

KANSAS STATE UNIVERSITY FOUNDATION

Title	Executive Compensation Policy	Version	4
Approved By	Board of Directors	Approval Date	06/13/2025
Approved By	Executive Committee	Approval Date	05/01/2025
Liaison to the Committee	Greg Willems (President/Chief Executive Officer)		

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Rationale

The Board of Directors (the “Board”) of The Kansas State University Foundation (the “Foundation”) is responsible for (i) annually overseeing and evaluating the performance of the President/Chief Executive Officer, (ii) approving the compensation of the Foundation’s President/Chief Executive Officer and Senior Vice Presidents (as defined below), and (iii) annually reviewing the highly compensated employee (HCE) report which summarizes the compensation paid to the Foundation’s Officers, Directors, and Key Employees. To this end, the Board has appointed a committee, the Executive Committee, which is responsible for reviewing relevant data and providing information and recommendations to the Board with respect to the items described above.

Applies to

This document contains the Foundation’s official policy for determining, approving, and reviewing the terms of compensation arrangements between the Foundation and its Disqualified Persons. As defined below, “*Disqualified Persons*” include voting members of the Board of Directors and employees holding positions equivalent to the President/Chief Executive Officer, Chief Operating Officer/Chief Financial Officer, the Chief Investment Officer, the most senior development officer, and other persons the Executive Committee determines to have a substantial influence over the affairs of the Foundation within the meaning of Treasury Regulation §53.4958-3.

Policy

Overview of IRS Rules Regarding Executive Compensation

Section 4958 of the Internal Revenue Code (the “Code”) imposes an excise tax on certain individuals –defined as “disqualified persons”--who receive payments of excessive compensation from public charities and on certain organization managers involved in the authorization of such payments. For this reason, the IRS encourages public charities to follow the procedure set forth in Treasury Regulation 53.4958-6 when determining and approving the compensation of disqualified persons (such as directors, chief executive and chief financial officers, and others having substantial influence over the organization. Under this procedure,

compensation payments will be presumed to be reasonable if (i) the compensation arrangement is approved in advance by an authorized body composed entirely of individuals who do not have a conflict of interest with respect to the arrangement, (ii) the authorized body obtains and relies upon appropriate data as to comparability prior to making its determination, and (iii) the authorized body adequately documents the basis for its determination concurrently with making the determination. In order to rebut the presumption, the IRS must develop sufficient contrary evidence to rebut the probative value of the comparability data relied upon by the authorized body. The fact that a compensation arrangement is not entitled to a rebuttable presumption of reasonableness does not, however, create any inference that the compensation arrangement is unreasonable.

Procedure for Determining and Approving Compensation of Top Officers

The Foundation will follow the rebuttable presumption procedure set forth in Treasury Regulation 53.4958-6 and the procedures set forth below when determining and approving the compensation of the Foundation's Top Officers (as defined below)

To avoid conflicts of interest, members of the Executive Committee shall recuse themselves from all deliberations and votes involving a compensation arrangement that:

- economically benefits the Executive Committee member or a member of the Executive Committee member's family (as defined in Treasury Regulation 53.4958-3(b)(1)).
- involves an individual with whom the Executive Committee member has an employment relationship;
- involves an individual who pays compensation to the Executive Committee member or that has the authority to approve the payment of compensation to the Executive Committee member;
- will affect a material financial interest of the Executive Committee member; or
- involves an individual who has approved or will approve a transaction providing economic benefits to the Executive Committee member.

The compensation of each Disqualified Person shall be reasonable. Reasonable compensation for this purpose means an amount that would ordinarily be paid for like services by like enterprises (whether taxable or tax-exempt) under like circumstances. When determining reasonable compensation, the Executive Committee shall take into account the total amount of compensation provided by the Foundation to the individual in exchange for services (including salary, fees, bonuses, severance payments, deferred compensation, and the value of any benefits), as well as the amount of any compensation received by the individual from other related organizations.

The Executive Committee will establish a recommendation for the compensation of the Foundation's President/CEO, with reference to comparability data as discussed below, and the

Executive Committee will submit its recommendation to the Board of Directors for approval or ratification.

The Executive Committee shall consider a recommendation by the President/CEO regarding salary changes for the other employees of the Foundation whom the Executive Committee considers to be Disqualified Persons, and the Executive Committee will also consider appropriate data as to comparability. The Executive Committee will submit recommendations for the compensation of the Disqualified Persons to the Board of Directors for approval or ratification.

“Appropriate data as to comparability” includes, but is not limited to, compensation levels paid by similarly situated organizations (both taxable and tax-exempt) for functionally comparable positions, the availability of similar services in the geographic area where the Foundation is located, compensation surveys prepared by independent firms, and actual written offers from similar institutions competing for the individual’s services.

Unless it determines otherwise, the Executive Committee will utilize a third-party compensation consultant each time a new Disqualified Person is hired, and each time a Disqualified Person’s contract is up for negotiation or renegotiation. The third-party consultant shall meet with the Executive Committee to present its analysis and opinions and to allow the Executive Committee to ask questions. The Executive Committee will also obtain a compensation study prepared by an independent firm every other year.

The Executive Committee will utilize a third-party compensation consultant each time a new Top Officer is hired, and each time a Top Officer’s contract is up for negotiation or renegotiation. The third-part consultant shall meet with the Executive Committee to present its analysis and opinions and to allow the Executive Committee to ask questions. The Executive Committee will also obtain a compensation study prepared by an independent firm every other year.

The Executive Committee may consider organizational performance indicators as a factor for determining appropriate compensation. However, any compensation arrangement involving a revenue-sharing or other incentive-type payment based on the Foundation’s performance shall be designed to ensure that (i) the total compensation paid under the arrangement is reasonable (which might require placing a cap on the total amount of revenue-sharing and other incentive-type payments that the individual can receive), and (ii) the revenue-sharing or other incentive-type payments are structured to avoid any potential conflict between the individual’s interest in maximizing their compensation and the interests of the Foundation in achieving its exempt purposes.

The Executive Committee will contemporaneously document its deliberations and decisions regarding each compensation arrangement in written minutes and shall maintain such minutes as part of the Foundation’s permanent records. The minutes for each decision shall at a minimum note (i) the terms of the compensation arrangement approved and the date that it was approved, (ii) the members of the Executive Committee who were present during debate on the compensation arrangement that was approved and those who voted on it, (iii) the comparability

data obtained and relied upon by the Executive Committee and how the data was obtained, and (iv) any actions taken with respect to consideration of the compensation arrangement by anyone who is otherwise a member of the Executive Committee but who had a conflict of interest with respect to the compensation arrangement. The Executive Committee shall submit a copy of each set of minutes to the Board for ratification.

Procedure for Reviewing Compensation of All Other Highly Compensated Employees

The Executive Committee will only make a recommendation to the Board of Directors for final approval regarding the compensation of employees whom the Executive Committee has concluded are Disqualified Persons. The compensation for an individual who is not a Disqualified Person will be determined by that individual's manager in partnership with human resources. It is expected that the compensation for each of these individuals will be reasonable and that in determining the compensation for these individuals the manager and human resources will rely upon similar types of comparability data as those described above. A HCE report shall be prepared each year summarizing the compensation of each of the Foundation's Highly Compensated Employees and the comparability data that was used to determine such compensation. The Executive Committee shall be responsible for annually reviewing the HCE reports and reporting to the Board, as appropriate, any concerns or issues involving the amount of compensation paid to a Highly Compensated Employee or the comparability data relied upon in determining such compensation. The Executive Committee will engage an independent firm to partner with HR in preparing the HCE report every other year.

Definitions

Term	Definition
Director	A Director is any member of the Foundation's Board, but only if the member has voting rights.
Disqualified Person	"Disqualified Person" is defined in Section 4958 of the Code and the accompanying regulations to include a person in a position to exercise "substantial influence" over the affairs of the Foundation. Voting directors, and the CEO and CFO are deemed to have "substantial influence." The regulations list some relevant factors to help determine when an individual has "substantial influence." One factor that is often significant is whether "the person manages a discrete segment of activity of the organization that represents a substantial portion of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole." Given this, the Executive Committee treats the CIO and the most senior development officer as Disqualified Persons, and the Executive Committee may determine that additional employees are Disqualified Persons.
Highly Compensated Employee	A person who meets the definition of "highly compensated employee" in Treasury Regulation §53.4958-3(d) and § 414(q)(1)(B)(i) of the Code. For 2025, a person is a "highly compensated employee" if their compensation exceeds \$160,000. This number is adjusted annually for inflation.

References & Links

[Executive Committee Charter](#)

IRS Form 990 Instructions - <http://www.irs.gov/pub/irs-pdf/i990.pdf>

Contact

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President/CEO	785-775-2000
Human Resources	785-775-2012