

NEW MEXICO SCHOOL FOR THE ARTS
HIGH SCHOOL

DISCRETIONARY COMPENSATION POLICY

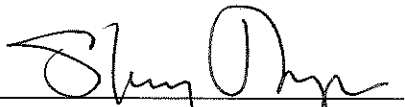
The New Mexico School for the Arts (the "School"), is a New Mexico statewide public high school. The School adopts this Discretionary Compensation Policy for the purpose of assuring that all reasonable actions will be taken to carry out the policies and procedures which govern discretionary compensation and benefits by the School to carry out the responsibilities of a public school.

1. **No Private Inurement or Benefit.** The School will not enter into a compensation or benefit arrangement with any employee or independent contractor that results in the private inurement of an insider. The School will not enter into a compensation or benefit arrangement with any employee or independent contractor that confers impermissible private benefit whether or not that person is an insider.
2. **Reasonable Compensation.** All Compensation and benefit arrangements must be reasonable. The School will take all reasonable actions to determine that amounts paid to employees and independent contractors are reasonable by comparing the amounts paid to the amounts paid by other educational institutions, acting prudently, to persons in similar positions having similar responsibilities. In every instance the information obtained to make the comparison must be made by an individual who is independent from the person whose compensation amount is being tested.
3. **Furtherance of Mission and Charitable Purpose.** Discretionary compensation and benefits must be based upon criteria which further the missions and educational purposes of the School and must comply with the compensation system approved by the Head of School. In addition, the payment of discretionary compensation and benefits by the School must be aligned with the licensure framework in the professional educator licensing and salary system of the School. Discretionary compensation and benefits paid to the Head of School must be approved by an independent committee of the Governing Council whose members are bound by their Conflict of Interest Policy.
4. **Incentive.** The Head of School may establish a bonus system to recognize and reward outstanding teaching or service in a given year. The total amount paid under the bonus system in a given year will be included in the budget and approved by the Governing Council.

This Amended Discretionary Compensation Policy was amended by the Governing Council of the New Mexico School for the Arts, effective July 11, 2014.

NEW MEXICO SCHOOL FOR THE ARTS

ATTEST;



SHERRY THOMPSON, Chair
of the Governing Council



PAULA TACKETT, Secretary
of the Governing Council

Legal Reference: 11-10A-5, NMSA 1978
28-2-1 et seq., NMSA 1078

Discretionary Compensation Policy
Adopted: 8/31/10
Amended: 10/1/13, 7/11/14