

**Montana Board of Investments  
Human Resources Committee Charter  
Approved: April 15, 2005**

**Purpose of Committee**

The purpose of the Human Resources Committee is to discharge the Board's responsibilities relating to personnel matters of all Board staff and compensation of the Board's exempt staff.

**Committee Membership**

The Committee shall consist of at least three Board Members.

Members shall be appointed by the Board Chair who shall notify the Board of all appointments as they are made. The Chair shall appoint for membership to the Committee only those individuals who the Chair believes in his/her judgment are qualified to perform the duties of the Committee as set forth in this charter. The Chair may remove a Committee member at any time and appoint a replacement to complete the removed member's term, provided the Chair notifies the Board of the removal and the reasons at the time of the removal.

**Committee Structure and Operations**

The Chair shall designate one member of the Committee as its chairperson. The Committee shall meet in person or telephonically as it deems necessary or appropriate, and at least two times per year, at a place and time determined by the Committee chairperson.

The Committee may invite such staff to its meetings as it may deem desirable or appropriate, consistent with the maintenance of the confidentiality of performance and compensation discussions. The Board's Executive Director ("Director") should not attend any meeting where the Director performance or compensation is discussed, unless specifically invited by the Committee.

If one member of the Committee cannot attend a meeting, the remaining two members of the Committee, acting unanimously, shall have the power to take any action necessary or convenient to the efficient discharge of its responsibilities. No action of the Committee shall be valid unless approved by at least two members of the Committee.

**Committee Duties and Responsibilities**

The following are the general duties and responsibilities of the Committee:

- In consultation with the Director and Chief Investment Officer (“CIO”), establish and periodically review the general compensation policies applicable to the Board’s employees, and oversee the development and implementation of compensation programs. This activity includes the commissioning of peer salary surveys, the review of such surveys, and the establishing of pay ranges based on the surveys.
- Review and recommend the compensation and incentive programs, and modifications and amendments thereto, applicable to the exempt Board staff and other employees of the Board whose compensation has a component that includes the relationship of the Board’s investment performance to compensation and the basis for calculating such compensation. Discharge any responsibilities imposed on the Committee by any of these programs.
- Review and recommend the specific levels of compensation, including salaries, incentives, benefits and perquisites, of the Director, CIO and the other exempt Board staff and of other staff as the Board may have authority over with respect to compensation.
- Review and approve goals and objectives relevant to the compensation, including incentive compensation, of the Director, CIO, and other exempt staff. In setting long-term goals and objectives relevant to the long-term incentive component of those goals and objectives, the Committee shall consider, among other factors, the Board’s investment performance and return relative to investment performance at comparable investment boards, the awards given to the CIO and investment staff in past years and the provisions of the Board’s compensation plan for exempt staff.
- Oversee the Director in developing Job Profiles and performance criteria for all exempt staff.
- Evaluate and advise the Board concerning the performance of the Director, the CIO, and other exempt staff against established goals and objectives.
- Recommend the Director’s, CIO’s, and exempt staff compensation level for the coming year based on this evaluation and recommend, as appropriate, a course of action to remedy deficiencies observed or improve performance.
- Review and advise the Board concerning and, if deemed appropriate, retain consultants to advise the Committee regarding industry compensation practices and trends in order to assess the adequacy and competitiveness of the Board’s compensation programs. Retain as necessary consultants to advise on other personnel issues.
- Prepare and deliver to the Board, at such time as the Board shall request, reports concerning the activities and recommendations of the Committee and disclose the compensation policies applicable to the Director, CIO, and exempt Board staff. Discuss

the relationship of the Board's investment performance to exempt staff compensation and the basis for the compensation awarded during such period.

- Oversee the Director in development and maintenance of a succession plan for exempt staff and other key employees, and report to the Board the Committee's recommendations regarding succession.
- In consultation with the Director, oversee regulatory compliance with respect to compensation matters.
- Consider and act on written employee appeals and grievances when the Director is unable to resolve differences with exempt employees.
- Prepare and issue the evaluations and reports required under "Committee Reports" below.
- Any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to exempt staff performance and compensation.

### **Committee Reports**

The Committee shall produce the following reports and provide them to the Board.

- An annual Report of the Human Resources Committee on exempt staff compensation.
- An annual performance evaluation of the Committee comparing the performance of the Committee with the requirements of this charter. The performance evaluation should also recommend to the Board any changes to this charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.
- A written summary of the actions taken, recommendations and decisions made by the Committee, which shall be presented to the Board at the next Board meeting following the action/decision.

### **Resources and Authority of the Committee**

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special legal counsel or other experts or consultants, as it deems appropriate, subject to state procurement rules. With respect to compensation consultants retained to assist in the evaluation of staff this authority shall be vested solely in the Committee.