



MOUNTAIN STATES LEGAL FOUNDATION

COMPENSATION POLICY

I. PURPOSE.

This compensation policy confirms the reasonableness of the compensation level for key MSLF employees to ensure that MSLF does not engage in an "excess benefit transaction."

II. DEFINITIONS.

A. "Excess benefit transaction" means "any transaction in which an economic benefit is provided by MSLF directly or indirectly to or for the use of any disqualified person, and the value of the economic benefit provided exceeds the value of the consideration (including the performance of services) received for providing the benefit."

B. "Disqualified person" means "any person who is in a position to exercise substantial influence" over the affairs of MSLF and who receives compensation from MSLF, *i.e.*, the President and Chief Executive Officer, the Executive Vice President, Chief Operating Officer, and the General Counsel and Corporate Secretary.

C. "Compensation package" means "direct compensation (salary, bonuses, pension plan contributions, etc.), as well as indirect compensation (payments for medical, dental, life, and disability insurance, etc.)."

III. PROCEDURES.

A. The Executive Committee shall be responsible for implementing MSLF's compensation policy.

B. The Executive Committee shall review and approve a reasonable compensation package for "disqualified persons" who are MSLF's key employee officers, *i.e.*, the President and Chief Executive Officer, Executive Vice President, Chief Operating Officer, General Counsel, and Corporate Secretary. This review and approval shall occur annually at the October Executive Committee meeting.

In conducting its review and approval, the Executive Committee shall review individuals in comparable positions at for-profit and non-profit

organizations and governmental agencies. This information should include, *inter alia*, the following:

- Salary and benefit compensation studies by independent sources;
- Posted job offers for similar positions at for-profit and non-profit organizations and government agencies;
- Informal but documented surveys about similar positions at for-profit and non-profit organizations and governmental agencies;
- Compensation information obtained from the IRS Form 990 filings non-profit organizations and/or
- Cost-of-living adjustments so that the information is comparable to the geographical area of MSLF's offices, *i.e.*, the Denver metropolitan area.

C. The Executive Committee shall document its review and approval in detailed minutes of the meeting during which the compensation packages were reviewed and approved. These minutes shall include, *inter alia*, the following:

- The date the review and approval was performed;
- A description of the comparability information relied upon and how the information was obtained;
- Those persons who were present during the discussion(s) about compensation and during the vote(s) taken;
- A determination that the compensation package approved for MSLF's key employee officers is reasonable;
- Whether any disqualified persons were present during the compensation discussion(s) and/or vote(s); and
- Whether any members of the Executive Committee abstained from the compensation discussion(s) and/or vote(s).