
NORTH TEXAS
COMMUNITY
FOUNDATION

Policy on Process for Determining Compensation

Purpose of policy – This policy sets forth the process for determining reasonable compensation for the President of the North Texas Community Foundation. Compensation for other employees is recommended by the President and approved in the annual budget.

Compensation – Includes salary, retirement benefits, group term life insurance, group disability insurance, and any other taxable fringe benefit. Expenses reimbursed solely through an accountable reimbursement plan and other working condition fringe benefits are not included in compensation.

The following factors are used in determining reasonable compensation:

1. the employee's qualifications;
2. the nature, extent, and scope of the employee's work;
3. the size and complexity of the organization;
4. a comparison of compensation paid with the employee's compensation;
5. the prevailing economic conditions;
6. the prevailing rates of compensation for comparable positions in comparable employers.

The process includes the following elements:

Review and approval – The compensation of the President upon employment and annually thereafter is reviewed and approved by the board of directors or executive committee of the Organization, provided that persons with conflicts of interest with respect to the compensation arrangement at issue are not involved in this review and approval.

Use of data as to comparable compensation – The compensation of the President is reviewed and approved using data as to comparable compensation for similarly qualified persons in functionally comparable positions at similarly situated organizations. Comparable data can be obtained from appropriate salary surveys or from at least three other similar organizations.

Contemporaneous documentation and recordkeeping – There is contemporaneous documentation and recordkeeping with respect to the deliberations and decisions regarding the compensation arrangement. Records must be prepared before the later of the next meeting of the authorized body or 60 days after the final action or actions of the authorized body are taken. Records must be reviewed and approved by the authorized body as reasonable, accurate and complete within a reasonable time period thereafter.

The minutes of the meeting at which the compensation is determined will include:

1. The terms of the transaction that was approved and the date it was approved;
2. The members of the authorized body who were present during the debate on the transaction that was approved and those who voted on it;
3. The comparability data obtained and relied upon by the authorized body and how the data was obtained; and
4. Any actions taken with respect to consideration of the transaction by anyone who is otherwise a member of the authorized body but who had a conflict of interest with respect to the transaction.
5. If the authorized body determines that reasonable compensation is higher or lower than the range of comparability data obtained, the authorized body must record the basis for its determination.
6. Every component of the compensation, including the dollar cost of each component must be included in the minutes.