

COLORADO CHAUTAUQUA ASSOCIATION
COMPENSATION AND PERFORMANCE EVALUATION POLICY
(Senior Management)

Purpose

The purpose of this Compensation and Performance Evaluation Policy is to provide guidelines for determining the compensation of and conducting the performance evaluation of the Chief Executive Officer (the “CEO”) of the Colorado Chautauqua Association (the “Corporation”), and for overseeing the CEO’s determination of compensation of senior staff, which will assist the Corporation in recruiting and retaining talented individuals to serve in those positions while complying with applicable law.

Reasonable Compensation

Compensation paid to the CEO must be consistent with the Corporation’s charitable mission and values. In addition, it must not exceed what is “reasonable” within the meaning of Section 4958 of the Internal Revenue Code of 1986, which is the amount that would ordinarily be paid for like services by like enterprises (whether taxable or tax-exempt) under like circumstances. In determining the reasonableness of compensation, the CEO’s total compensation, including salary, benefits, deferred compensation, bonuses, perks, and incentives, must be taken into account.

In determining the reasonableness of compensation, the persons charged with responsibility for the determination should consider, among relevant factors such as the following: (1) the compensation paid by organizations (both taxable and tax-exempt) doing the same or similar types of work on the same or a similar scope (based on, for example, the amount of income or assets of the Corporation and the number of its employees) for functionally comparable positions; (2) the cost of living where the Corporation is located; (3) the geographic scope in which the Corporation must compete for talent; (4) the specific requirements and any special needs for the position; (5) the relation of the individual’s compensation to that of other employees of the Corporation; (6) the background, education, training, length of service, experience, and responsibilities of the individual; (7) any additional duties assumed by and the performance history of the individual, including his or her current performance evaluation; (8) the individual’s prior compensation history (within and outside the Corporation); (9) written offers from similar organizations for the services of the individual; and (10) amount of time the individual devotes to the Corporation.

Rebuttable Presumption of Reasonableness

To the extent reasonably feasible, when determining, supplementing, or modifying the compensation of the CEO, the person(s) determining the compensation should follow the

procedural requirements under Treas. Reg. § 53.4958-6 to establish a “rebuttable presumption” of reasonableness. Following these procedures will shift the “burden of proof” as to the reasonableness of the compensation from the Corporation to the IRS, thereby providing some protection for the CEO and those determining the compensation against personal penalties that could be imposed should the IRS determine the compensation to be unreasonable. These procedural requirements are summarized in Appendix A to this Policy.

Compensation Determination

The Executive Committee will review and make recommendations as to the total compensation package of the CEO, subject to the approval of the Board. Directors who do not meet the independence standard referred to in Appendix A of this Policy may not participate in the process.

The review and approval of compensation should take place upon contract initiation, and annually in connection with the CEO’s performance evaluation. Any modifications to compensation should be reflected as an amendment to the employment contract, if any.

Performance Evaluation

The Board Chair will conduct the performance evaluation of the CEO with input from all directors, with both the performance evaluation process and the report being subject to the approval of the Executive Committee. The Executive Committee will review and consider the performance evaluation report when making its compensation recommendation and determination for the CEO.

Performance evaluations should be conducted annually, separate and apart and prior to the compensation approval process, and should be documented in writing. The performance evaluation should take into account the job description and requirements, the extent to which the individual has met his or her performance objectives and goals and other relevant factors deemed appropriate by the person(s) conducting the evaluation. The evaluation should also include a self- assessment by the CEO of his or her own performance.

In addition to annual performance evaluations, the Board Chair should conduct less formal mid-year evaluations to provide substantive and constructive feedback to the CEO, guided by his or her performance goals and objectives.

Senior Staff

Annually, in connection with staff performance evaluations, the CEO will provide a confidential report to the Executive Committee identifying each employee holding a director position, a summary of their job duties, their new compensation, and the process followed by the CEO in determining their compensation. The CEO will include an update on senior staff accomplishments as part of the mid-year evaluation meeting with the Board Chair.

Responsibility

The Governance Committee will be responsible for oversight and periodic review of this Policy.

The Corporation reserves the right to amend or supplement this Policy at any time. This Policy supersedes and replaces any and all previous compensation or performance evaluation policies or statements approved by the Corporation with respect to the CEO.

Adopted by Board of Directors:

April 20, 2020



Printed Name: Dan Corson, Secretary

PROCEDURAL REQUIREMENTS FOR REBUTTABLE PRESUMPTION OF REASONABLENESS

The following summarizes the procedural requirements under Treas. Reg. § 53.4958-6 that should be followed to establish a “rebuttable presumption” that compensation paid to the CEO is reasonable. Persons approving the compensation may want to consider using the checklist attached as Appendix A-1 to facilitate compliance with these procedural requirements. However, failure to follow these requirements does *not* mean the compensation approved is not reasonable, but only that the rebuttable presumption cannot be invoked. Even if the person(s) approving the compensation are unable to satisfy each requirement, it’s generally considered beneficial to follow them to the extent possible.

1. Review and approval of the individual’s *total* compensation *in advance* by the Corporation’s Board of Directors, provided each person participating in the approval process is *independent*.
 - Independence means the person participating in the approval process (1) is not the individual being compensated or a family member; (2) is not in an employment relationship subject to the direction or control of the individual being compensated; (3) does not receive compensation which is subject to the approval of the individual being compensated; (4) has no material financial interest affected by the compensation arrangement; and (5) is not involved in a transaction that has been or will be approved by the individual being compensated.
2. Review and reliance on *appropriate comparability data* by the persons approving the compensation *prior* to making the compensation determination.
 - Comparability data is *appropriate* if, given the knowledge and expertise of the persons making the compensation determination, they have information sufficient to determine whether the total compensation is reasonable. Relevant information includes, without limitation, compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions; the availability of similar services in the geographic area of the Corporation; current compensation surveys compiled by independent firms; and actual written offers from similar organizations competing for the services.
3. *Adequate documentation* of the basis for the determination *concurrent* with the determination.
 - To be adequate, the documentation must describe: (1) the terms of the entire compensation package; (2) the date of approval; (3) the persons present during debate and those who voted; (4) the comparability data obtained and relied on and how the data was obtained; (5) if the total compensation falls outside the range of such comparability data,

the basis for that determination; and (6) any actions with respect to the determination by persons who were not independent.

- To be concurrent, the documentation must be prepared before the *later* of 60 days after the approval date or, if applicable, the next meeting of the persons approving the compensation. In addition, the documentation must be reviewed and approved by the persons approving the compensation as reasonable, accurate and complete within a reasonable time period thereafter.

MOTION

Move to approve the Compensation Policy as presented (or with the following amendments).

REBUTTABLE PRESUMPTION CHECKLIST

1. Name of disqualified person:
2. Position:
3. Duration of contract (1 yr., 3 yrs., etc.):
4. Terms of compensation package approved:
 - (a) Salary:
 - (b) Bonus, incentive pay or other contingent compensation:
 - (c) Deferred compensation (qualified and nonqualified):
 - (d) Fringe benefits, whether taxable or nontaxable (e.g., health and dental insurance, life insurance, severance payments, disability benefits, car or other expense allowances or reimbursements (other than pursuant to an accountable plan) and personal use of company assets):
 - (e) Liability insurance premiums:
 - (f) Foregone interest on loans:
 - (g) Other:
5. Total compensation approved:
6. Description of types of comparability data relied upon (e.g., current surveys compiled by independent firms, actual written offers, evidence of compensation paid by similar organizations for similar positions, phone inquiries, etc.):
 - (a)
 - (b)
 - (c)
 - (d)
7. Office and file where comparability data is kept:
8. How comparability data relied upon was obtained:

9. Range of total compensation per comparability data:
10. Explanation for any deviation from range of total compensation per comparability data:
11. Date compensation package was approved by authorized body:
12. Members of the authorized body who were present (indicate with X if voted in favor):
13. Names of and actions (if any) by members of authorized body having a conflict of interest:
14. Date of preparation of this Checklist (must be prepared by the later of next meeting of authorized body, or 60 days after authorized body approved compensation):
15. Date of approval of this Checklist by authorized body (must be within reasonable time after preparation of documentation above):