

CHUY'S HOLDINGS, INC.
Form DEF 14A
June 11, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

Chuy's Holdings, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

June 11, 2014

Dear Chuy's Stockholder:

You are cordially invited to attend the annual meeting of stockholders of Chuy's Holdings Inc. The meeting will be held on Tuesday, July 29, 2014, beginning at 9:00 a.m. at the Embassy Suites Hotel Austin Downtown/Town Lake located at 300 South Congress Ave., Austin, Texas 78704.

Information about the meeting, nominees for the election of directors and the proposal to ratify the appointment of our independent registered public accounting firm for 2014 is presented in the following notice of annual meeting and proxy statement. We hope that you will plan to attend the annual meeting.

It is important that your shares be represented. Whether or not you plan to attend the meeting, please vote using the procedures described on the notice of internet availability of proxy materials or on the proxy card or sign, date and promptly mail a proxy card in the provided pre-addressed, postage-paid envelope.

We look forward to seeing you at the meeting on July 29th.

Sincerely,

Michael R. Young

Co-Chairman

John A. Zapp

Co-Chairman

CHUY'S HOLDINGS, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held on July 29, 2014

The 2014 annual meeting of stockholders of Chuy's Holdings, Inc. (the "Company") will be held on July 29, 2014, beginning at 9:00 a.m. at the Embassy Suites Hotel Austin Downtown/Town Lake located at 300 South Congress Ave., Austin, Texas 78704. The meeting will be held for the following purposes:

1. to elect two directors to serve until the 2017 annual meeting of stockholders;
2. to ratify the appointment of McGladrey LLP as the Company's independent registered public accounting firm for 2014; and
3. to transact such other business as may properly come before the meeting.

Information concerning the matters to be voted upon at the meeting is set forth in the accompanying proxy statement. We have also made available the Company's 2013 annual report. Holders of record of the Company's common stock as of the close of business on June 3, 2014 are entitled to notice of, and to vote at, the meeting.

Your vote is very important. Whether or not you plan to attend the meeting, please vote using the procedures described on the notice of internet availability of proxy materials or on the proxy card or sign, date and promptly mail a proxy card in the provided pre-addressed, postage-paid envelope.

If you plan to attend the meeting and will need special assistance or accommodation due to a disability, please describe your needs on the enclosed proxy card.

By Order of the Board of Directors,

Sharon Russell

Chief Administrative Officer

and Secretary

Austin, Texas

June 11, 2014

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JULY 29, 2014.

The Company's Notice of Annual Meeting, Proxy Statement and 2013 Annual Report to stockholders are available on the internet at www.proxyvote.com.

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Chuy's Holdings, Inc.
1623 Toomey Road
Austin, Texas 78704

PROXY STATEMENT

This proxy statement provides information in connection with the solicitation of proxies by the board of directors of Chuy's Holdings, Inc. (the "Company") for use at the Company's 2014 annual meeting of stockholders or any postponement or adjournment thereof (the "Annual Meeting"). This proxy statement also provides information you will need in order to consider and act upon the matters specified in the accompanying notice of annual meeting. A Notice of Internet Availability of Proxy Materials (the "Notice") and this proxy statement and proxy card, are being mailed to stockholders on or about June 13, 2014.

Record holders of the Company's common stock as of the close of business on June 3, 2014 are entitled to vote at the Annual Meeting. Each record holder of common stock on that date is entitled to one vote at the Annual Meeting for each share of common stock held. As of June 3, 2014, there were 16,435,687 shares of common stock outstanding. You cannot vote your shares unless you are present at the Annual Meeting or you have previously given your proxy.

You can vote by proxy in one of three convenient ways:

- by internet: visit the website shown on your Notice or proxy card and follow the instructions; or
- by telephone: dial the toll-free number shown on your proxy card and follow the instructions; or
- in writing: sign, date, and return a proxy card in the provided pre-addressed, postage-paid envelope.

You may revoke your proxy at any time prior to the vote at the Annual Meeting by:

- delivering a written notice revoking your proxy to the Company's Secretary at the address above;
- delivering a new proxy bearing a date after the date of the proxy being revoked; or
- voting in person at the Annual Meeting.

Unless revoked as described above, all properly executed proxies, will be voted at the Annual Meeting in accordance with your directions on the proxy. If a properly executed proxy gives no specific instructions, the shares of common stock represented by your proxy will be voted:

- FOR the election of the two nominees to serve as directors until the 2017 annual meeting of stockholders;
 - FOR the ratification of the appointment of McGladrey LLP as the Company's independent registered public accounting firm for 2014; and
 - at the discretion of the proxy holders with regard to any other matter that is properly presented at the Annual Meeting.
-

If you own shares of common stock held in “street name” and you do not instruct your broker how to vote your shares using the instructions your broker provides you, your shares will be voted in the ratification of the appointment of McGladrey LLP as the Company’s independent registered public accounting firm for 2014, but not for any other proposal. To be sure your shares are voted in the manner you desire, you should instruct your broker how to vote your shares.

Holders of a majority of the outstanding shares of the Company’s common stock must be present, either in person or by proxy, to constitute a quorum necessary to conduct the Annual Meeting. Abstentions and broker non-votes are counted for purposes of determining a quorum and are considered present and entitled to vote.

The following table sets forth the voting requirements, whether broker discretionary voting is allowed and the treatment of abstentions and broker non-votes for each of the matters to be voted on at the Annual Meeting.

Proposal	Vote Necessary to Approve Proposal	Broker Discretionary Voting Allowed?	Treatment of Abstentions and Broker Non-Votes
No. 1 - Election of directors	Plurality (that is, the largest number) of the votes cast	No	Abstentions and broker non-votes are not considered votes cast and will have no effect
No. 2 - Ratification of the appointment of McGladrey LLP	Affirmative vote of a majority of the shares present, in person or by proxy, at the Annual Meeting and entitled to vote on the matter	Yes	Abstentions will have the effect of a vote cast against the matter

Attendance at the Annual Meeting will be limited to stockholders of record and beneficial owners who provide proof of beneficial ownership as of the record date (such as an account statement, a copy of the voting instruction card provided by a broker, bank, trustee, or nominee, or other similar evidence of ownership).

The Company pays the costs of soliciting proxies. We have engaged Georgeson, Inc. to serve as our proxy solicitor for the Annual Meeting at a base fee of \$7,500 plus reimbursement of reasonable expenses. Georgeson will provide advice relating to the content of solicitation materials, solicit banks, brokers, institutional investors, and hedge funds to determine voting instructions, monitor voting, and deliver executed proxies to our voting tabulator. Our employees also may solicit proxies by telephone or in person. However, they will not receive additional compensation for soliciting proxies. The Company may request banks, brokers, and other custodians, nominees, and fiduciaries to forward copies of these proxy materials to the beneficial holders and to request instructions for the execution of proxies. The Company may reimburse these persons for their related expenses. Proxies are solicited to provide all record holders of the Company’s common stock an opportunity to vote on the matters to be presented at the Annual Meeting, even if they cannot attend the meeting in person.

PROPOSAL 1 –
ELECTION OF DIRECTORS

At the Annual Meeting, two directors will be elected to serve three-year terms expiring at our annual stockholders meeting in 2017. This section contains information relating to the two director nominees and the directors whose terms of office continue after the Annual Meeting. The director nominees were selected by the Nominating and Corporate Governance Committee and approved by the board of directors for submission to the stockholders. The nominees for election are Messrs. Hislop and Zapp. Both currently serve as directors.

The board of directors recommends a vote “FOR” the election of each of the nominees.

Nominees to be elected for terms expiring at the Annual Meeting in 2017

Steve Hislop, age 54, has served as President, Chief Executive Officer and a member of our board of directors since July 2007. From July 2006 through June 2007, Mr. Hislop was President and Chief Executive Officer of Sam Seltzer Steak House. Prior to that, Mr. Hislop served as the Concept President and a member of the board of directors of O’Charley’s Restaurants for 18 years where he helped grow the business from 12 restaurants to a multi-concept company with 347 restaurants. Mr. Hislop currently serves on the Board of Directors of Not Your Average Joe’s, Inc., which is a privately held company. We have concluded that Mr. Hislop should serve on our board of directors based upon his operational expertise, knowledge of the restaurant industry and leadership experience.

John Zapp, age 61, is one of our founders. He has served as a member of our board of directors since November 2006 and became Co-Chairman of the Board in October 2013. Mr. Zapp currently serves on the Board of Directors of Briggo, Inc., a private company that operates Briggo Coffee Haus. We have concluded that Mr. Zapp should serve on our board of directors based upon his experience as an investor and operator of restaurant businesses as well as his intimate knowledge of our operations and culture.

Current Directors whose terms expire at the Annual Meeting in 2015

Starlette Johnson, age 51, has served as a member of our board of directors since September 2012. Ms. Johnson most recently served as President and Chief Operating Officer, as well as a Director, of Dave & Buster’s, Inc. from 2007 to 2010. Ms. Johnson joined Dave & Buster’s as Chief Strategic Officer in 2006. Prior to joining Dave & Buster’s, Ms. Johnson worked at Brinker International, where she held positions of increasing responsibility, including serving as the Executive Vice President and Chief Strategic Officer. Ms. Johnson served as a member of the board of directors for Tuesday Morning, Inc. from 2008 to 2011, during which time she served on the Audit Committee and the Nominating/Governance Committee. She also serves on the Advisory Board for the Hospitality & Tourism Program at Virginia Tech and is also a member of the International Women’s Foundation. Ms. Johnson received a B.S. in Finance from Virginia Tech and an M.B.A. from Duke University. We have concluded that Ms. Johnson should serve on our board of directors based upon her experience as an executive and board member and her knowledge of the restaurant industry.

Doug Schmick, age 66, has served on our board of directors since April 2013. Mr. Schmick is a highly respected executive with 40 years of experience in the upscale casual dining segment as a co-founder of McCormick & Schmick’s Seafood Restaurants in 1972. He served on McCormick & Schmick’s board of directors beginning in 2001 and was appointed Chairman in 2004. He also served as Chief Executive Officer of McCormick & Schmick’s from 1974 through 1999, and again from 2007 through 2009. He currently serves on Cheesecake Factory’s board of directors as a member of the Audit Committee and on Anthony’s Coal Fired Pizza’s board of directors, which is a privately held company. We have concluded that Mr. Schmick should serve on our board of directors based upon his experience as an executive and board member and his knowledge of the restaurant industry.

Michael Young, age 65, is one of our founders. He has served as a member of our board of directors since November 2006 and became Co-Chairman of the Board in October 2013. We have concluded that Mr. Young should serve on our board of directors based upon his experience as an investor and operator of restaurant businesses as well as his intimate knowledge of our operations and culture.

Current Directors whose terms expire at the Annual Meeting in 2016

Saed Mohseni, age 52, has served as a member of our board of directors since September 2012. Mr. Mohseni currently serves as the President and Chief Executive Officer of Bravo Brio Restaurant Group, Inc., the owner and operator of BRAVO! Cucina Italiana and BRIO Tuscan Grille. He was recruited to the Chief Executive Officer position in 2007, assumed the additional role of President in 2009 and led the company through the IPO process in 2010. Additionally, Mr. Mohseni has served as a director of Bravo Brio Restaurant Group, Inc. since 2006. Prior to joining Bravo Brio, Mr. Mohseni worked at McCormick & Schmick for 21 years, where he held positions of increasing responsibility, including serving as a Director from 2004 to 2007 and as Chief Executive Officer from 2000 to 2007. Mr. Mohseni attended Portland State University and Oregon State University. We have concluded that Mr. Mohseni should serve on our board of directors based upon his experience as an executive and board member and his knowledge of the restaurant industry.

Ira Zecher, age 61, has served as a member of our board of directors since June 2011. Ira has been a professor at Rutgers University in the Graduate Accounting program since September 2010. From 1974 through December 2010, Mr. Zecher was employed by Ernst & Young LLP, a registered public accounting firm, retiring as a partner. Previously, he was a senior transaction advisory services partner and Far East private equity leader for Ernst & Young LLP, where he advised clients on mergers and acquisitions across a broad range of industries. Prior to joining the transaction advisory services group, Mr. Zecher provided accounting, audit and business-advisory services to both public and private clients for Ernst & Young LLP since 1974. Mr. Zecher currently serves as a member of the board of directors for Norcraft Companies, Inc. as Chairman of the Audit Committee and a member of the Compensation Committee. He received his Bachelor's degree from Queens College. He is also a certified public accountant, a member of the American Institute of Certified Public Accountants (AICPA) and the New York State Society of Certified Public Accountants. We have concluded that Mr. Zecher should serve on our board of directors based upon his extensive professional accounting and financial expertise, which allow him to provide key contributions to the board of directors on financial, accounting, corporate governance and strategic matters.

PROPOSAL 2 -
RATIFICATION OF APPOINTMENT OF
MCGLADREY LLP AS THE COMPANY'S INDEPENDENT
REGISTERED PUBLIC ACCOUNTING FIRM FOR 2014

The audit committee has appointed McGladrey LLP as the Company's independent registered public accounting firm for 2014. The board of directors is asking stockholders to ratify this appointment. Securities and Exchange Commission ("SEC") regulations and the Nasdaq listing requirements require the Company's independent registered public accounting firm to be engaged, retained and supervised by the audit committee. However, the board of directors considers the selection of an independent registered public accounting firm to be an important matter to stockholders. Accordingly, the board of directors considers a proposal for stockholders to ratify this appointment to be an opportunity for stockholders to provide input to the audit committee and the board of directors on a key corporate governance issue.

Representatives of McGladrey LLP are expected to be present at the Annual Meeting and will have the opportunity to make a statement. They will also be available to respond to appropriate questions. For additional information regarding our independent registered public accounting firm, see "Independent Public Accountants."

The board of directors recommends a vote "FOR" the ratification of McGladrey LLP as the Company's independent registered public accounting firm.

The Board, Its Committees and Its Compensation

Board of Directors

The board of directors presently consists of seven members, six of whom are non-employee directors. The board of directors is divided into three classes, with each class serving three-year terms. The term of one class expires at each annual meeting of stockholders.

Director Compensation

The elements of compensation payable to our non-employee directors in 2013 are briefly described in the following table.

Board Service:

Annual cash retainer	\$ 30,000
Initial Grant of Stock Options	7,250 shares

Board Committee Service:

Audit Committee Chair annual cash retainer	\$ 10,000
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Our independent directors receive compensation for their services as a director. Committee chairs, except for the audit committee chair, do not receive additional compensation for serving as chair. We reimburse directors for all expenses incurred in attending board meetings.

Grants of stock options to new members of our board of directors are made under the Chuy's Holdings, Inc. 2012 Omnibus Equity Incentive Plan (the "2012 Plan"). These stock options vest 20% on each of the first five anniversaries of the grant date.

The compensation committee has retained Mercer as its independent compensation consultant to, among other things, advise the committee on director compensation with respect to 2014.

Director Compensation Table

The following table provides information regarding the compensation of our non-employee directors for the year ended December 29, 2013.

NAME	FEES EARNED	STOCK	TOTAL
	OR PAID IN	AWARDS	
	CASH \$(1)	\$(2)	
Mike Young	\$—	\$—	\$—
John Zapp	—	—	—
Starlette Johnson	30,000	—	30,000
Saed Mohseni	30,000	—	30,000
Doug Schmick	15,000	77,575	92,575
Ira Zecher	40,000	—	40,000
Jose Ferreira, Jr. (3)	—	—	—
Michael C Stanley (3)	—	—	—

(1) Beginning in 2014 all non-employee directors will be eligible to receive an annual cash retainer.

(2) The grant date fair value of each award, calculated in accordance with FASB ASC Topic 718 ("Topic 718"), was \$10.70. Pursuant to SEC rules, the amounts shown in this column exclude the impact of estimated forfeitures related to service-based vesting conditions. See Note 10 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 29,

2013, filed with the SEC on March 11, 2014, for information regarding the assumptions made in determining these values.

(3) Messrs. Ferreira and Stanley resigned as directors on October 24, 2013.

Director Independence and Former Controlled Company Status

Our board of directors will review at least annually the independence of each director. During these reviews, the board will consider transactions and relationships between each director (and his or her immediate family and affiliates) and our company and its management to determine whether any such transactions or relationships are inconsistent with a determination that the director is independent. This review will be based primarily on responses of the directors to questions in a directors' and officers' questionnaire regarding employment, business, familial, compensation and other relationships with the Company and our management. Our board of directors has determined that each of Ira Zecher, Starlette Johnson, Saed Mohseni and Doug Schmick are independent within the meaning of the Nasdaq Marketplace Rules. As required by the Nasdaq Global Select Market, a majority of our directors are independent and our independent directors meet in regularly scheduled executive sessions at which only independent directors are present.

Corporate Governance

We believe that good corporate governance is important to ensure that, as a public company, we will be managed for the long-term benefit of our stockholders. We and our board of directors have been reviewing the corporate governance policies and practices of other public companies, as well as those suggested by various authorities in corporate governance. We have also considered the provisions of the Sarbanes-Oxley Act and the rules of the SEC and the Nasdaq Global Select Market.

Based on this review, we have established and adopted, charters for the audit committee, compensation committee and nominating and corporate governance committee, as well as a code of business conduct and ethics applicable to all of our directors, officers and employees.

Our committee charters, code of business conduct and ethics and corporate governance guidelines are available on our website (www.chuys.com) in the Investors section. Copies of these documents are also available upon written request to our Corporate Secretary. We will post information regarding any amendment to, or waiver from, our code of business conduct and ethics on our website in the Investors section.

The board of directors periodically reviews its corporate governance policies and practices. Based on these reviews, the board of directors may adopt changes to policies and practices that are in our best interests and as appropriate to comply with any new SEC or Nasdaq Marketplace Rules.

Board Leadership Structure and Board's Role in Risk Oversight

Michael Young and John Zapp serve as Non-Executive Co-Chairmen of our board of directors. We support separating the position of Chief Executive Officer and Chairman to allow our Chief Executive Officer to focus on our day-to-day business, while allowing the Co-Chairmen to lead our board of directors in its fundamental role of providing advice to, and oversight of, management. Our board of directors recognizes the time, effort and energy that the Chief Executive Officer is required to devote to his position in the current business environment, as well as the commitment required to serve as our Co-Chairmen, particularly as our board of directors' oversight responsibilities continue to grow. Our board of directors also believes that this structure ensures a greater role for the non-management directors in the oversight of our company and establishing priorities and procedures for the work of our board of directors.

While our amended and restated bylaws do not require that our Co-Chairmen and Chief Executive Officer positions be separate, our board of directors believes that having separate positions and having a non-employee director serve as Co-Chairmen is the appropriate leadership structure for us at this time and demonstrates our commitment to good corporate governance.

Risk is inherent with every business and we face a number of risks. Management is responsible for the day-to-day management of risks we face, while our board of directors, as a whole and through our audit committee, is responsible for overseeing our management and operations, including overseeing its risk assessment and risk management functions. Our board of directors has delegated responsibility for reviewing our policies with respect to risk assessment and risk management to our audit committee through its charter. Our board of directors has determined that this oversight responsibility can be most efficiently performed by our audit committee as part of its overall responsibility for providing independent, objective oversight with respect to our accounting and financial reporting functions, internal and external audit functions and systems of internal controls over financial reporting and legal, ethical and regulatory compliance. Our audit committee will regularly report to our board of directors with respect to its oversight of these areas.

Board Meetings

The board of directors held 4 meetings during 2013. Each director serving on the board of directors in 2013 attended at least 75% of the total number of meetings of the board of directors and committees on which they served during the time they served on the board of directors. Under our corporate governance guidelines, each director is expected to devote the time necessary to appropriately discharge his responsibilities and to rigorously prepare for, attend and participate in all board of directors meetings and meetings of committees on which he serves.

Annual Meetings of Stockholders

The Company's directors are encouraged to attend our annual meeting of stockholders, but we do not currently have a policy relating to directors' attendance at these meetings. All of our directors at the time attended our 2013 annual meeting of stockholders.

Board Committees

Our board of directors has three standing committees: an audit committee, a compensation committee and a nominating and corporate governance committee. The composition and responsibilities of each committee are described below. Members will serve on these committees until their resignation or until otherwise determined by our board of directors.

Audit Committee

Our audit committee is a standing committee of our board of directors. The audit committee met 4 times in 2013. The functions of our audit committee include:

- appointing and determining the compensation for our independent auditors;
- establishing procedures for the receipt, retention and treatment of complaints regarding internal accounting controls;
- and
- reviewing and overseeing our independent registered public accounting firm.

Our audit committee currently consists of Ira Zecher, Starlette Johnson and Saed Mohseni, with Ira Zecher serving as chairman. All of our audit committee members are independent as defined by Section 10A (m) (3) of the Securities Exchange Act of 1934 (the "Exchange Act") and the Nasdaq Marketplace Rules. We are also required to have at least one audit committee financial expert. Our board of directors has determined that Ira Zecher is an audit committee financial expert.

Our board of directors has adopted a written charter under which the audit committee operates. A copy of the charter, which satisfies the applicable standards of the SEC and the Nasdaq Global Select Market, is available on our website. The audit committee has the authority to engage independent counsel and other advisors as the committee deems necessary to carry out its duties.

Compensation Committee

Our compensation committee is a standing committee of our board of directors. The compensation committee met 6 times in 2013. The compensation committee's functions include:

- reviewing and recommending to our board of directors the salaries and benefits for our executive officers;
- recommending overall employee compensation policies; and
- administering our equity compensation plans.

Our compensation committee currently consists of Ira Zecher, Doug Schmick and Saed Mohseni, with Doug Schmick serving as chairman. All members of our compensation committee are independent as defined by Section 10(c) of the Exchange Act, Rule 10C of the Exchange Act Rules and the Nasdaq Marketplace Rules.

Our board of directors has adopted a written charter under which the compensation committee operates. A copy of the charter, which satisfies the applicable standards of the SEC and the Nasdaq Global Select Market, is available on our website. The compensation committee has the sole authority to retain and terminate compensation consultants to assist in the evaluation of director or executive officer compensation and the sole authority to approve the fees and other retention terms of such compensation consultants. The compensation committee may also retain independent counsel and other independent advisors to assist it in carrying out its responsibilities.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee is a standing committee of our board of directors. The nominating and corporate governance committee met 3 times in 2013. The functions of our nominating and corporate governance committee include:

- identifying individuals qualified to serve as members of our board of directors;
- recommending to our board nominees for our annual meetings of stockholders;
- evaluating our board's performance;
- developing and recommending to our board corporate governance guidelines; and
-