

Summerfest chief executive Don Smiley awarded \$1.292 million compensation in 2020



Bill Glauber

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The pandemic shut down Summerfest in 2020 but the Big Gig's boss still pulled down a good wage.

Don Smiley's total compensation package hit \$1.292 million, according to the latest federal tax filing from Milwaukee World Festival Inc.

More than half of the compensation wasn't paid out to Smiley immediately, though, under terms of Smiley's employment agreement.

Smiley is president and chief executive of the organization that oversees Summerfest. His compensation package is ultimately approved by the organization's 25-member board.

Smiley's total payout in 2020 included \$414,644 in salary, a \$109,454 bonus, \$26,635 in other nontaxable benefits like health coverage and \$17,932 in fringe benefits that include membership fees for two clubs.

The largest figure was \$723,403 in retirement and other deferred compensation.

Under Smiley's contract, the board sets aside about \$300,000 annually for its CEO —with the money invested in the stock market. The organization pays out the sum at the end of five years.

Smiley would lose this deferred compensation if he didn't meet benchmarks or quit before the end of the period.

The current five-year period ended Dec. 31, with Smiley due to receive the payout early this year.

"The board originally entered into the deferred compensation program as a mechanism to retain Don as a CEO," said Howard Sosoff, who chairs the board. "His performance was strong. The board was happy with what he was doing."

Smiley, hired as CEO in 2004, has overseen the massive rebuilding of the Summerfest stages, including the overhaul of the American Family Insurance Amphitheater that was completed during the pandemic.

The festival's momentum was stopped in 2020, when the pandemic forced Summerfest's first cancellation.

As a result, Milwaukee World Festival's revenue dropped from more than \$55.5 million in 2019 to \$6.1 million in 2020, according to the organization's

audited financial report. Summerfest paid the City of Milwaukee more than \$2 million rent during 2020.

Summerfest officials said they laid off eight full-time staffers, as well. Five of the positions have since been filled with another soon to be added.

The organization was able to land a \$10 million federal grant under COVID-19 relief. And in 2021, Summerfest was back up and running.

Sosoff defended Smiley's pay.

"I don't think everybody understands the magnitude of this organization," Sosoff said, pointing out that it takes all year to organize Summerfest as well as handle other events, including ethnic festivals.

Sosoff said the organization and Smiley are negotiating a new employment contract.

Smiley's compensation — first reported by Urban Milwaukee — drew harsh criticism from two members of Milwaukee's Common Council.

"What's the justification for these kinds of increases or even continuations given the pandemic and an organization that basically shut down," said Milwaukee Ald. Robert Bauman.

Bauman added: "I think the focus should be on the board of directors. No CEO earns anything without approval by the board of directors."

Ald. Michael Murphy called Smiley's compensation "out-of-whack with the marketplace."

"You can get very talented people making a lot less money and not charging as much at the gate," Murphy added.

Pabst Theater Group CEO Gary Witt called for "more transparency" from Milwaukee World Festival.

"As business operators we, like everyone else, felt the pinch of the pandemic," Witt said in a statement. "During this time, we had to address ways to maintain our staff and ensure cash flow so that we could stay in business. I can't imagine the pain that the Summerfest employees who were laid off felt when they read that Mr. Smiley received a huge raise to a total of over \$1.29 million in compensation, while they lost their jobs and Summerfest as an organization posted a ... deficit."