

**East Central Energy
Board Operating Policy PD-18**

POLICY: PD-18 Board per diem allowances and expense reimbursement

CORRESPONDING POLICY: PD-18a Director insurance

OBJECTIVE:

The objective of this policy is to establish uniform procedures to be followed by the expense committee and management in reimbursement to East Central Energy (ECE) Directors for per diem allowances and for expenses incurred while performing the duties and responsibilities of their assigned activities on behalf of the Cooperative. These gratuitous payments, allowed in the Board’s discretion, are not compensation for services rendered and are not intended to represent an employment relationship.

RESPONSIBILITY:

The VP/CFO will be responsible for the administration of this policy, while recognizing that the responsibility may be delegated.

STANDARDS ADOPTED BY THE BOARD TO IMPLEMENT THIS POLICY:

Per diem

Directors will receive the following per diem allowance for attending official meetings of the Board of Directors or committees. No per diem will apply for voluntary attendance at social events or functions of the Cooperative.

If directors attend more than one meeting per day, only one per diem will be reimbursed for that day.

Per diem amount	Meeting type	Notes and Examples
\$800	Regular monthly board meeting preparation and in-person attendance	Includes remote attendance, if due to weather conditions, or other reason beyond the director’s control.
\$700	Regular monthly board meeting preparation and remote attendance if absence is vacation or personal time.	
\$300	Day meetings (in-person)	Examples: New director orientation, committee meetings, conferences, etc.
\$300	NRECA course taken online when working toward a CCD, BLC or Gold certificate.	The applicable registration fee is paid by ECE. If a two-day course, per diem will be paid each day.
\$300	Travel Day	One travel day will be paid for out-of-state conference attendance or if one-way drive time is more than three hours.

Per diem amount	Meeting type	Notes and Examples
\$200	Day meeting (virtual)	If a director prefers to participate in the conference call or virtual meeting from ECE HQ or service center, no mileage will be reimbursed. Examples: livestreamed conferences including MREA Energy Issues Summit, NRECA PowerXchange, etc.
\$200	Evening meetings (in-person)	After 4 p.m. or later Examples: high school scholarship award ceremonies
\$75/hour (up to two hours)	Virtual meeting, training or conference call for ECE business hours	If meeting is longer than 2 hours, you receive \$200 virtual day meeting rate. If a director prefers to participate in the conference call or virtual meeting from ECE HQ or service center, no mileage will be reimbursed. Examples: board committee meetings, ECE cyber security training, GRE special meeting
\$75	Industry-relevant online training	Each director may participate in up to two online training sessions, regardless of length, of his/her choosing each year (e.g., a CFC monthly offering). If applicable, registration fees will also be reimbursed up to a total of \$200 per director per year. (Requests for additional sessions must be submitted to the board chair for pre-approval.)

Per diem for annual meeting

Per diem for annual meeting when the annual meeting is held the same evening as the reorganizational meeting.

Current director	Monthly board meeting per diem plus mileage
New director (acclaimed or elected)	Evening per diem plus mileage
Current director running for re-election and does not win	Monthly board meeting per diem plus mileage
Member running for board seat and does not win	Zero

Per diem for annual meeting when the annual meeting and reorganizational meeting are held on different dates.

Current director	Annual meeting - per diem (day or evening) plus mileage Reorganization meeting - monthly board meeting per diem plus mileage
New director (acclaimed or elected)	Reorganization meeting - monthly board meeting per diem plus mileage
Current director running for re-election and does not win	Annual meeting per diem (day or evening) plus mileage
Member running for board seat and does not win	Zero

Board meeting attendance

If a director is unable to attend the regularly scheduled monthly meeting of the Board of Directors, the director will receive the per diem allowance as outlined in Per Diem table. Per diem for a missed meeting will be paid to an individual director only once in each twelve-month period, which begins with the board meeting following the Cooperative Annual Meeting. (It will not be considered a missed meeting when the board meeting absence is the result of said director attending another assigned meeting or training on behalf of ECE that same day. Only one per diem will apply.)

In the event a regular board meeting is canceled, directors will receive the per diem allowance for that month to acknowledge their time spent conducting a thorough review of the monthly board report and performing other Cooperative business as necessary.

Meeting preparation

Each director will be expected to devote a minimum of 16 hours per month reviewing board reports and preparing for board meetings and other meetings.

Community engagement events

Directors are encouraged to represent ECE through community engagement events. Mileage-only will be paid for attending these events.

Meeting assignment

It will be the responsibility of the executive committee to meet shortly after the annual meeting to assign directors to attend meetings of related organizations throughout the coming year.

1. Unless otherwise agreed in advance, the board executive committee meeting and delegate assignments will dictate board representatives eligible for per diem and expense reimbursement for various meetings.
2. Following the executive committee meeting and subsequent Board approval of director assignments, should it become necessary for the Board to assign one or more directors to participate in a special project requiring unplanned time and travel expenses, the executive committee will determine the per diem and mileage reimbursement plan prior to the start of the project. The board expense committee and staff will be informed of the agreement, which will be recorded in the board meeting minutes.
3. A board member not assigned to represent the Board at a meeting, or otherwise assigned to attend, may elect to attend said meeting at his/her own expense.

Education/training

Directors are expected to enroll in NRECA courses to receive a Credentialed Cooperative Director Certificate (CCD). New directors are expected and encouraged to attend as many courses and meetings of related organizations as they are able during their first term.

Board per diem allowances and expense reimbursement

1. Directors may attend any in-state course that is offered by MREA or WECA. The number of per diem days will be established meeting by meeting.
2. Other training, including training outside of Minnesota or Wisconsin, is subject to prior approval by the board chair.
3. Directors who have obtained the Gold certificate may enroll in up to two NRECA courses per year. Course may be taken online or in conjunction with a conference the director has been assigned to attend.

Directors may be invited to participate in other training opportunities offered by ECE or its affiliates that would provide a measurable benefit to the Cooperative. Directors may attend these sessions on a voluntary basis and receive mileage reimbursement only.

Expenses

Directors are responsible for paying their hotel bills and for canceling any hotel reservations made for them, when necessary. Should a director fail to cancel a reservation, he/she will be responsible for any charges or penalties incurred.

Directors will be reimbursed fully for all lodging, meals, parking fees, and all other services or incidental expenses while performing services authorized or directed by the Board of Directors. Expenses related to social entertainment (i.e., movies, mini bar, etc.) are not eligible for reimbursement. Receipts are required for reimbursement that include details of the services/meal provided. (Transportation reimbursement is covered in mileage/travel section.)

If meal receipts are not available, reimbursement for eligible meals will be paid on the following per diem basis while in Minnesota or Wisconsin. Breakfast \$12.00, Lunch \$15.00, Dinner \$20.00. Out-of-state meal per diem will be set by the Board expense committee based on location of travel. The choice to use per diem reimbursement or receipts will be effective for the entire meeting period. Per diem is not allowed for meals included as part of meeting registration or for those paid for by another. Alcohol purchases are not eligible for reimbursement.

Directors may be reimbursed by the Cooperative for lodging to attend required meetings encompassing more than one day and/or held a distance from the director's home that would require an unreasonable commute. Directors may be reimbursed by the Cooperative for lodging to attend the monthly board meeting due to inclement weather or back-to-back meetings.

Reimbursement will not be made for expenses incurred for discretionary activities or functions such as open houses and receptions unless the director is required to attend to serve in an official capacity as assigned by the executive committee or by special designation. Detailed meal receipts are required for reimbursement.

When a spouse/guest accompanies a director to meetings, the registration expenses, lodging (when in same room as director) and meals for a spouse/guest during the course of business sessions will be paid by the Cooperative. Meals outside the hours of the business meeting and social entertainment costs for a spouse/guest will be the responsibility of the director.

Cooperative-sponsored tours such as the renewable energy tour will be considered an important educational opportunity for director and spouse/guest. All lodging and meals for director and spouse/guest (sharing a room with said director) will be covered by the Cooperative. No per diem will apply.

Discretionary contributions/purchases

ACRE/REPAC contributions may be deducted from directors' per diem. If the total is less than \$100, it will be deducted from one (1) per diem check. If the total is \$100 or more, deductions will be over two (2) per diem checks.

Directors will receive up to \$100 per year in ECE logo program purchases. If the total is more than \$100, the difference will be deducted from one (1) per diem check.

Mileage and travel

While performing any required services on behalf of the Cooperative where driving a personal vehicle is necessary, the director will be reimbursed for roundtrip mileage from the director's residence within the ECE system to the event location at the rate allowed by the IRS. Such payment is to be made on the basis of information submitted by the director. If two or more directors drive together, only one director will collect transportation expense reimbursement.

For Cooperative business conducted outside of Minnesota and Wisconsin, air transportation will be the normal mode of travel. Actual price paid will be reimbursed for airfare and may vary for individuals attending the same meeting. Travel time will be reimbursed according to Per Diem table.

Directors who choose to drive or make travel arrangements other than using the normal mode, will be reimbursed the lesser of the round-trip passage amount pre-established by the Board expense committee based on typical airfare for main cabin seating for that meeting or actual mileage reimbursement. Travel time as related to directors' per diem and other attendance expenses will be reimbursed according to time requirements of air transportation with a maximum limit of one day.

In special situations where transportation by bus or plane is provided by the Cooperative, the director will be reimbursed for mileage to the point of pickup. In these cases, if space on the bus or plane is available, directors will not be entitled to any additional reimbursement for travel expenses if they elect to use private or public transportation.

At times, it may be necessary to reschedule flights, change the name of the person traveling, or make adjustments in seating or otherwise for which there are additional charges imposed by the airline. Good judgment will be used to minimize these expenses; however, ECE will reimburse for charges to accommodate reasonable travel arrangements made in the course of conducting ECE business.

Should a director use his/her personal frequent flyer miles for travel to an approved ECE meeting, that director will be reimbursed an amount equal to the lowest airfare paid for others attending that same meeting. If no others are attending the meeting, the reimbursement will be the round-trip passage amount pre-established by the Board expense committee.

Reimbursed frequent flyer miles will be included in taxable income following IRS guidelines. Directors will not be reimbursed for additional travel insurance (i.e., trip cancellation, rental car, etc.).

Officers' fees

The following officers will be paid an annual allowance to cover the added activities that the officers are called upon to perform:

1. Chair \$1,200 paid in monthly installments of \$100 each.
2. Secretary-treasurer \$600 paid in monthly installments of \$50 each.

Attorney

The Cooperative attorney is encouraged to attend appropriate legal seminars and other Cooperative meetings with prior Board approval, for which he/she will be paid his/her approved seminar rate and reimbursed his/her expenses.

Payment authorization

The Cooperative will make the monthly per diem payment and expense reimbursement to each director based upon information submitted by the director. The board expense committee will have the authority to determine on a case-by-case basis which requests for reimbursement will be approved or disapproved according to the intent of this policy. All payments will be made upon the receipt of a completed and signed director's expense report form from the individual director. Authorization for such payments is based on the ECE bylaws.

Outgoing directors

Outgoing directors will have the option of owning their ECE-issued device after their departure from the Board. If a director so requests to own their ECE-issued device, ECE, in accordance with Board Operating Policy P-2, will ensure that cellular service and all data related to the operation of ECE business are removed from the device prior to final distribution to the outgoing director.

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This Board Operating Policy supersedes any existing Policy, or portions thereof, which may be in conflict with the provisions of this Policy.

I, Joseph Morley, secretary-treasurer of East Central Energy, do hereby certify that this policy was adopted by the ECE Board of Directors on August 12, 1982, and revised September 29, 2022.

Joseph Morley, secretary-treasurer

Adopted: 5/14/92

Revised: 9/19/97, 6/16/00, 12/19/03, 03/24/05, 09/22/06, 12/18/09, 12/16/11,
12/19/14, 12/18/15, 11/18/16, 11/22/19, 9/29/22

Revised: 9/29/22