

NEBRASKA FFA FOUNDATION EMPLOYEE APPRAISAL AND COMPENSATION POLICY

This policy on Employee Appraisal and Compensation (this "Policy") of the Nebraska FFA Foundation (the "Foundation") applies to the following persons employed by the Foundation: (1) Executive Director; and (2) other Foundation staff, both full time and part time (each a "Staff Member"). The Executive Director and Staff Members may be referred to collectively as "Staff" in this Policy where context requires.

1.0 PERSONNEL MANAGEMENT STRUCTURE

Purpose

The purpose of this Policy is to set forth a framework in which the Foundation's Board of Directors (the "Board"), the Executive Committee thereof, and the Executive Director may systematically create and implement strategies and tactics to reward and manage employee performance. This framework includes the roles and responsibilities of the Executive Director and the Executive Committee in establishing and implementing personnel policies related to performance management and compensation.

Policy

- A. **Oversight Responsibility.** The Executive Committee will review and recommend to the Board policies and/or actions including but not limited to the following areas:
- Organizational structure of the Foundation, including authorization of additional positions.
 - Employee compensation levels and benefits packages.
 - Personnel policies and procedures.
 - The process for employee performance appraisals.
 - The procedure for requesting variances from established personnel policies and procedures.
 - Input into hiring decision for Executive Director.
 - Other personnel-related matters as required by the Executive Director, the Board or Board President.
- B. **Authority to Act.** The Board believes the Executive Director is best suited to act as the chief executive and administrative officer of the Foundation. Accordingly, the Board has provided the Executive Director the authority and responsibility to administer and interpret the personnel policies and procedures as established by the Executive Committee.
- C. **Delegation of Duties.** The Executive Director will administer the personnel function of the Foundation in a consistent and uniform manner, it being understood that the Executive Director may delegate certain responsibilities to other Staff Members from time to time.
- D. **Director Discretion.** The responsibilities and decision-making authority outlined in this Policy are not intended to be exhaustive. Personnel issues not addressed in this policy will be reviewed by the Executive Director for a decision. As appropriate, the Executive Director may present such issues to the Executive Committee for further clarification.
- E. **Management Structure.** Exhibit A attached hereto outlines the current roles and management structure of the Foundation.

Procedures

- A. The Board, in compliance with the Foundation's By-laws, will appoint an Executive Committee.
- B. The Executive Committee will meet as needed to fulfill the responsibilities and functions outlined herein.
- C. The Executive Director will administer the personnel policies and procedures in a consistent manner. An employee of the Foundation may file a grievance to seek recourse to policies and actions which he/she believes are not consistent.
- D. The Executive Director and the Executive Committee will meet at least annually to review staffing and compensation of Staff Members.

2.0 PERFORMANCE APPRAISAL

Purpose

This section is intended to set forth a process by which the job performance of each employee at the Foundation is appraised for the purposes of development, merit review, promotion, discipline or termination.

Policy

- A. **Appraisal Process.** The employee performance appraisal process will be utilized to provide Staff with full and accurate information concerning their performance, including but not limited to strengths, skill growth and development, positive performance elements, and areas of improvement. This process is ongoing and is not limited to a formal written form once a year. Informal discussions should be conducted throughout the year, with progress summarized in the formal written performance appraisal.
- B. **Review Considerations.** Performance appraisals will include an assessment of job duties performed, including competency, initiative, attitude, and attendance, as well as other factors affecting job performance. The results of the employee appraisal process will be one factor used in making decisions on merit pay increases. This appraisal provides a basis for linking employee performance to merit increase considerations. Similarly, areas where Staff have struggled or failed to improve should be documented to support performance improvement plans, discipline, or termination, if applicable.
- C. **Executive Director Appraisal.** Formal performance appraisals of the Foundation's Executive Director will be conducted at least annually and may be conducted at any other time as deemed necessary by the Executive Committee. An Executive Director in the introductory period (which shall extend for a period of 12 months) will be appraised on performance as frequently as necessary, but at least at three and six month intervals.
- D. **Staff Appraisals.** Formal performance appraisals of the Foundation's Staff Members will be conducted at least annually and may be conducted at any time as deemed necessary by the Executive Director. New Staff Members within their first six months of employment with the Foundation will be appraised on performance as frequently as necessary, but at least at three and six month intervals.

Procedures

- A. The performance appraisal of the Executive Director will be conducted by the Executive Committee.
- B. The immediate supervisor (Executive Committee for the Executive Director) should continuously assess and discuss the performance of each employee under his/her supervision with that employee. A formal, written performance appraisal should not contain surprises for the employee being appraised, as strengths, problems and issues should be addressed as they occur in informal discussions.
- C. The immediate supervisor will complete a performance appraisal form at least annually. All performance appraisals, other than that of the Executive Director, must be approved by the Executive Director prior to discussion or review with the employee.
- D. The employee will sign his/her own appraisal form and the appraisal to indicate that the contents were reviewed with him/her.

For Staff Members, the Executive Director will document any differences in opinion and/or ask the employee to comment in writing on the appraisal. If the employee refuses to sign the form, the Executive Director will document the meeting and that the employee refused to sign the form.

For the Foundation's Executive Director, the Board President will document any differences in opinion and/or ask the Executive Director to comment in writing on the appraisal. If the Executive Director refuses to sign the form, the Board President will document the meeting and that the Executive Director refused to sign the form.

- E. All performance appraisal forms will become part of the evaluated employee's personnel file.
- F. The Executive Committee shall approve the written performance appraisal form to be used by the Foundation no later than the start of the fourth quarter of the fiscal year during which such form of appraisal shall be used. For reference, the form of appraisal was last reviewed and approved by the Board in 2014.

3.0 EMPLOYEE COMPENSATION - SALARIES

Purpose

The Foundation will pay a competitive total compensation package to each employee to help attract, retain, and reward performance and contribution toward achieving the Foundation's objectives and mission. The Foundation's compensation program is, when aligned with an effective performance management and career development approach, supports, reinforces, and aligns the Foundation's values, strategy, operational, and financial needs with a goal of sustained growth and profitability.

Policy

Determination of Staff Member compensation is the responsibility of the Executive Director with review and approval by the Executive Committee. Determination of the Executive Director's compensation is the responsibility of the Executive Committee with review and approval by the Board.

Procedures

- A. **Job Descriptions.** Descriptions of job responsibilities, functions, qualifications, and other appropriate information will be maintained for each of the Foundation positions. These job descriptions will be updated as needed by the Executive Director. All job descriptions for new positions or job descriptions resulting from shifts in responsibility will be submitted to the Executive Committee for review and approval.
- B. **Classification.** Employee classification, whether exempt or non-exempt, will be determined through assessing job responsibilities based on autonomy, decision-making authority, and other dimensions commonly associated with the job duties test of the Fair Labor Standard Act (FLSA). Salaried Foundation employees will be paid at or greater than the then-in-effect minimum FLSA salary levels.
- C. **New Hires.** Wage decisions for new hires will be based on qualifications and experience as approved by the Executive Director and Executive Committee in line with approved wage ranges.
- D. **Merit Increases.** Wage adjustments are generally considered merit increases and are based on performance, improvement and assumption of increased responsibility. Eligibility for merit pay increases will be reviewed within two weeks of the end of the Foundation's fiscal year. Merit pay increases will be based on a performance appraisal, although completion of a performance appraisal does not imply or guarantee an increase. It is generally expected that merit increases will be based on quality of job performance and/or continuing expansion of job responsibilities. On balance, merit increases are expected to be 0-4% annually, absent compelling circumstances.
- E. **Benchmarking.** The Board believes strongly that the success of the Foundation is tied directly to the strength of performance of its Executive Director and Staff Members. Because of this, the Executive Committee and Executive Director will, on an annual basis, benchmark Executive Director and Staff Member compensation information with available industry surveys and other resources for comparison purposes to formulate applicable compensation recommendations.

The Foundation strives to provide base salaries of Staff that are at or equivalent to the 50th percentile of the market for comparable roles/job responsibilities for fully proficient Staff that meet expectations for their role. Staff consistently performing above expectations who have demonstrated proficiency in their role may be rewarded with higher base pay if circumstances and budgetary capacity permit.

- F. **Job Changes.** From time to time, shifts in job responsibilities necessitate that Staff Members be promoted or demoted as the case may be. All position changes must be authorized by the Executive Director and approved by the Executive Committee prior to taking effect. Promotions involve a distinct increase in job responsibilities and a change in job duties and are generally accompanied by an increase in wages based on the acceptance of greater responsibility. Demotions involve a reduction in position and/or wages and occur when the employee would otherwise be laid off due to a position being

eliminated, reclassified, lack of funds, or when an employee cannot perform in his/her current position satisfactorily but could perform satisfactorily in a different position.

4.0 EMPLOYEE COMPENSATION – INCENTIVE COMPENSATION

Purpose

Incentive compensation (bonus) is an important tool to reward outstanding performance in any particular year where an employee has not only met but exceeded expectations well beyond what was reasonably expected under the circumstances.

Policy

Bonuses for Staff shall be based upon their own achievement of performance goals, personal contributions, and performance in the year. Incentive compensation is not guaranteed and remains subject to available funds in any particular year. Determination of Staff Member incentive compensation is the responsibility of the Executive Director with review and approval by the Executive Committee. Determination of the Executive Director's incentive compensation is the responsibility of the Executive Committee with review and approval by the Board.

Procedures.

- A. **Alignment with Performance Appraisal.** Individual performance contributions will be assessed based on the development and achievement of performance goals as established by the Staff Member and approved by the Executive Director (or approved by the Executive Committee as in the case of the Executive Director's goals).
- B. **Certification of Performance Goal Achievement.** From time to time individual and shared goals may be used by the Executive Director to motivate and incentivize performance. Where quantitative metrics can be used to indicate progress to achievement, such metrics will be integrated into measurements for goal achievement and progression. The assessment of qualitative metrics of individual goal performance and whether such metrics have been achieved for Staff Members will remain in the sole discretion of the Executive Director.
- C. **Financial Performance – Foundation.** Staff eligibility for annual performance bonuses shall be contingent upon the Foundation's financial condition at the end of each fiscal year. For the avoidance of doubt, the Foundation must have positive Net Operating Revenue from Operations for the year in order for Staff to be eligible for bonus consideration. Such Net Operating Revenue from Operations shall be determined based on the Foundation's auditors report to the Board during the Fall FFA Foundation Board meeting.
- D. **Bonus Pool.** Each year the Foundation shall accrue an amount equal to 7% of total salaries and wages to be used as a bonus pool. Bonuses to the Executive Director and Staff Members shall be paid from this bonus pool. The presence of a pool is no guarantee of any particular bonus being paid at any particular level year to year.
- E. **Executive Director Discretion – Annual Performance Bonuses.** The Executive Director shall be responsible for the determination of actual bonus amounts as part of his/her annual review of each Staff

Staff Member's total compensation package. These recommended bonus amounts shall then be presented to the Executive Committee for review and approval. It is expected that the Executive Director's recommendation will be given strong deference, particularly when proposed Staff Member bonus amounts are cumulatively equal to or less than the budgeted amount for Staff Member bonuses.

- F. **Executive Director Discretion – Spot Bonuses for Staff.** The Executive Director shall be responsible for the ongoing assessment of each Staff Member's performance throughout the year. From time to time a Staff Member's performance may exceed expectations and merit a bonus outside of the annual performance bonus cycle (each a "Spot Bonus"). The Executive Director shall have the discretion each year to award Spot Bonuses to some or all Staff Members up to an aggregate of \$1,500 (the "Spot Bonus Cap"). The Spot Bonus Cap shall be subject to periodic review by the Board to determine if such funding level remains aligned with incentivizing and rewarding Staff Members appropriately during the year. The Executive Director shall report any Spot Bonus awards to the Executive Committee following the award of such a Spot Bonus to a Staff Member to ensure transparency and visibility into strong Staff Member performance.
- G. **Executive Director – Bonus Determination.** The Board shall be responsible for determining the actual bonus amount for the Executive Director as part of its annual review of his/her total compensation package. Such determination shall be based on a recommendation to the Board by the Executive Committee.
- H. **Timing.** Annual performance bonuses shall be paid in October following the completion of the Foundation's fiscal year. Staff Members must be an active employee on the bonus pay date to receive a bonus based on performance during the prior fiscal year.

Adopted by the Board of Directors of the Nebraska FFA Foundation on _____, 2009.

As Amended and Restated by the Board of Directors of the Nebraska FFA Foundation on _____, 2021.

As Amended and Restated by the Board of Directors of the Nebraska FFA Foundation on Monday, Feb. 28, 2022.

Board Secretary

Katherine Byrne - Katherine Byrne