



President & CEO Total Compensation Policy

Board of Directors

Updated: October 2023

Approved by: Board of Directors

PURPOSE

The purpose of this policy is to define the compensation philosophy to determine appropriate total compensation for the President & CEO. ~~This policy is designed with the goal of providing remuneration~~ that is fair, reasonable, ~~and~~ competitive and based on performance.

POLICY

The Capital Metropolitan Transportation Authority (~~Capital Metro~~CapMetro) President & CEO total compensation policy is intended to help the company recruit and retain highly qualified and talented President & CEO candidates. It is also intended to motivate the President & CEO by linking rewards to performance, while also aligning their interests with those of ~~Capital Metro's~~CapMetro's stakeholders.

TOTAL COMPENSATION PHILOSOPHY

Performance	<ul style="list-style-type: none">Capital Metro<u>CapMetro</u> believes that the best way to accomplish alignment of compensation with the interests of Capital Metro<u>CapMetro</u> is to link pay directly to individual and Authority performance.
External Competitiveness	<ul style="list-style-type: none">Compensation and benefits programs are intended to be competitive with organizations of similar size and complexity.In general, programs are considered competitive when they are targeted at the 50th percentile <u>market base</u> for compensation programs offered to public, private and peer employers.<u>TheCapMetro-will review the salary schedules annually to ensure they reflect the marketplace utilizing salary survey tools.</u>
Flexible and Ongoing	<ul style="list-style-type: none">To provide an objective system of determining compensation and benefits and the ability to respond to changes in the organization, government legislation, and the relevant marketplace.
Cost <u>Total Rewards</u>	<ul style="list-style-type: none"><u>A Total Rewards (or Total Job Value) plan will be established and regularly reviewed to ensure it thoroughly represents the scope of contributing factors that reflect CapMetro's investment in the full value of a job – through pay, benefits and positive, healthy, inclusive culture</u>Compensation and benefits programs are designed to be cost-effective and affordable, ensuring that the interest of Capital Metro stakeholders are considered.
Peer Groups	<ul style="list-style-type: none">The relevant peer groups for compensation and benefits programs consist of transportation authorities with similar products, revenue<u>revenue</u>, and employees.Other peer groups are also reviewed for competitiveness including state and local government agencies and national salary survey data-bases.

COMPONENTS OF TOTAL COMPENSATION

~~Capital Metro~~CapMetro's President & CEO compensation and benefits package consists of direct compensation and company sponsored benefit plans. Each component is designed to achieve a

specific purpose and to contribute to a total <u>compensation</u> package that is appropriately performance-based, competitive, and valued by the President & CEO.	
Direct Compensation	<ul style="list-style-type: none"> ○ Direct compensation consists of base salary and variable compensation (which includes an annual performance award). All elements of compensation are targeted <u>at the competitive median of the relevant peer group to remain competitive with the relevant peer group.</u> ○ Variable compensation is linked to <u>individual's-the President & CEO's</u> and <u>Capital MetroCapMetro's</u> performance. ○ When performance exceeds expectation, pay levels are likely to be above the competitive median. When performance falls below expectation, pay levels are likely to fall below the competitive median. ○ By creating these links, <u>Capital MetroCapMetro</u> seeks to achieve its objective of having performance-based, cost-effective compensation programs.
<i>Base Salary</i>	<ul style="list-style-type: none"> ○ Base salary is determined with reference to competitive pay practices and is aligned with the individual's relative role and responsibilities.
<i>Variable Compensation</i>	<ul style="list-style-type: none"> ○ Variable compensation is comprised of an annual performance award which is designed to place a significant portion of total compensation at risk – that is, linked directly to performance. ○ Annual performance awards are determined by the Board of Directors with reference to the competitive market and vary based on performance.
<i>Total Cash Compensation</i>	<ul style="list-style-type: none"> ○ The annual performance award, together with base salary, comprises the annual total cash compensation payable to the President & CEO.
Employee Benefit Plans	<ul style="list-style-type: none"> ○ <u>Capital MetroCapMetro</u> provides company sponsored health, life, and disability and retirement benefits to President & CEOs at the same level as administrative employees. ○ Employee benefits are reviewed periodically to ensure that the plans and programs provided are generally competitive and cost-effective for <u>Capital MetroCapMetro</u> and support the employees' needs. ○ Benefit levels are not directly tied to company, business unit, or individual performance. ○ The President & CEO's, base salary can be deferred into a 457 or 401(K) Plan subject to Internal Revenue Service rules and limits.
Determining President & CEO Compensation Level	<ul style="list-style-type: none"> ○ Compensation for the President & CEO is determined by the Board of Directors based on its assessment of <u>Capital MetroCapMetro's</u> overall performance, the President & CEO's individual performance against the achievement of the <u>Capital MetroCapMetro's</u> performance goals and other goals agreed to by the Board and President & CEO, and market competitive compensation packages for CEO's among firms of similar size and complexity in the transportation industry <u>from independent sources.</u>

Measuring Performance	<ul style="list-style-type: none"> ○ The Board of Directors will establish a written performance plan with specific measures for each <u>fiscal</u> year of the President & CEO's employment contract. ○ Performance will be based on individual performance on the Company scorecard <u>related to CapMetro's Strategic Plan</u> and other performance measures as determined by the Board of Directors.
Payment of Annual Performance Award	<ul style="list-style-type: none"> ○ The Board of Directors will determine the amount of a Performance Award and approve the payment in accordance with the President & CEO employment contract.
Severance Pay	<ul style="list-style-type: none"> ○ Severance pay will not be provided in the event of termination of employment for cause as defined in the President & CEO employment contract or in the event of the President & CEO's resignation. The Board of Directors will determine through negotiations whether to provide severance pay in other instances.
Board Action on President & CEO Compensation	<ul style="list-style-type: none"> ○ Discussion of the President & CEO's performance may be held in Executive Session under Chapter 551 of the Texas Government Code. ○ Action on the amount of President & CEO's total compensation, the amount of any annual performance awards and actual performance compared to performance metrics will be taken in an open Board Meeting.