

**Cottonwood, Incorporated
Policies and Procedures**

SECTION: Governing Board
SUBJECT: Executive Compensation
EFFECTIVE DATE: March 2009

POLICY NO: 01-006
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Policy:

Cottonwood, Inc. has policies and procedures in place addressing Salary Administration, Salary Adjustments, and Performance Evaluations for employees of the organization. Overall, it is the policy of Cottonwood, Inc. to pay wages and salaries which are based upon the nature of the job performed and which are competitive with rates being paid for similar work by other employers in the community.

Procedures:

With regard to compensation for the CEO position, the Executive Committee of the Board of Trustees serves as the committee responsible for review and approval of any salary adjustment. The Executive Committee of Cottonwood, Inc. evaluates the performance of the CEO through an annual written review process. The Executive Committee then determines the compensation level for the following year. To assist in that process, market comparative data is obtained from similar organizations in Kansas. Additionally, national market comparative data related to functionally comparable positions is also obtained and shared with the Committee.

The president of the Board meets with the CEO to review the results of the evaluation and to set the compensation for the following year.