

5.04 CEO Compensation and Benefits

Date Adopted/Last Revised: Month #, 20XX

Note: Capitalized terms not otherwise defined in this Board Policy have the meanings set forth in the Definitions section of Board Policy 1.01. Should any provision in this policy contradict any provision of California law, California law shall control.

Purpose

The CEO is a principle representative of the 32nd DAA and is responsible for the effective operation of the organization. The purpose of this policy is to ensure that the CEO is provided with fair and reasonable compensation for the execution of their critical role.

Policy

Under the authority of Article IV in the Board Bylaws, the Board has the responsibility to determine the compensation of the CEO—including salary and benefits. It is the policy of the 32nd DAA that the Board will review the CEO's compensation on an annual basis.

The 32nd DAA's philosophy on executive compensation is based on the intent to recruit and retain a high-quality and experienced leader who can effectively execute on the 32nd DAA's mission and strategic priorities. Executive compensation is determined by three factors:

1. Comparability data (for example, market review or benchmarking against similarly situated organizations)
2. Individual and organizational performance based on the CEO evaluation (see Policy 5.05)
3. 32nd DAA budget and financial condition

Independence

All Board Members, including the Board Chair, will operate independently without undue influence from the CEO. No member of the Board who is involved in setting compensation can

Comment [MR1]: The salary of the District's CEO is determined by law. CalHR maintains the salary structure for DAA CEOs - CEOs are classified by CalHR as Secretary-Manager VII (class code 4812). Executive compensation must be consistent with CalHR's salary structure. We may need to discuss further this language and determine whether it is necessary or appropriate.

be a relative of the CEO or have any relationship with the CEO that could present a conflict of interest.

Comment [MR2]: See comment above.

Procedure

Executive compensation is determined based on the factors described above, and must be confirmed in writing. This determination takes place in the first quarter of the fiscal year, with any changes to salary effective DATE.

Comment [MR3]: See comment above.

Comparability Data

To inform the compensation decision, the Board will obtain and review comparability data from similarly situated organizations. This data may include the following:

- Salary and benefit compensation studies by independent sources;
- Written job offers for positions at similar organizations;
- Documented telephone calls about similar positions at both nonprofit and for-profit organizations; and
- Information obtained from the IRS Form 990 filings of similar organizations.

Alternatively, the Board may commission a compensation study with an outside consultant for market review and benchmarking.

Comment [MR4]: See comment above.

Concurrent Documentation

To approve the compensation for the CEO, the Board must document how it reached its decisions, including the data on which it relied, in minutes of the meeting during which the compensation was approved. Documentation will include:

- A description of the compensation and benefits and the date it was approved;
- Board Members who were present during the discussion about compensation and benefits, and the results of the vote;
- A description of the comparability data relied upon and how the data was obtained; and
- Any actions taken (such as abstaining from discussion and vote) with respect to consideration of the compensation by any Board Member who has a conflict of interest with respect to the decision on the compensation and benefits.

Comment [MR5]: See comment above.