

# Home Builders Association of Connecticut, Inc.

## **Chief Executive Officer<sup>1</sup>** **Compensation Policy**

This Policy on the Process for Determining Compensation applies to the compensation of the Chief Executive Officer (CEO) employed by the HBA of Connecticut. It is intended to comply with IRS governance guidance and best governance practices.

The process includes all of these elements: (1) review and approval without conflicts of interest; (2) review of data as to comparable compensation; and (3) contemporaneous documentation and recordkeeping.

- 1. Review and approval without conflicts of interest.** The compensation of the CEO shall be reviewed and approved by the Finance Committee, serving as the Personnel Committee as delegated to it by the bylaws of this organization, provided that any person(s) with conflicts of interest with respect to the compensation arrangement at issue shall not be involved in this review and approval.
- 2. Review of data as to comparable compensation.** The compensation of the CEO should be determined, within the financial capability of the HBACT, after review of available, credible and contemporary data as to comparable compensation for similarly qualified persons in functionally comparable positions at similarly situated organizations. However, this policy recognizes that obtaining the necessary comparison data to determine what is reasonable compensation for the CEO is sometimes difficult and expensive, and some positions may be so unique or some candidates so uniquely qualified that salary comparisons may not be feasible. This policy is designed to ensure that CEO compensation is not determined out of thin air but includes some objective and reasonable basis for determination.
- 3. Contemporaneous documentation and recordkeeping.** There shall be contemporaneous documentation and recordkeeping with respect to the deliberations and decisions regarding the CEO compensation arrangement. Such documentation shall be kept confidential and in safekeeping by the Treasurer and the CEO.

Adopted by the Board of Directors, January 14, 2009

---

<sup>1</sup> **Chief Executive Officer (CEO)** – Refers to the top management official (i.e., the person who has ultimate responsibility for implementing the decisions of the Organization’s governing body or for supervising the management, administration, and operations of the Organization) (The CEO may be termed the Administrator, Executive Vice President, Executive Officer, Executive Director, or President, if such term refers to the top management official, and not an elected governance officer or official). If any elected officers are to be compensated for their services to the association, or any other employees meet the IRS definition of “key employee” then this compensation policy shall be applicable to all such persons.