

MINUTES OF THE JANUARY 20, 2015, 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 20, 2015, at the Smithsonian Institution Building in Washington, D.C. Participating were Committee Chair Ambassador Barbara Barrett*, member John Fahey* and member Representative Xavier Becerra*; Board Chair and Executive Committee Chair John McCarter* also participated.

Also present were Associate Director of the Office of Human Resources (OHR) Greg Bettwy, Director of OHR James D. Douglas, Acting Secretary Albert Horvath, Acting Under Secretary for Finance and Administration/Chief Financial Officer John Lapiana, General Counsel Judith Leonard, Deputy Chief of Staff to the Regents Rachel Parker, and PricewaterhouseCoopers (PwC) consultants Bruce Clousure* and Heather O’Neal.*

CALL TO ORDER AND APPROVAL OF MINUTES

Ambassador Barbara Barrett called the meeting to order at 12:00 pm. Upon motion duly made and seconded, the draft minutes of the September 19, 2014, Committee meeting were approved without modification.

CHARTER REVIEW

In line with the October 2014 direction from the Board of Regents, the Committee revised its charter to reflect changes to committee term limits. The committee’s charter was revised to change the term for Regent members from six years to twelve years. Upon motion duly made and seconded, the following motion was approved:

VOTED that the Compensation and Human Resources Committee approves the recommended modification to the charter and submits it to the Board of Regents for approval.

SMITHSONIAN ENTERPRISES INCENTIVE UPDATE

Acting Secretary Al Horvath and Associate Director of Human Resources Greg Bettwy updated the committee on the ongoing implementation of the changes to the Smithsonian Enterprises short-term incentive plan and the initiation of a long-term plan.

* *participated by teleconference*

EMPLOYEE DATA

Ambassador Barrett opened the discussion of compensation recommendations by reminding Committee members that, as a compensation review board for a not-for-profit organization, each is obligated to disclose any real or perceived conflicts of interest with regard to any of the executives noted in the meeting materials. All members affirmed they held no real or perceived conflicts of interest, and General Counsel Judith Leonard confirmed the participants' attestations were sufficient to support the compensation deliberations.

Greg Bettwy explained the general summary statistics data provided in Tab B of the meeting materials, which included general demographic information, performance appraisal data, and average total cash and salary information.

Decisions Made by the Committee. The Committee first reviewed compensation information regarding the positions for which the Committee alone approves compensation decisions. The positions include those considered to be market-based and Federal-equivalent, which are Trust-funded positions. The Committee reviewed justifications for variances above and below the competitive market range. Part of that discussion included engaging the compensation consultant PwC in a dialogue on the nature of the compensation data, and the reasons behind the changes in that data from previous years. Mr. Clousure expressed PwC's position that each recommendation was reasonable for IRS purposes.

Upon motion duly made and seconded, the following motion was approved:

VOTED that the Compensation and Human Resources Committee approves the Secretary's compensation recommendations for those positions in Tab C.

Decisions Made by the Full Board. Ambassador Barrett reminded the Committee that compensation decisions for a limited number of "high-impact" positions require the approval of the full Board. Individual staff exited the meeting during discussion of his or her compensation.

The Committee discussed three instances wherein compensation recommendations exceeded the competitive market range. Mr. Clousure expressed PwC's position that each recommendation was reasonable for IRS purposes. The Committee affirmed its support the proposed compensation for these positions.

After consideration and upon motion duly made and seconded, the following motion was approved:

VOTED that the Compensation and Human Resources Committee agrees to recommend that the Board of Regents approve the Secretary's compensation recommendations for those positions in Tab D.

EXECUTIVE SESSION

During executive session, the Committee discussed the performance and proposed award for the former Secretary Wayne Clough. The Committee reviewed a competitive total remuneration analysis provided by PwC and concluded that the proposed compensation for the Secretary was consistent with comparable positions identified by PwC. After consideration and upon motion duly made and seconded, the following motion was approved:

VOTED that the Committee recommends to the Full Board that former Secretary Clough receive a cash award.

The Committee adjourned the meeting at about 2:00 p.m.

Respectfully submitted,

Barbara Barrett
Chair