

# **National Limousine Association, Inc.**

## **Compensation Policy**

In compliance with Internal Revenue Service (“IRS”) guidelines for approval of senior management compensation, the Board of Directors (“Board”) of the National Limousine Association, Inc. (“NLA”) shall adhere to the following review and approval guidelines.

### **Individuals Subject to this Policy (defined as “Covered Individuals”):**

- **Chief Employed Executives:** The individual or individuals who have the ultimate responsibility for implementing the decisions of the NLA’s governing body or for supervising the management, administration, or operations of the NLA, including the NLA’s top management official and top financial official. If this ultimate responsibility resides with two or more individuals who may exercise such responsibility in concert or individually, then each individual should be included.
- **Officers:** A person elected or appointed to manage the NLA’s daily operations, such as a President, Vice-President, Secretary, or Treasurer. The officers of an organization are determined by reference to its organizing document, bylaws, and include, at a minimum, those officers required by applicable state law.
- **Key Employees:** Individuals who are not a Chief Employed Executive or an Officer of the NLA, but who meet all of the following criteria:
  1. **\$150,000 Threshold.** The individual receives reportable compensation<sup>1</sup> from the NLA and all related organizations<sup>2</sup> in excess of \$150,000 for the calendar year ending with or within the NLA’s tax year;
  2. **Responsibility Criteria.** The individual:
    - a) has responsibilities, power or influence over the NLA as a whole similar to those of Chief Employed Executives, officers, directors, or trustees;
    - b) manages a discrete segment or activity of the NLA that represents 10% or more of the activities, assets, income, or expenses of the NLA, as compared to the NLA as a whole; or

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<sup>1</sup> Compensation that is reported on Form W-2, Box 5, or in Box 1 if the employee’s compensation is not reported in Box 5, or Form 1099-MISC, Box 7, filed for the calendar year ending with or within the NLA’s tax year.

<sup>2</sup> An organization that stands in one or more of the following relationships to the filing organization: (1) Parent – an organization that controls the filing organization; (2) Subsidiary – an organization controlled by the filing organization; (3) Supporting/Supported – an organization that is (or claims to be) at any time during the organization’s tax year (i) a supporting organization of the filing organization within the meaning of Internal Revenue Code Section 509(a)(3), if the filing organization is a supported organization within the meaning of Internal Revenue Code Section 509(f)(3), or (ii) a supported organization, if the filing organization is a supporting organization.

- c) has or shares authority to control or determine 10% or more of the NLA's capital expenditures, operating budget, or compensation for employees.
3. Top 20 Limitation. In addition to meeting the above-identified \$150,000 threshold and the Responsibility Criteria, the individual is one of the top 20 most highly compensated employees (including all income from the NLA and related organizations) for the calendar year ending with or within the NLA's calendar year.

### **Procedure for Approving Compensation**

In reviewing and approving the compensation of any Covered Individuals, the Board, or its Finance Committee pursuant to delegation of authority from the Board (referred to as the "Approval Body" below), shall utilize the following process:

1. Impartial Decision Makers. The compensation arrangement must be approved in advance (before any payment is made) by the Approval Body composed entirely of individuals who do not have a conflict of interest with respect to the compensation arrangement (example: neither the executive whose compensation is being determined nor any of his/her family members may be present during the discussion/debate or participate in the vote).
2. Comparability Data. When the Approval Body is considering compensation to be paid to Covered Individuals, it must rely on comparability data that demonstrate the fair market value of the compensation in question. For example, when crafting compensation packages, the Approval Body must secure data documenting compensation levels for similarly qualified individuals in like positions at like organizations. This data may include the following:
  - a) expert compensation studies by independent firms;
  - b) written job offers for positions at similar organizations;
  - c) documented telephone calls about similar positions at both nonprofit and for-profit organizations; and
  - d) information obtained from the IRS Form 990 filings of similar organizations.
3. Concurrent Documentation. The Approval Body must document how it reached its decisions, including the data on which it relied. To qualify as concurrent documentation, written or electronic records of the Approval Body (such as meeting minutes) must note:
  - a) the terms of the compensation and the date such compensation was approved;
  - b) the members of the Approval Body who were present during the debate on the compensation that was approved and those who voted on it;
  - c) the comparability data obtained and relied upon and how the data were obtained; and

- d) any actions taken with respect to consideration of the compensation by anyone who is otherwise a member of the Approval Body but who had a conflict of interest with respect to the decision on the compensation.