

## MINUTES OF THE OCTOBER 27, 2023, MEETING OF THE COMPENSATION AND HUMAN RESOURCES COMMITTEE

The Compensation and Human Resources Committee (“Committee”) of the Board of Regents (“Board”) of the Smithsonian Institution (“Smithsonian”) held a videoconference meeting on October 27, 2023. Participating were Committee Chair Michael Govan and Committee members Representative Garret Graves, Ambassador Barbara M. Barrett, and Risa J. Lavizzo-Mourey.

Also present by invitation of the Committee were Counsel to the Inspector General Epin Christensen, Under Secretary for Administration Ron Cortez, Acting General Counsel Farleigh Earhart, Deputy Chief of Staff to the Regents Kate Forester, Special Assistant to the Regents Mallory Gianola (recorder), Director of the Office of Human Resources Antonio Guzmán, Executive Resources Manager Suleyka Lozins, Deputy Secretary and Chief Operating Officer Meroë Park, Acting Director of the Office of Equal Employment and Supplier Diversity Rudy Watley, Chief of Staff to the Regents Porter Wilkinson, and Head Diversity Officer Beth Ziebarth.

Pearl Meyer consultant Jim Hudner also participated in the meeting.

### CALL TO ORDER AND AGENDA REVIEW

Committee Chair Michael Govan called the meeting to order at 12:00 p.m. and reviewed the agenda.

### REVIEW OF THE MAY 11, 2023, COMMITTEE MEETING MINUTES

Upon motion duly made and seconded, the draft minutes of the May 11, 2023, Committee meeting were approved.

### CALENDAR YEAR 2024 COMPENSATION

As part of the annual cycle of the Committee, the October meeting focused on reviewing the core principles and decisions that form the foundation for the executive pay cycle and will culminate with the compensation recommendations that the Committee and the Board will review in January 2024.

#### ***2024 List of Disqualified Person Positions***

The Committee reviewed the proposed list of disqualified person positions for compensation year 2024. The list includes a position that would be added and removes two that would be eliminated as part of the Smithsonian's reorganization request being considered by Congress. Mr. Govan noted that the disqualified persons list aligns with the 990 reporting requirements for officers and key employees and the applicable Internal Revenue Service guidance.

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

**VOTED** that the Compensation and Human Resources Committee approves the attached list of disqualified persons positions and individuals for 2024. The total number is 14.

***2024 Decision-Making Levels***

The Committee reviewed the criteria that distinguishes compensation decisions made by the Regents and those made by the Secretary. It was recommended that the decision-making levels for 2024 remain unchanged. The Board’s review will include positions that meet the following criteria: Trust positions that report to the Regents and/or Secretary or Deputy Secretary/COO; Federal positions that report to the Regents (Inspector General); Trust positions designated as Disqualified Person positions; and any other position with a proposed 2024 salary above \$300,000 or proposed 2024 total compensation above \$325,000. The decision-making levels will result in approximately 30-40 positions going to the Board for review in January 2024.

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

**VOTED** that the Compensation and Human Resources Committee approves the 2024 decision-making levels.

***2024 Updated Compensation Philosophies***

Next, Mr. Govan led the Committee’s review of the Trust and Federal compensation philosophies, which are reviewed and updated annually to reflect any changes in compensation approaches, salary ranges, and/or effective dates.

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

**VOTED** that the Compensation and Human Resources Committee approves the updated compensation philosophy to include new projected salary ranges and effective dates for calendar year 2024.

***2024 Comparable Process***

Pearl Meyer Consultant Jim Hudner briefed the Committee on the recommended approach and methodology for determining comparable compensation for approximately 130 Trust executive positions to be analyzed for 2024. Mr. Hudner reminded the Committee of the Smithsonian’s approach of aging data every other year. A full analysis of all positions was completed in 2022 and aged in 2023. Pearl Meyer will provide data for the Institution’s Trust executive positions for the 2024 process. Mr. Hudner outlined the approach and methodology for assessing the competitiveness and reasonableness of Smithsonian compensation levels, which is guided by the Smithsonian’s compensation philosophies and the benchmarking analysis of market peers.

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

**VOTED** that the Compensation and Human Resources Committee approves the comparables approach for the positions being analyzed for 2024.

***Preliminary Investment Incentive Payouts***

The Committee reviewed preliminary calculations for the quantitative and qualitative portion of the Investment Incentive Program for the 2023 performance year. Preliminary data show the Institution’s three-year portfolio return was 12.9%, which was 2% greater than the benchmark return of 10.9%, for the annual performance period ending June 30, 2023. These preliminary estimates of projected payouts for certain executives included in the Investment Incentive Program will be verified and validated by a third party, prior to being formally presented for the Committee’s review and discussion in January 2024.

**UPDATES FROM THE UNDER SECRETARY FOR ADMINISTRATION**

Under Secretary for Administration Ron Cortez updated the Committee on the status of strategic initiatives for the Office of Human Resources. The Committee reviewed hiring and separation statistics for fiscal years 2019 through 2023. The recruitment results following the launch of practices to support a hiring surge resulted in a net gain for the Smithsonian workforce in fiscal year 2023. The Committee will review further data on workforce separations at its meeting in December.

**EXECUTIVE SEARCHES**

To conclude the open session, the Committee received an update on the progress of searches for vacant senior level positions including General Counsel; Director, Office of Equal Employment and Supplier Diversity; Director for the Smithsonian American Women’s History Museum; Director, National Museum of African Art; Inspector General; and Director for Museum Conservation Institute.

**EXECUTIVE SESSION**

The Committee moved into an Executive Session at approximately 12:42 p.m. to discuss confidential business matters.

**ADJOURNMENT**

With no further business to consider, the meeting was adjourned at approximately 12:52 p.m.

Respectfully submitted,

Michael Govan, Chair