



Executive Compensation Committee

Meeting Minutes

Friday, August 28, 2020

A meeting of the Executive Compensation Committee of the Hass Avocado Board (HAB) was held via zoom video conference on Friday, August 28, 2020 at 2:00 p.m. with the following people present:

COMMITTEE MEMBERS PRESENT

Jorge Hernandez, Chair
Dave Faussetr
Jim Donovan
Laurie Luschei
Scott Bauwens

GUESTS PRESENT

Sue Coleman, USDA

CALL MEETING TO ORDER

Committee Chair, Hernandez called the meeting to order at 2:00 p.m. with a quorum present.

ANNOUNCEMENTS

There were no announcements.

APPROVAL OF AUGUST 1, 2018, CONFERENCE CALL MINUTES

Chair Hernandez asked for a motion to approve the August 1, 2018, minutes.

MOTION: The Hass Avocado Board Executive Compensation Committee approves the August 1, 2018, Executive Compensation Committee minutes as presented (Bauwens) Motion Adopted

CLOSED SESSION

Chair Hernandez informed the committee that they would be going into closed session to discuss the annual evaluation and compensation of the HAB Executive Director.

2:04 PM CLOSED SESSION BEGAN

2:21 PM CLOSED SESSION ENDED

2:21 PM RECONVENE COMMITTEE MEETING

NEW BUSINESS

Chair Hernandez asked the committee to consider a recommendation to the Board to change the Performance Evaluation and Compensation of the Executive Director Policies and Procedures on the use of an independent third party consultant on compensation, like the services provided by SmithPilot in 2019.

MOTION: The Hass Avocado Board Executive Compensation Committee recommends to the HAB amending the Performance Evaluation and Compensation of the Executive Director Policies and Procedures to use an independent 3rd Party consultant on compensation every two years. (Fausset) Motion Adopted

Committee members expressed a concern on cost and requested staff to obtain a proposal from the former consultant SmithPilot for 2021. Another consideration was every three years.

Chair Hernandez thanked everyone for their time and input.

ADJOURN

Chair Hernandez asked for a motion to adjourn the meeting.

MOTION: The Hass Avocado Board Executive Compensation Committee approves the adjournment of the August 28, 2020 Executive Compensation Committee (Bauwens) Motion Adopted

Chair Hernandez adjourned the meeting at 2:33 pm PDT.

Respectfully Submitted,

Susan M. Coleman
USDA Marketing Specialist

Need Committee Approval



Performance Evaluation and Compensation of the Executive Director

Policies and Procedures

POLICY FOR THE EVALUATION OF THE EXECUTIVE DIRECTOR

Philosophy of Executive Performance Review Policy

An important component of the board's responsibilities is the board's duty to oversee and conduct an annual Executive Director's performance review and appraisal. To assist the board in meeting its duty, the board has delegated to the Chairperson the responsibility to monitor and evaluate the Executive Director on an ongoing basis to ensure that he or she is effectively carrying out the responsibilities of the position, and has the support needed to be effective. The primary purpose of performance appraisal is to help the Executive Director perform most effectively in support of the vision, mission, strategies and goals of the organization, to highlight critical areas of focus, to provide performance guidance where necessary, and to provide a competent and thoughtful basis for subsequent review of the Executive Director's compensation.

Executive Director Job Description

The Executive Director's job description shall be reviewed regularly by the Chairperson and at least annually by the board to ensure it is updated and in alignment with the vision and mission and strategic priorities of the Board.

Process for the Annual Performance Evaluation of the Executive Director

Definitions

The evaluation period of the Executive Director, referred to as the "period", will be from October of the current year to September of the following year.

The period referred to as the "board term" is from November 1st of the current year to October 31st of the following year.

The last board meeting of the board term above is the meeting scheduled before the annual meeting, scheduled between August and October.

Executive Director's Annual Goals & Objectives

Each year, between the HAB's annual meeting and the end of the year, using the Hass Avocado Board Executive Director performance appraisal form, the Executive Director shall prepare and submit to the Chairperson, in writing, proposed individual and organizational goals and objectives for the current evaluation period. New or existing long term strategic goals that extend beyond the evaluation period will also be included. The Chairperson shall review the proposed goals and objectives and work with the Executive Director on a final version to be presented in closed session to the full board at the first meeting of the calendar year (so long as that meeting takes place before the end of February). If the first board meeting of the year takes place after February, the Chairperson will present the goals in closed session to the executive committee no later than February 28th for the committee to approve the goals on behalf of the full board. The board, Chairperson and Executive Director understand and agree that goals may change within the evaluation period based upon business plan changes, funding and other priorities. Any changes in goals shall be made between the Executive Director and the Chairperson. Updated goals and objectives along with justification for any changes will be presented to the board in closed session at the next board meeting.

Chairperson's Evaluation and Executive Director Self-Evaluation

Each year, 30 days prior to the last board meeting of the board's term, using the Hass Avocado Board Executive Director performance appraisal form, the Executive Director shall present a self-evaluation of his or her progress for the current year to the Chairperson. The self-evaluation shall report on progress against the objectives set at the beginning of the year between the Executive Director and the Chairperson. The evaluation will also track and record progress against long term strategic goals that extend beyond the evaluation period.

Concurrent with the Executive Director's self-evaluation, the Chairperson shall solicit views on the performance of the Executive Director from members of the Executive Committee and, at his/her discretion, from other committee chairs whose committees were actively working with the Executive Director during the evaluation period. Any assessment may be conducted through use of an online assessment tool, through telephone conversations, in person or by other means. The Executive Director and Chairperson will meet to conduct a final evaluation which will be presented to the Executive Compensation Committee prior to the full board in closed session.

Board Evaluation of Performance and Approval of Compensation

During a Closed Session of the last board meeting of the board's term, with the Chairperson facilitating the discussion, the board shall review and come to agreement on the performance recommendations to the Executive Director. Following the Executive Director's evaluation, in Closed Session the board shall review and set the compensation of the Executive Director based on the recommendation from the Executive Compensation Committee as more fully detailed in the **Policy for Compensation of the Executive Director**.

Following the Executive Director's performance review and no later than October 31st, the Chairperson shall: (1) prepare the final evaluation for the Executive Director, (2) meet in person with the Executive Director to review his or her performance, provide feedback on behalf of the board and (3) discuss compensation approved by the board in accordance with the performance review.

POLICY FOR COMPENSATION OF THE EXECUTIVE DIRECTOR

Philosophy of Executive Director Compensation Policy

The board's objective is to provide a compensation package for the Executive Director consistent with market-based compensation practices for individuals in functionally comparable positions at similarly situated organizations.

The Board's Executive Director Compensation should be aimed at:

- Encouraging the attraction and retention of a high-caliber Executive Director
- Provide a competitive total compensation package, including benefits, consistent with the organization's financial resources
- Ensure that pay is fair and reasonable

The organization will obtain and assess comparable data to benchmark total compensation for the Executive Director. The determination of the appropriate level of his or her compensation should reflect the organization's mission, strategies, and leadership needs, current compensation, staff size, job location, longevity of the organization, geographic reach and other factors. The compensation program is designed to be flexible so that compensation can be above or below the median based on experience, performance, and business needs to attract and retain the Executive Director.

Process for Evaluating the Compensation of the Executive Director

The Executive Compensation Committee of the board shall be responsible for recommending the compensation package for the Executive Director to the full board on an annual basis. No later than 21 days prior to the last meeting of the board's term, the Executive Compensation Committee shall meet in closed session to (1) review relevant information pertaining to the Executive Director's compensation including the chairman's performance evaluation and (2) make a final recommendation of total compensation to the board. Pursuant to the **Policy for the Evaluation of the Executive Director**, the committee will present its recommendation to the board in closed session during the board performance review of the Executive Director.

The findings and recommendation of the Executive Compensation Committee will be documented to include the data relied upon and the basis for the recommendation. In order to ensure that the compensation afforded to the Executive Director meets the organization's philosophy and objectives the following steps will be followed:

1. The committee will obtain Sr. Director of Finance and Administration the Executive Director's current and last year's total compensation, including base, bonus, retirement contribution and benefits.
2. The chairperson of the board will provide his or her performance evaluation of the Executive Director to the committee in a closed session meeting.
3. Starting in 2021, the board, through the executive compensation committee, will work with a compensation specialist every other year to perform a comprehensive evaluation of the Executive Director's compensation package, based on the following guidance:

- The peer group for comparing market compensation shall be comprised of associations and advocacy groups with missions and metrics reasonably comparable to the Hass Avocado Board, including from state agricultural boards, commissions and trade associations, from related 501(c)(3) and 501(c)(6) organizations, which report compensation publicly, federal research and promotion boards, and marketing orders including:

Board	Location	2020 Estimated Assessment Revenue
United Soybean Board	St. Louis, Missouri	\$82.5 M
Fluid Milk Processors Promotion Program	Washington, DC	\$83.6 M
Cattlemen’s Beef Board	Denver, Colorado	\$41.5 M
National Pork Board	Des Moines, Iowa	\$68 M
Cotton Board	Memphis, Tennessee	\$75.6 M
American Egg Board	Chicago, Illinois and Washington DC	\$27 M
Paper & Packaging Board	McLean, Virginia	\$23 M
US Potato Board	Denver, Colorado	\$14.6 M

- Peer group compensation and benefit information obtained from the IRS 990 forms will be adjusted to current year of the review, and adjusted for regional salary differentials if needed.
 - Tables comparing the value of the Executive Director’s total remuneration (compensation and benefits) to market levels and showing the range of pay (25th percentile, median, 75th percentile) that is generally considered reasonable.
 - Peer group data will be supplemented with information from published compensation surveys, including those published annually by the American Society of Association Executives, GuideStar, PRM Consulting, the Economic Research Institute (ERI) and others if necessary.
4. On years when a compensation specialist is not contracted, the committee will determine current remuneration adjusted for cost of living and any merit-based adjustments.

Determination of the Compensation by the Executive Compensation Committee

The Executive Compensation Committee shall prepare and recommend to the Board a total compensation package. The total compensation package includes the Executive Director’s base salary, and bonus. The Executive Compensation Committee may provide a range for these amounts.

Determination of annual compensation

The board shall consider the recommendation of the Executive Compensation Committee and shall make the final determination for the Executive Director's compensation package and make budget adjustments as necessary. The board will review the compensation recommendation in closed session, including the report from the compensation specialist, when available, but shall report out its determinations so that minutes of the board meeting reflect the decision and the basis for it including the reasonableness of the compensation. The decision must be documented but maintained confidential and must include the following:

1. The basis for its decision
2. The written or electronic records of the authorized body must state the terms of the decision (e.g. the board in closed session, meeting date and time)
3. Date of approval of the decision
4. Identify the members of the authorized body present during the discussion on the transaction (closed session roll call sheet)
5. Record of the vote (e.g. # in favor # opposed)
6. Comparability data used (e.g. Executive Compensation Committee Recommendation, previous year compensation data)
7. Notation of how the body treated any individual with a conflict of interest in the transaction

The Executive Director will be apprised of the board's decision along with the Executive Director's review before October 31 as outlined within the Process for the Annual Performance Evaluation of the Executive Director. The review and compensation package will be documented by a written letter from the Chairperson to the Executive Director and copy the Sr Director of Finance and Administration and Treasurer.



Performance Evaluation and Compensation of the Executive Director

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Concurrent with the Executive Director's self-evaluation, the Chairperson shall solicit views on the performance of the Executive Director from members of the Executive Committee and, at his/her discretion, from other committee chairs whose committees were actively working with the Executive Director during the evaluation period. Any assessment may be conducted through use of an online assessment tool, through telephone conversations, in person or by other means. The Executive Director and Chairperson will meet to conduct a final evaluation which will be presented to the Executive Compensation Committee prior to the full board in closed session.

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The findings and recommendation of the Executive Compensation Committee will be documented to include the data relied upon and the basis for the recommendation. In order to ensure that the compensation afforded to the Executive Director meets the organization's philosophy and objectives the following steps will be followed:

1. The committee will obtain ~~from the VP of Finance~~ Sr. Director of Finance and Administration the Executive Director's current and last year's total compensation, including base, ~~auto-allowance~~, bonus, retirement contribution and benefits.
2. The chairperson of the board will provide his or her performance evaluation of the Executive Director ~~with to~~ the committee in a closed session meeting.
3. Starting in 2021, the board, through the executive compensation committee, will work with a compensation specialist every other year to perform a comprehensive evaluation of the Executive Director's compensation package, based on the following guidance:

3. ~~The committee will obtain a copy of the most recent version of “Association Compensation & Benefits Study” conducted by the American Society of Association Executives (ASAE)~~
4. ~~The committee will compare the Median, Mean, 25th % and 75th % CEO Base and Total Compensation Data from the ASAE study, for the criteria listed below, against the current base and total compensation of the HAB’s Executive Director~~

CRITERIA

- The peer group for comparing market compensation shall be comprised of associations and advocacy groups with missions and metrics reasonably comparable to the Hass Avocado Board, including from state agricultural boards, commissions and trade associations, from related 501(c)(3) and 501(c)(6) organizations, which report compensation publicly, federal research and promotion boards, and marketing orders including:

<u>Board</u>	<u>Location</u>	<u>2020 Estimated Assessment Revenue</u>
<u>United Soybean Board</u>	<u>St. Louis, Missouri</u>	<u>\$82.5 M</u>
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~~Trade association whose majority of funding comes from organizations~~

- ~~The total annual budget equals total revenue generated from assessments~~
- ~~Staff size range is 6 to 10 people~~
- ~~The Geographic Scope is primarily national and some international/global. At the metropolitan level HAB's scope is Washington D.C. due to our connection to the federal government.~~
- ~~HAB geographic region (where we are located) is: US, West/Pacific region, State of California, Orange County/Los Angeles~~
- ~~Industry/Interest Area: Food, management Marketing~~

5. ~~The Committee will obtain and review the most recent Publication on CEO Compensation as published by Agri-Pulse and compare the compensation information of the Hass Avocado Board with other Commodity Boards/Check-Off Programs of similar size budget and size, within the same time frame, examples from 2016 include:~~

Board	Location	Assessment Revenue
United Soybean Board	St. Louis, Missouri	\$89.5M
Fluid Milk Processors Promotion Program	Washington, DC	\$94.8M
Cattlemen's Beef Board	Denver, Colorado	\$39.1M
National Pork Board	Des Moines, Iowa	\$70.3M
Cotton Board	Memphis, Tennessee	\$74.1M
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