

Director Fees and Reimbursement Policy # BP 3

Rappahannock Electric Cooperative

1. Purpose

To address the compensation and benefits, and travel and expense reimbursements, provided to Directors of Rappahannock Electric Cooperative ("Cooperative" or "REC") for the performance of their duties as fiduciaries of the Cooperative.

2. Scope

This Policy applies to members of the Board of Directors ("Board").

3. Policy Statement and Implementation

Members of Rappahannock Electric Cooperative's ("REC") Board of Directors shall receive the following:

3.1. MONTHLY RETAINER

- 3.1.1. Directors shall be paid a retainer fee of \$2,000 (effective April 1, 2014) per month.
- 3.1.2. New Directors shall be paid the monthly retainer for the month in which they take office.
- 3.1.3. Directors who leave the Board shall be paid a prorated monthly retainer for the month in which they resign.
- 3.1.4. The Cooperative will conduct a market analysis of board fees at the direction of the Board.

3.2. PER DIEM FOR ATTENDING MEETINGS

- 3.2.1. For attendance at regular monthly Board meetings, special Board meetings, committee meetings, workshops, seminars, and any other Cooperative related away-from-home activities, Directors shall be paid at the rate of \$500 per diem (effective April 1, 2014) plus travel and out-of-pocket expenses according to the guidelines below.
- 3.2.2. Should a Board Committee meeting be held on the same date as a regular or special board meeting, the per diem shall be an additional \$100.00 for each committee meeting attended by a member of that committee. Should a Board Committee meeting be held on a date other than above, the per diem shall be \$250.00 (effective April 1, 2014).
- 3.2.3. For attendance at political events in an official capacity representing REC, that are not held in conjunction with other events for which Directors are already being paid, Directors shall receive \$100 per diem plus travel and out-of-pocket expenses according to the guidelines below. (Effective January 1, 2000)
- 3.2.4. When a Director is compensated by another organization in the scope of serving as an REC representative, while jointly serving that organization and the Cooperative, REC will not duplicate per diem and expenses of such other organizations. However, upon submission of documentation, REC will pay the difference (if any) between the amount compensated by the other organization and the amount to which that Director would have been entitled had he or she been conducting such business on behalf of REC.
- 3.2.5. Travel time to the place of a meeting shall be pre-approved by the Board based upon time required to make the trip to the destination by the most feasible method of transportation actually used.
- 3.2.6. Per diem will be the same for all Directors attending the same meeting unless specifically changed by the Board.
- 3.2.7. Directors must receive approval from the Board prior to taking training classes that are not part of NRECA Annual or Regional meetings, Virginia, Maryland &

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Delaware Association of Electric Cooperatives meetings (VMDAEC), or other organizations of which REC is not a member.

3.2.8. For preparation and attendance of virtual events or learning that do not require travel, Directors shall be receive \$200 for half-day engagements and \$400 for full-day engagements. Events lasting fewer than two hours are included in the monthly retainer.

3.3. GUIDELINES FOR EXPENSES RELATED TO TRAVEL ON COOPERATIVE BUSINESS

It is the Cooperative's policy to cover, or reimburse members of the Board for actual expenses incurred while the Director is traveling on authorized Cooperative business. The Cooperative shall pay the cost of registration fees, lodging, transportation, and out-of-pocket expenses according to the following:

3.3.1. UNUSED ITEMS

Directors will be responsible for reimbursing the Cooperative for the cost of nonrefundable transportation tickets, meal tickets, registration fees, etc., that were authorized by the Director but go unused, unless such responsibility is waived by a committee of Board officers.

3.3.2. MODE OF TRAVEL

3.3.2.1. **Air Travel:** The objective is to book economical commercial fare that is reasonably convenient. Itineraries with major airlines that avoid circuitous routing, travel during unreasonable hours, and/or excessively prolonged travel times or flight duration are acceptable. The Cooperative will not reimburse first class fare.

3.3.2.2. **Ground Transportation:** This includes airport and hotel shuttle services, taxicabs, buses, ridesharing, light rail, and metro lines, etc. Directors are encouraged to utilize reasonable and practical means of ground transportation. Ground transportation expenses may be shown as a separate item on the Expense Report.

3.3.2.3. **Use of Director's Personal Vehicle for Cooperative-Related Business Trips:** A Director may use his/her personal vehicle for business trips to distant cities. Reimbursement for such business travel will be based upon allowable expenses (tolls, parking fees, meals, and appropriate lodging expenses while en route), which should be substantiated by the appropriate receipts. The reimbursement for mileage will be calculated according to the current rate allowed by the Internal Revenue Service.

3.3.3. EXTENDED TRAVEL/STAYS

3.3.3.1. The Cooperative will not be responsible for the expenses of extended stays or weekend stays which do not result in cost savings to the Cooperative. In no event will side-trips be funded by the Cooperative.

3.3.4. LODGING

Accommodations for Directors will be secured at the single occupancy, corporate rate where applicable. Should a director require accommodations other than single occupancy, the Director will be asked to reimburse the Cooperative should there be a difference in room rate.

NOTE: *According to IRS regulations, itemized receipts are required to substantiate lodging expenses, regardless of the amount.*

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3.3.5. MEALS AND DINING INCIDENTALS WHILE TRAVELING

The Cooperative will reimburse Directors for meal expenses and incidentals. Directors may choose either a \$75 per diem for each day of travel or to submit receipts for reimbursement up to \$75 per day. Selection of the fixed per diem will be reported in the Director's IRS Form 1099.

3.3.6. PARKING SERVICES & LAUNDRY

For business trips, reasonable expenses for parking, and laundry when needed, may be approved for reimbursement. Economical parking options should be utilized when and where practical and safe.

3.3.7. EXAMPLES OF NON-REIMBURSABLE TRAVEL EXPENSES

Examples include but are not limited to:

3.3.7.1. Gifts

3.3.7.2. Personal items

3.3.7.3. Charges for in-room movies

3.3.7.4. Parking tickets or traffic fines

3.3.7.5. Fees for spa, tennis, golf, or other recreational activities

3.3.8. EMERGENCY TRAVEL

In the instance of an emergency (household, medical, etc.) that necessitates canceling or changing business-related travel plans, REC will pay for cancellation costs, return booking expenses and other necessary travel expenses incurred by the director and specifically related to cancellations or returning to the point of origin.

3.3.9. RECEIPTS

Receipts are required for any separate business travel expenditures of \$75.00 or more* (exception: see note under "Lodging"). Directors are asked to provide original receipts whenever possible.

*IRS regulations state that unsubstantiated reimbursements of \$75.00 or more may result in the reimbursement being treated as income.

3.3.10. ACCOMPANYING SPOUSE, FAMILY MEMBERS, OR GUESTS

3.3.10.1. Should a Director's spouse and/or family members and guests voluntarily accompany them on Cooperative business-related travel, the Cooperative will not be responsible for any expense incurred by or for those additional parties. Transportation tickets purchased by the Cooperative for a spouse or other guests will be billed to the Director.

3.3.10.2. Expenses for spouses, family members, or guests are not reimbursed unless specifically authorized by the Board of Directors for limited special events by formal invitation.

3.3.11. EXPENSE REPORTS

Submission of expense reports is required. Directors are required to submit the REC Expense Report (Form 1122) in a timely manner after completion of authorized business travel in order to facilitate timely reimbursement from the Cooperative. Receipts must accompany expense reports.

4. Responsibilities

4.1. It is the responsibility of those approving the Expense Reports to verify that all expenses and documentation adhere to these written guidelines. The expenses of Board members are approved by a committee of the Board's officers (Executive Committee).

4.2. The Board of Directors is responsible for the implementation and enforcement of this

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policy.

5. Confidentiality

This policy may be treated as public and may be made available on REC's website or other communication channels.

6. Definitions

Board: the Board of Directors for Rappahannock Electric Cooperative

Cooperative: Rappahannock Electric Cooperative and its affiliates

Director(s): members of the Rappahannock Electric Cooperative Board of Directors

Per diem: an allowance made for each day

Retainer: an upfront fee paid to an individual for performance of services

References and Related Documents:

Bylaws Article IV, Section 8

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Approver:	Board of Directors
Applies to:	Board of Directors
Administrator:	Corporate Services
Superseding Effect	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.