

WELLS RURAL ELECTRIC COMPANY

Adopted: March 1976

Reviewed: January 16, 2004

Revised: November 20, 2018

POLICY NO. 1-6

DIRECTOR FEES AND EXPENSES

I. OBJECTIVES

- A. To establish procedure for payment of attendance fees and expenses for directors for their time and expense spent for the betterment of the company.
- B. Board members are invited to attend all board committee meetings and will be compensated the same as a bona fide member of that committee. All directors have a fiduciary responsibility to seek the lowest total travel cost.
- C. Directors are responsible for their own travel arrangements. All directors have a fiduciary responsibility to seek the lowest total travel cost.
- D. The time in travel to and from a director's primary place of residence within the service territory to a regularly scheduled board meeting, a scheduled committee meeting, or a training program, will be considered by Wells Rural Electric Company as company business. A maximum of two (2) travel days for any meeting outside the service territory may be considered be company business.

II. POLICY PROVISIONS

- A. Attendance Fees
 - 1. The Board's Chair will receive attendance fees for:
 - a. board meeting --- \$250.00 with Director Benefit Package.
 - b. board meeting --- \$1,400.00 without the Director Benefit Package
 - c. committee meeting if not held on a board meeting day --- \$200.00
 - d. training programs or other business related meetings --- \$200.00/day
 - 2. Other Directors
 - a. board meeting ---\$200.00 with Director Benefit Package
 - b. board meeting --- \$1,400.00 without the Director Benefit Package
 - c. committee meetings if not held on a board meeting day --- \$200.00
 - d. training programs or other business related meetings --- \$200.00/day
- B. Directors other than the Board Chair will be compensated for official non-member business --- \$25.00/hr, with a maximum of \$200.00/day.

C Mileage Expense

1. Directors will be reimbursed for mileage traveled to and from board meetings and their primary residence within the service territory, at the maximum rate allowed by Internal Revenue Service when using their own vehicle.

D. Lodging and Commercial Travel

1. Directors will receive full reimbursement of all lodging, commercial travel such as airfare, train fare, public transportation, taxi or rental car upon presentation of a detailed receipt from the provider.

E. Per Diem for Out-of-Pocket Expenses

1. Directors are to be provided an allowance to cover all out-of-pocket expenses. The allowance is \$125.00 per day. Receipts will not be presented to the company. However, all per diem will be reported by the Company to the IRS Form 1099.
2. No expenses for spouses or family members will be reimbursed.

F. Other Expenses

1. The company will pay 95% of premiums for the director's total benefit package, but only if such payments would constitute income to a director, properly reportable as such by the cooperative on the IRS Form 1099 annually. If a director who was elected after January 1, 2006 becomes deceased, the director's spouse will continue such insurance as permitted by the Company's plan for a six (6) month grace period. Following the six (6) month grace period, the director's spouse may only continue such insurance as permitted by the Company's plan so long as the deceased director's spouse pays the premiums for such insurance.
2. Upon appointment, election or re-election to the Board of Directors, each Director shall be provided a \$750 allowance toward the purchase of a Company-approved portable electronic device to be used for Company business, but only if such allowance would constitute income to a director, properly reportable as such by the Company on the Internal Revenue Service (IRS) Form 1099 annually. Any expense in excess of this allowance shall not be subject to reimbursement.

III. EXPENSE APPROVALS AND PAYMENTS

- A. At each regular or special board meeting and at committee meetings, an expense voucher of director's expenses will be prepared, signed, and approved by the Director and Chief Executive Officer's Expense Committee for payment within the next thirty

(30) day period.

- B. If a director seeks compensation for official non-meeting business or to have out-of-pocket expenses reimbursed, the director must submit documentation to the Director and Chief Executive Officer's Expense Committee at the board meeting immediately following the business, conference or meeting attended. Untimely filed expenses will not be reimbursed unless the Director and Chief Executive Officer's Expense Committee grants an exception.

- C. Directors are required to separately submit all receipts generated through the use of company provided credit cards to the Expense Committee. A description of the purpose of the charge must accompany each receipt. Company credit card charges are not subject to reimbursement and will not be reported by the Company on the IRS Form 1099.

- D. Any director who is registered for a meeting or training program is expected to attend. He or she will be responsible for reimbursement of all fees associated with pre-registration should he or she not attend. Any director who cannot attend a meeting or training program will need to cancel at a time required to avoid any associated fees. Any director, who travels to a meeting but does not actually attend, is responsible for reimbursement of all fees and expenses to the Cooperative.

IV. REVIEW

- A. The board shall periodically review this policy, along with the official director fee. The fee will be compared with information to be gathered by the chief executive officer from other electric cooperatives regarding their meeting attendance fees.

- B. On a quarterly basis, the full board shall review the total amount of fees and reimbursed travel expenses paid to each director, along with the total travel expenses incurred by the chief executive officer. The board shall also be prepared to explain director fees and expenses to members who seek information about this issue.

V. RESPONSIBILITY

- A. Board of Directors.

- B. The Director and Chief Executive Officer's Expense Committee shall meet each month to review adherence to this policy and grant exceptions, if necessary.

