

Insider Compensation

PURPOSE

This policy establishes the circumstances for the compensation of Insiders.

DEFINITION OF INSIDER

“Insider” for the purpose of this policy means persons who, at any time during the five-year period ending on the date of the transaction in question, were a:

- Board member, staff member or volunteer committee member,
- Major donor who individually, as a couple, family, partnership or corporation have ever donated \$10,000 or more in cash, stock, land or other asset, or
- A related party to the above including, spouse or domestic partner, and parents, siblings, children, grandchildren, and their spouses.

POLICY

With the exception of paid staff members, Insiders are not compensated except for reimbursement of expenses and, in some special circumstances, for professional services that would otherwise be contracted out. Paying an Insider for services raises questions of private inurement under the Internal Revenue Code and must be decided with caution. Decisions to pay an Insider must be made in an open, deliberative process. To ensure appropriate Insider compensation, WCLT will:

1. **Reimburse Insiders only for expenses related to Land Trust activities that are approved in advance** and managed by a designated staff member or the Treasurer, who must be unrelated to the Insider.
2. **Neither directly, nor indirectly, compensate the board chair or treasurer** for services.
3. **Contract with an Insider to perform professional services only** under all of the following special circumstances:
 - **Hiring the Insider provides a clear benefit and advantage** to the Land Trust.
 - **The payment is at, or below, market rate as** determined through a bid process, or by getting quotes on rates for similar services, in accordance with *Policy 6.1.1 Internal Controls*.
 - **The work in question furthers the organization’s purposes** as stated in the Articles of Incorporation and Bylaws.
 - **A written agreement** outlining the terms and compensation is distributed to all board members.

- **The contract is approved by the board at a board meeting, without the presence of the affected Insider**, including during discussions on the hiring.
 - **The board minutes document the benefits and advantages** of hiring the Insider and include a board finding that a more advantageous arrangement could not have been obtained with reasonable effort under the circumstances.
4. **Evaluate whether a board member should resign because they can best serve the Land Trust in a professional capacity**, absent compelling countervailing considerations.

Approved: March 06, 2006

President, Board of Directors