

**BOARD OF REGENTS
SMITHSONIAN INSTITUTION**

CHARTER OF THE INVESTMENT COMMITTEE

JANUARY 2015

I. Establishment by the Board of Regents

The Bylaws of the Board of Regents establish the Investment Committee. *See* Bylaw 4.07.

II. Statement of Purpose

The purpose of the Investment Committee is to assist the Board of Regents (1) providing oversight of the Institution's endowment, strategy, and investment guidelines and (2) performing such related functions as may be assigned to it by the Board of Regents. *See* Bylaw 4.07.

III. Appointment Membership, and Length of Service

A. Appointment

1. The Investment Committee shall consist of no fewer than two (2) and no more than six (6) Regent members. The Committee may also consist of non-Regent members well-chosen for their expertise of relevance to the duties and responsibilities of the Committee.
2. With approval of the Board of Regents, the members of the Investment Committee shall be appointed by the Chancellor.
3. The Board of Regents, in accepting the Report of the Nominating Committee (now Governance and Nominating Committee) on January 6, 2003, provided that:
 - a) Sitting committee chairs recommend every November to the Governance and Nominating Committee the preferred membership and chairmanship for their respective committees for the ensuing calendar year.
 - b) The Governance and Nominating Committee proposes for the Regents' consideration at the first Regents' meeting of each calendar year a motion including recommended memberships and chairmanships for all committees.

B. Membership

1. All members of the Investment Committee shall be free of any conflict of interest with respect to the matters before the Committee.
2. In light of the special expertise required to execute the duties of the Investment Committee, the composition of the Committee may consist of a majority of non-Regent members as long as at least two members are Regents.
3. All members shall be subject to the Investment Committee's Ethics Guidelines. In addition, non-Regent members shall be subject to the same ethics guidelines as apply to the Regents.

C. Length of Service

1. With the approval of the Board of Regents, a Regent may serve on the Investment Committee for the length of his or her term as a Regent, but in no event longer than twelve (12) years. With the approval of the Board of Regents, a non-Regent may serve up to eight (8) years as a non-Regent member of the Investment Committee.
2. The Board of Regents, in accepting the Report of the Nominating Committee on January 6, 2003, provided that a Regent may be appointed as a Regent Emeritus and encouraged to continue his or her service to the Smithsonian by serving as many as but no more than three (3) years on selected committees following his or her active service as a Regent. The Governance and Nominating Committee and the Investment Committee Chair will review the effectiveness of any Investment Committee member in its annual nominations.

IV. Rules for the Conduct of Meetings of the Investment Committee

A. Investment Committee Policies and Procedures

The Investment Committee shall have the power to adopt rules for the conduct of its business with respect to all matters not provided for in the Bylaws of, or as provided by, the Board of Regents. *See* Bylaw 4.11.

B. Chair

1. The Committee Chair shall be appointed by the Chancellor and the Board of Regents. [*See* Bylaw 4.11]. Both Regents and non-Regents are eligible to be Chair of the Investment Committee.

2. If the Chair is unable to attend a meeting, the members will be polled prior to that meeting and a substitute Chair, for the purposes of that meeting only, will be identified among those members who have indicated that they will be present.

C. Meetings

1. The Investment Committee will hold not less than three (3) meetings each year and such additional meetings as the Investment Committee Chair may deem necessary or appropriate.
2. The Committee Chair or any three members of the Investment Committee may call special meetings of the Committee.
3. Notice of the meetings of the Investment Committee may be given by hand delivery, by deposit in the U.S. Mail, by express mail, by electronic facsimile, or by electronic mail.
4. Members of the Investment Committee will be provided an agenda in advance of each meeting.
5. The meetings of the Investment Committee may be conducted in person, by video conference, or by telephone conference call.
6. If a majority of the Investment Committee agrees, the Committee may conduct business via facsimile or electronic format without a meeting. The vote of a majority of the Committee by facsimile, electronic format, or other method as approved by the Committee Chair, shall constitute the action of the Committee.

D. Quorum

1. Section 4.10 of the Bylaws of the Board of Regents provides:

. . . [A] majority of the members of all standing and special committees as may be established by the Board shall constitute a quorum.

2. In the absence of a quorum, a lesser number may adjourn the meeting.

V. **Responsibilities and Duties of the Investment Committee**

- A. The responsibilities and duties of the Investment Committee shall include the following:

1. Review the Institution's investment policy and strategies and provide policy guidance to management and, as directed, to the Board of Regents. Such guidance shall include but not be limited to:
 - a) Overall investment strategy and guidelines for the endowment,
 - b) Evaluation of asset classes for investment,
 - c) Selection of new investment managers,
 - d) Termination of existing investment managers, and
 - e) Review of the performance of the endowment fund and its investment managers.

VI. Communications and Minutes

- A. The Committee Chair will report orally or in writing to the Board of Regents on other matters discussed at the most recent Committee meeting.
- B. Minutes of each meeting of the Investment Committee will be prepared. Draft minutes will be provided to all members for their review and, upon approval, will be made a part of the official record of the proceedings of the Board of Regents. If the Committee has not approved the minutes prior to the next full Regents' meeting, draft minutes will be provided to the Board. The Board will be informed subsequent to their meeting if any significant changes are made in the final version of the Investment Committee minutes. The official record of the Board of Regents' proceedings for any given Regents' meeting will incorporate the latest version of the Investment Committee's minutes at the time the official record is published.

VII. Resources and Authority

- A. Staff Support and the Retention of Outside Advisors and Consultants

The Committee may, without further action by the Board of Regents, retain any external advisors, attorneys, consultants, and accountants (collectively "Advisors") it deems necessary to carry out the Committee's responsibilities. The Smithsonian will adequately fund the costs and expenses of these Advisors under arrangements that assure the independence of these Advisors and their loyalty to the Institution, the Board of Regents, and the Committee. See Bylaw 4.09.

- B. Indemnification

Section 2.12 of the Bylaws of the Board of Regents provides:

...Members of the Committee may be indemnified for any and all liabilities and reasonable expenses incurred in connection with any claim, action, suit, or proceeding arising from present or past service for the Smithsonian Institution, in accordance with resolutions adopted by the Board.

C. Expenses

1. Section 4.11 of the Bylaws of the Board of Regents provides:

. . . Expenses of members in attending meetings of committees established by the Board of Regents, including travel expenses to and from the place of meeting, may be paid by the Institution

2. It is understood that expenses claimed shall be appropriate and reasonable, in keeping with the Smithsonian's nature as a public trust.

VIII. Periodic Review

A. Charter Review

1. As part of its duties to assist the Board of Regents in providing oversight of the Institution's endowment, overall investment strategy, and guidelines for the endowment, the Committee may propose changes to this Charter.
2. The Committee will review and assess at least annually the adequacy of the Investment Committee Charter. In consultation with the Governance and Nominating Committee, the Committee will submit proposed revisions to the Board of Regents for its approval.

B. Committee Performance

The Committee will at least annually evaluate its own performance with respect to the requirements of the Charter in such a manner as the Committee, in consultation with the Governance and Nominating Committee, deems appropriate.