

45-Day Notice of Proposed Amendments to Appraisal Institute Bylaws

January 11, 2021

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At its February 25-26, 2021 meeting, the Appraisal Institute Board of Directors will consider proposed amendments to the Appraisal Institute Bylaws concerning the compensation committee. The proposed amendments are expected to have minimal financial impact.

If you have any comments on the proposed changes, please contact your elected Directors and/or send your comments via email to 45daynotice@appraisalinstitute.org. Comments sent to this email address will be compiled for distribution to the Board of Directors prior to the Board meeting.

Background/Rationale

For many years, it has been the long-standing practice of the Appraisal Institute for a Compensation Committee to address the negotiation and related matters of the employment agreement of the Chief Executive Officer. The current Compensation Committee has recommended the codification of this existing, long-standing practice.

The Compensation Committee also has recommended that the Board of Directors elect annually a member of the Board to serve on the Compensation Committee.

The proposed Bylaws amendments would implement these recommendations by codifying the composition of the Compensation Committee, the powers of duties of the Compensation Committee, and the term and election of the proposed Board-elected member.

The proposed Bylaws amendments also propose amendments to the powers and duties of the Executive Committee regarding the evaluation of the Chief Executive Officer, as this function would reside with the Compensation Committee under the proposed amendments.

The Board of Directors may adopt such amendments to the Bylaws by a vote of sixty percent (60%) of the Directors voting.

1 **Bylaws Text**

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4 To amend the Bylaws, Article XI: National Governance: Committees: Part B: Committees of the Board, as
5 follows:

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7 Insert a new Section 4 to read in essence, as follows:

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9 **Section 4. Compensation Committee**

10 **a) Composition**

11 **There shall be a Compensation Committee that is composed of the President, the President Elect,**
12 **the Vice President, the Immediate Past President, the most recent Past President and one voting**
13 **member elected each year by the Board of Directors. The Immediate Past President shall serve as**
14 **the Chair of the Compensation Committee.**

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16 **At the third regular meeting of the Board of Directors, the Board of Directors shall elect one**
17 **voting member currently serving on the Board with at least one (1) year remaining in his or her**
18 **Board term to serve on the Compensation Committee. The elected member may serve no more**
19 **than one (1) consecutive one (1) year term.**

20
21 **b) Powers and Duties**

22 **The Compensation Committee shall report to the Board of Directors and shall:**

- 23 **1) Recommend to the Board of Directors the employment, any contract extension, and any**
24 **termination, as the case may be, of the Chief Executive Officer.**
25 **2) Negotiate with the Chief Executive Officer the terms of his or her employment contract**
26 **and any amendments or revisions of that contract.**
27 **3) Establish performance objectives for the Chief Executive Officer no later than March 31st**
28 **of each calendar year.**
29 **4) Evaluate annually the performance of the Chief Executive Officer in accordance with the**
30 **established performance objectives and any resolutions or decisions of the Board of**
31 **Directors.**
32 **5) Perform such other duties as may be assigned by the Board of Directors.**

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34 Amend Section 1 as follows:

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36 **Section 1. Executive Committee**

37 **a) Composition**

38 **There shall be an Executive Committee composed of the elected officers (President, President Elect, Vice**
39 **President and Immediate Past President) and the Chief Executive Officer, who shall serve as a nonvoting**
40 **member. If a vacancy for whatever reason occurs in the position of Immediate Past President, such**
41 **position shall remain vacant for the remainder of the year.**

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43 **b) Powers and Duties**

44 The Executive Committee shall report to the Board of Directors and shall:

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46 1) monitor implementation of strategic and operating plans and take appropriate actions to advance
47 such implementation;

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49 2) develop and monitor relationships with external parties consistent with the directives and policies
50 of the Board of Directors;

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52 3) advise, **and** counsel ~~and evaluate~~ the Chief Executive Officer; and

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54 4) perform such other duties as may be assigned to it by the Board of Directors.