

MINUTES OF THE JANUARY 19, 2010, COMPENSATION AND HUMAN RESOURCES COMMITTEE MEETING

The Compensation and Human Resources Committee (“the Committee”) of the Smithsonian Institution Board of Regents held a meeting on January 19, 2010, beginning at 10:30 a.m. at the Smithsonian Institution Building in Washington, D.C. Participating were Committee Chair Roger W. Sant* and Committee members Representative Xavier Becerra*, Senator Thad Cochran**, John McCarter*, and Patricia Stonesifer. Also present were Chief of Staff to the Secretary Patricia Bartlett, Associate Director of the Office of Human Resources (OHR) Gregory R. Bettwy, Director of OHR James D. Douglas, Assistant to Representative Becerra Melody Gonzales*, Office of the Regents Program Officer Grace Jaeger, Chief of Staff to the Regents John K. Lapiana, General Counsel Judith Leonard, and PricewaterhouseCoopers Principal Carl Weinberg*.

Call to Order and Approval of Minutes

Committee Chair Roger Sant called the meeting to order at 10:35 a.m. The Committee approved the minutes of the September 14, 2009, meeting.

Office of Investment Compensation

The Committee discussed the proposed 2009 incentive payouts for the Office of Investments that were derived using the model developed by Investment Committee member Eli Broad. One feature of the Smithsonian program is that no incentive would be paid for quantitative results in a year of negative return which was the case for fiscal year 2009.

2010 Compensation Process

Mr. Sant began the discussion of the 2010 compensation process by reminding Committee members of their duties as a compensation board for a not-for-profit organization. This requires full disclosure of any real or perceived conflicts of interest with any of the Smithsonian executives for which pay will be determined. All members of the Committee verified that they had none.

Mr. Sant then noted the approved compensation philosophies in the meeting materials, as well as the summary statistics. He said that the performance appraisal rating distribution is beginning to change and that, while the number of outstanding ratings is down, it is still too high. Discussion followed and members asked to keep this subject before the Committee so that it can continue to monitor it. Mr. Douglas noted that a new senior level performance plan has been developed.

The next item addressed the salary proposals for positions for which the Committee is responsible for making compensation decisions. This year 19 decisions will be made by the Committee, 13 of which it will recommend to the full Board. The Secretary will decide on 179 positions. Mr. Sant directed members to the compensation proposals in the meeting materials and noted that none of the proposals exceeded the established competitive range

* *participated by teleconference*

** *Senator Cochran participated beginning at 11:30 a.m.*

for market-based executives or guidelines for executives paid according to the Federal or Federal-equivalent scales. Members did not disagree with the proposals but asked staff for consistency and succinctness in the write-ups in the future.

The following motions were then approved:

VOTED that the Compensation and Human Resources Committee approves the Secretary's compensation recommendations for positions in TAB C of the meeting materials.

VOTED that the Compensation and Human Resources Committee concurs with the Secretary's compensation recommendations for those positions in TAB D of the meeting materials and forwards them to the Full Board for final decision at the January 25, 2010, meeting.

The Committee then went into Executive Session and discussed the Secretary's compensation. Members received a briefing from the Board Chair on the Secretary's performance for fiscal year 2009. A discussion followed and the Committee agreed that the proposed compensation was consistent with the recommendation of the Chair and with comparables provided by the Committee's compensation consultant, PricewaterhouseCoopers.

The meeting was adjourned at 12:10 p.m.

Respectfully submitted,
Roger W. Sant, Chair