

Big Sky Institute For The Advancement Of Nonprofits

EXECUTIVE COMPENSATION POLICY

I. PURPOSE

- A. To assure that BSI is able to retain high quality executive leadership by providing reasonable compensation.
- B. To assure that decisions regarding executive compensation are made through a process that is based on evaluation of performance and on data concerning comparability of compensation, and is free of potential conflicts of interest.

II. PERSONS WHOSE COMPENSATION IS SUBJECT TO THIS POLICY

- A. The Executive Director's compensation shall be reviewed under this policy.
- B. If at some point in the future, BSI employs persons performing executive management functions, such as those of a chief financial officer, those persons' compensations shall be reviewed in accordance with this policy.

III. ROLE OF THE EXECUTIVE COMMITTEE

- A. The Executive Committee of the Board is authorized to make recommendations to the full Board regarding executive compensation.
- B. Only those members of the Executive Committee who are free of conflicts of interest may be involved in evaluation of executive compensation. Examples of conflicts of interest that would disqualify a member of the Executive Committee from being involved in executive compensation decisions include: (i) being related to the person being evaluated; and (ii) being employed and supervised by the person being evaluated.
- C. The Executive Committee should base its recommendations on two principal factors:
 - 1) A current evaluation of the performance of the Executive Director, based on the degree to which the he or she has met performance goals previously established by the ED and the Executive Committee; and
 - 2) Appropriate data as to how the ED's compensation compares to that of other ED's with similar responsibilities in organizations of similar size and mission. Such data will be referenced in the minutes of Executive Committee meetings in which the ED's compensation is considered. If the Executive Committee does not have data as to comparability, it shall document any other bases for believing the proposed compensation is reasonable.
- D. The Executive Committee shall make this determination at least once annually.

IV. FINAL BOARD ACTION

- A. Only those directors who are free of conflicts of interest may vote on executive compensation (see III.B. for examples of conflicts of interest).
- B. The Board shall review and approve the recommendation of the Executive Committee concerning executive compensation, after a review of comparability data or other evidence that compensation is reasonable, and shall substantiate its deliberation and decision in the minutes of meetings in which its deliberations take place.

Adopted by the Board on June 14, 2010.