonald, Senior Adviser to Senator Leahy
Jeffrey P. Minear, Counselor to the Chief Justice
Ruki Neuhold-Ravikumar, Acting Under Secretary for Education
Meroë Park, Deputy Secretary and Chief Operating Officer
Craig Roberts, Office of Representative Shimkus
Vernon L. Simms, Director of the Office of Government Relations
Robert J. Spiller, Assistant Secretary for Advancement
Porter N. Wilkinson, Chief of Staff to the Regents

¹ Participated in the Smithsonian Enterprises discussion only

BUSINESS MEETING

REPORT OF THE CHAIR OF THE BOARD AND EXECUTIVE COMMITTEE

Welcome

Board and Executive Committee Chair Steve Case began his report by recognizing the formal appointment of Frank Raines and reappointment of Michael Lynton to the Board. He also acknowledged the final meeting for Representative John Shimkus, who did not seek reelection and will retire from the House of Representatives in January 2021 at the end of the 116th Congress. The Regents expressed their gratitude for Representative Shimkus's service to the Smithsonian and the nation.

Special Events

Mr. Case previewed upcoming events, including a videoconference meeting that he and the Secretary will host for the Smithsonian Advisory Board Chairs to provide an update on the state of the Smithsonian. The virtual event will focus on the Smithsonian's efforts to expand its reach while fostering diversity and promoting education through a variety of programs and initiatives. Mr. Case also discussed the Regents' annual public forum. This year the Board will host the public forum virtually to accommodate for the recommended safety precautions related to COVID-19. The event, to be held on December 15, will focus on the Smithsonian's response to the COVID-19 global pandemic and how it has accelerated digitally focused programs, as well as key initiatives such as the Race, Community, and Our Shared Future Initiative.

Executive Committee Actions

To conclude his report, Mr. Case briefed the Regents on actions taken by the Executive Committee on behalf of the Board, pursuant to Board Bylaw 3.01. Between the June and October meetings the Executive Committee approved four actions: (i) the Smithsonian's fiscal year 2021 Federal and Trust Consolidated Budget when signed into law by the President, (ii) the Smithsonian's budget request for appropriated funds for fiscal year 2022 for presentation to the Office of Management and Budget, (iii) a request from the National Zoo-Smithsonian Conservation Biology Institute to withdraw funds from an unrestricted endowment to support trust operations during the impact of COVID-19, and (iv) the appointment of a Smithsonian National Board Vice Chair.

APPROVAL OF THE CONSENT AGENDA

Consent Agenda

The Consent Agenda ("Agenda") was presented for the Board's consideration. Action items listed on the October 19, 2020, Agenda included: the approval of minutes from the August 11, 2020, special meeting of the Board of Regents, 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 2020.10.01 (*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; 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 videoconference meeting on September 15, 2020. During the meeting, the Committee reviewed notable gifts and grants received since the April 2020 meeting and voted to recommend three gifts and two administrative actions to the Board of Regents. The Committee was briefed on fundraising progress and plans for fiscal year 2020 and received an update on planning for the next Smithsonian fundraising campaign. As of August 31, 2020, the Smithsonian had raised \$211.64 million towards its \$230 million goal. The Assistant Secretary for Advancement Rob Spiller shared the Campaign vision of Greater Reach, Greater Relevancy, and Profound Impact, with a timeline that would span the Smithsonian's 175th anniversary in 2021 and the nation's 250th anniversary in 2026. The Advancement Committee also performed its annual review of the Committee Charter.

Written Report of the Audit and Review Committee

Written Report of the Audit and Review Committee

The Audit and Review Committee met virtually on July 13, 2020. During the meeting, the Committee approved the filing of the fiscal year 2019 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 Institution's insurance and IT security programs, KPMG's audit plan for fiscal year 2020, progress on the identified fiscal year 2019 audit deficiency, the Smithsonian's annual conflict of interest reporting, and the recent activities of the Inspector General.

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 virtual meeting on September 18, 2020. 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, which included the 2021 compensation update for senior-level Trust employees. During the meeting, the Committee voted on decision-making levels for the 2021 compensation process, the 2021 updated

compensation philosophy, and the methodology for determining comparable compensation for Trust executive positions. The Committee also received updates on the alternative executive compensation pay band approach for Trust market-based positions; an investment compensation analysis; Trust fund mitigation strategies related to the impact of COVID-19 on the Institution; the Smithsonian's Civil Program; the Institution's diversity, equity, access, and inclusion efforts; and personnel searches.

Written Report of the Facilities Committee

Written Report of the Facilities Committee

The Facilities Committee held a videoconference meeting on July 16, 2020. During the meeting, the Committee was consulted on and approved a request to seek Congressional authorization for an additional collections storage facility to be used jointly with the National Gallery of Art. The Committee also received updates on the Smithsonian's Consolidated Administrative Headquarters. The Smithsonian closed on the purchase of Capital Gallery on June 25, 2020, with a purchase price of \$253.75 million. The Committee reviewed the Smithsonian's facilities capital and maintenance programs and the progress of major capital projects, including the National Air and Space Museum rebuilding and restaurant replacement. 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, 2020. During the meeting, the Committee reviewed and voted to recommend that the Executive Committee approve three motions on behalf of the full Board: (1) the fiscal year 2021 federal and trust consolidated budget, (2) the fiscal year 2022 federal budget for presentation to the Office of Management and Budget, and (3) a request to withdraw funds from the National Zoological Park and Smithsonian Conservation Biology Institute Quasi-Endowment to support Trust operations during the impact of COVID-19. The Committee also received an overview of Smithsonian Trust funding along with the Cares Act (COVID-19) and reviewed the fiscal year 2020 third quarter financial results. Revenues for the period totaled \$1,088.3 million; expenses totaled \$1,231.2 million; and the Net Operating Loss for the period was \$ \$142.9 million.

Written Report of the Investment Committee

Written Report of the Investment Committee

The Investment Committee met on June 19, 2020, and September 3, 2020. The Committee reviewed the investment portfolio performance and discussed the Office of Investments report on "Diversity, Equity, and Inclusion in the Smithsonian Endowment." The Smithsonian Endowment's preliminary performance report as of June 30, 2020, showed the Endowment ending with assets of \$1,735.4 million, returning 5.7 percent for the year and outperforming the policy benchmark of -0.4 percent. Against the Cambridge Associates peer

universe of endowments and foundations, the Smithsonian ranks in the first decile for all periods, including trailing one, three, five and ten-year periods.

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 meetings on June 25, 2020, and September 24, 2020. During these meetings the Committee engaged in strategic discussions with the Secretary and senior leadership on the vision and strategic priorities for the Institution; received updates on the Race, Community, and Our Shared Future Initiative; and was briefed on the SD603 review of a graphic included in the Smithsonian’s “Talking About Race Portal.” The Committee also reviewed the exhibition calendar, which consisted primarily of long-planned exhibition openings that were slated for opening pre-closure and are expected to occur, should the Smithsonian’s re-opening timeline continue to progress.

Written Report of the Office of Government Relations

Written Report of the Office of Government Relations

The Office of Government Relations (“OGR”) reported that appropriations staff continue to work on spending bills for fiscal year 2021. On September 22, the House passed H.R. 8337, Continuing Appropriations Act 2021, and Other Extensions Act, (Public Law 116-159), a short-term spending bill to fund the government through December 11, 2020. The bill provides funding for Smithsonian operations and facilities projects at the same rate as fiscal year 2020. The Senate cleared the measure September 30, which was subsequently signed by the President on October 1, 2020.

Smithsonian Introduced Legislation

OGR also reported on legislation introduced by the Smithsonian. On September 7, H.J.Res. 87, providing for the reappointment of Michael M. Lynton as a citizen Regent for a second term, and H.J.Res. 88 providing for the appointment of Franklin D. Raines to a first term on the Board of Regents were passed by the House under Unanimous Consent. The Senate took up the bills on September 10, and both passed under Unanimous Consent. The Legislation was subsequently sent to the President and signed on October 3, 2020.

In addition, on August 11, Regent Representative Lucille Roybal-Allard introduced H.R.8023, a bill to provide for additional space and resources for the protection and preservation of national collections held by the Smithsonian Institution and the National Gallery of Art by authorizing construction of an additional storage facility at the Museum Support Center in Suitland, MD. The bill was co-sponsored by Regents Representative Doris Matsui and Representative John Shimkus.

Congressional Briefings and Engagement

Despite enhanced telework for most Smithsonian and Congressional staff, OGR has maintained its regular oversight meetings, Congressional briefings, and hearings. OGR has provided regular updates to key Congressional and Administration staff through virtual congressional town halls that have included

updates on the Smithsonian’s digital and educational assets and the Smithsonian’s response related to COVID-19 pandemic.

REPORT OF THE GOVERNANCE AND NOMINATING COMMITTEE

Report of the Governance and Nominating Committee

Chair of the Governance and Nominating Committee John Fahey gave the Committee’s report and presented two action items for the Board’s consideration: (i) a reappointment to the Smithsonian National Latino Board, and (ii) proposed amendments to the Bylaws of the Board of Regents.

Reappointment to Smithsonian National Latino Board

The Board of Regents was asked to consider the reappointment of The Honorable Roel C. Campos as Chair of the Smithsonian National Latino Board (“SNLB”), an advisory body to the Smithsonian Latino Center, for an exceptional two-year term. The reappointment was proposed as a one-time and temporary exception to ensure steady leadership and continued fundraising efforts to support the completion and opening of the Molina Family Latino Gallery, a key initiative of the Smithsonian Latino Center. Mr. Fahey pointed out that the additional term would not exceed the maximum service for board members. Upon motion duly made and seconded, the Board approved the reappointment.

See attached Actions 2020.10.02 (*Minutes of the Board of Regents, Appendix A*).

Proposed Amendments to the Bylaws of the Board of Regents

Next, Mr. Fahey presented proposed amendments to the Bylaws of the Board of Regents. In May of 2020, Congress approved the organizational restructuring proposed by the Secretary, including four Under Secretary positions. Mr. Fahey informed the Committee that as a result, conforming changes to the Bylaws of the Board of Regents are necessary to reflect the new organization structure and identify titles and duties of select officers. Two other proposed amendments will update the procedures for communication and ballots outside of Board meetings. Upon motion duly made and seconded, the Board approved the proposed amendments to §2.06, §2.08, §5.05, and §5.09 of the Bylaws of the Board of Regents.

See attached Actions 2020.10.03 (*Minutes of the Board of Regents, Appendix A*).

STRATEGIC DISCUSSION ON COVID-19 (CORONAVIRUS)

Impact of COVID-19 (Coronavirus) on the Smithsonian

Secretary Bunch then updated the Board on response and prevention efforts related to COVID-19 (Coronavirus), including the budget impact, reopening progress, and New Normal.

Budget Impact of COVID-19 on the Institution

The Secretary briefed the Regents on the current and projected budgetary effects of COVID-19 (Coronavirus) on the Smithsonian and the mitigation strategies underway to offset the impact. He provided an overview of Smithsonian Trust Funding along with the Cares Act (COVID-19). The Smithsonian is better positioned than some of its peers due to federal appropriations and lack of reliance on public admissions, but it is still experiencing a significant impact on

revenues. The Secretary asked Carol LeBlanc, President of Smithsonian Enterprises (“SE”), to update the Board on the fiscal year 2020 shortfall, which has been impacted primarily by reduced retail operations resulting from museum closures and travel business limited by COVID-19. The Regents discussed the need to support areas generating revenue, position SE for the return of core businesses, and reassess businesses without a strong future.

Reopening Progress at the Smithsonian

Next, the Board received an update on the progress of the Smithsonian’s phased reopening. In addition to Smithsonian Gardens and the Hirshhorn Museum’s outdoor Sculpture Garden, eight Smithsonian facilities have reopened to the public. The Smithsonian will continue to closely monitor health data and guidance from local governments, public health officials, and the Centers for Disease Control and Prevention against its own progression and regression criteria. The Secretary shared that although planning for reopening progress will continue, additional museums will not be reopening at this time. This decision will ensure progress is sustainable and offer the opportunity for the Smithsonian to evaluate capacity and performance before moving forward.

New Normal

To close the discussion on COVID-19, the Secretary briefed the Board on the report and recommendations of the New Normal Committee. As the Institution moves through reopening phases, the Smithsonian’s New Normal Committee has explored how the Smithsonian can adapt, improve, and become a nimbler and more effective organization while carrying out its mission. The Secretary previewed initial recommendations from the New Normal Committee, which encompassed the time frame of Phase 3 (partial reopening to the public pre-vaccine), Phase 4 (full reopening post-vaccine), and beyond. The recommendations are based on a variety of feedback from internal and external stakeholders. They align with the Secretary’s strategic priorities and encompass building a more nimble, effective, and entrepreneurial organization; a focus on audience and education that emphasizes digital resources; an increased emphasis on fundraising and revenue earned through e-commerce; and raising recognition of the Smithsonian brand. The Secretary will continue to work with senior leadership to evaluate and integrate recommendations into the Smithsonian’s broader strategic goals.

STRATEGIC REPORT OF THE SECRETARY

Strategic Report of the Secretary

The open session ended with a report from Secretary Bunch. The Secretary discussed his vision for the Smithsonian and the efforts being made to advance strategic priorities, including education; the Race, Community, and Our Shared Future Initiative; a nimble core; and Virtual Smithsonian, all of which share a One Smithsonian approach.

Personnel Searches

The Secretary briefed the Regents on ongoing personnel searches. Kevin Lowell Young, director of the Schomburg Center for Research in Black Culture in New York City, will become the second director of the National Museum of African American History and Culture, effective January 11, 2021. The Secretary also

shared that the Institution is nearing the end of the searches for the next directors of the Smithsonian Tropical Research Institute, the Smithsonian Libraries and Archives, the American Women’s History Initiative, and the Chief Financial Officer.

Education Initiatives

Next, the Secretary reported on the progress of education initiatives. Since March, the Smithsonian’s immediate focus has been to support teachers and students around the globe as they face unprecedented new learning challenges through online and distance learning. The Institution will continue to amplify its education resources by developing a comprehensive national education outreach strategy for Pre-K - 12 educational systems. In addition to further expanding the Smithsonian’s Learning Lab platform, the efforts will include education outreach in rural areas with a mix of hi-tech, low-tech, and no-tech approaches to address varying degrees of accessibility in rural areas without strong technological infrastructure.

Race, Community, and Our Shared Future

The Regents also received an update on the progress of the Race, Community, and Our Shared Future Initiative. The Secretary noted the Smithsonian has made significant progress in thinking about a series of national conversations centered on race and its impacts on the nation, in terms of culture, economics, wellness, policy, and other areas. Several small launch events are planned for November and December ahead of a Smithsonian branded series of activities in 2021. The Institution has partnered with the Bipartisan Policy Center for one of the events, which will feature a conversation with Paul Ryan and Julian Castro on race and wealth.

Nimble Core

Next, Secretary Bunch briefed the Board on efforts to foster a nimble and effective core. Initial changes have been focused on the Office of Advancement (“OA”) and the Office of Human Resources (“OHR”). Changes in OA have been centered on efficiencies across central advancement, including consolidating the digital fundraising offices and enhancing central fundraising services. Changes in OHR have been focused on plans to take on a more defined diversity and inclusion effort, including hiring a Head Diversity Officer.

Virtual Smithsonian

To conclude, the Secretary briefly updated the Board on the Smithsonian’s digital-first strategy. A digital steering group was established to help support the Institution’s acceleration toward digitally focused programs and activities. The Secretary highlighted recent efforts undertaken by the American Women’s History Initiative, including videos about Indigenous women in Hawai’i working for political rights that received more than 225,000 views. Overall cross-organizational content efforts and audience focused approaches have contributed to significant growth on social media platforms and Smithsonian websites.

EXECUTIVE SESSION

Executive Session

The Board moved into an executive session at 11:12 a.m. to discuss business and personnel matters. The Secretary also briefed the Board on a potential philanthropic concept for the National Air and Space Museum.

Advisory Board Appointments and Reappointments

Chair of the Governance and Nominating Committee John Fahey led a discussion regarding appointments and reappointments to the Smithsonian Advisory Boards. Upon motion duly made and seconded, the Board approved the proposed slate of candidates for appointment or reappointment to four (4) Smithsonian Institution Advisory Boards.

See attached Actions 2020.10.04 (*Minutes of the Board of Regents, Appendix A*).

2021 Board Leadership Elections

The Board reviewed the Governance and Nominating Committee's recommendations for the 2021 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 2020.10.05, 2020.10.06, and 2020.10.07 (*Minutes of the Board of Regents, Appendix A*).

Committee Membership

Next, Mr. Fahey led the Board's discussion on the proposed non-Regent candidate, Michael M. Crow, for appointment to the Strategy, Innovation, and Technology Committee. Mr. Fahey noted that the Strategy, Innovation, and Technology Committee may consist of non-Regent members well-chosen for their expertise of relevance to the duties and responsibilities of the Committee, as long as a sitting Regent majority is maintained on the Committee. Upon motion duly made and seconded, the Board voted appoint Michael M. Crow as a non-Regent member to the Strategy, Innovation, and Technology Committee.

See attached Actions 2020.10.08 (*Minutes of the Board of Regents, Appendix A*).

New Regent Search

Mr. Fahey then updated the Board on the search for a new citizen Regent to replace David Rubenstein when his term expires in May 2021.

Executive Session: "Gatekeeper" Reports

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

ADJOURNMENT

Adjournment

There being no further business to discuss, the meeting adjourned at approximately 11:45 a.m.

Respectfully submitted,

Lonnie G. Bunch, III
Secretary

APPENDIX A: ACTIONS OF THE OCTOBER 19, 2020, 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. [2020.10.01]

VOTED that the Board of Regents approves the minutes of the August 11, 2020, special meeting of the Board of Regents.

VOTED that the Board of Regents recognizes the generosity of Bank of America and accepts the gift to support the Race, Community, and Our Shared Future Initiative.

VOTED that the Board of Regents recognizes the generosity of Bell Textron Inc. and accepts the terms of the sponsorship agreement.

VOTED that the Board of Regents recognizes the generosity of Mitsubishi Corporation and accepts the terms of the sponsorship agreement.

VOTED that the Board of Regents creates a quasi-endowment for the benefit of the Smithsonian Astrophysical Observatory to support public education programs. Further, the Board of Regents authorizes the transfer of the funds identified for this purpose.

VOTED that the Board of Regents creates the Deep Time Endowment, a quasi-endowment for the benefit of the National Museum of Natural History to support the *Deep Time* exhibition, including maintenance and related education programs, scientific research and activities, and personnel. Further, the Board of Regents authorizes the transfer of the funds identified for this purpose.

VOTED that the Board of Regents approves the reappointment of The Honorable Roel C. Campos as Chair of the Smithsonian National Latino Board for an exceptional fourth and final two-year term, effective immediately. [2020.10.02]

VOTED that the Board of Regents approves the proposed amendments to §2.06, §2.08, §5.05, and §5.09 of the Bylaws of the Board of Regents. [2020.10.03]

VOTED that the Board of Regents approves the proposed slate of candidates for appointment or reappointment to four (4) Smithsonian Institution Advisory Boards. [2020.10.04]

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 2, 2021. [2020.10.05]

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 2, 2021. [2020.10.06]

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 2, 2021. [2020.10.07]

VOTED that the Board of Regents approves the proposed appointment of Michael M. Crow as a non-Regent member to the Strategy, Innovation, and Technology Committee, and requests that the Chancellor make the necessary appointment. [2020.10.08]