

# Holy Cross Energy Corporate Policies

Director Compensation and Expenses

Policy Number: 4.5

Original Effective Date: November 18, 2015

Revised Dates: November 20, 2019

## 1. OBJECTIVE

1.1 To establish the manner and amounts for which members of the Board of Directors ("Board") will be compensated and reimbursed for authorized expenses while serving on behalf of Holy Cross Electric Association, Inc., a/k/a Holy Cross Energy ("Holy Cross").

## 2. POLICY

2.1 For the purposes of this Corporate Policy ("Policy"), Holy Cross business shall include the attendance at each special or regular meeting of the Board; attendance at each local, state, regional or national meeting of other affiliated organizations of which Holy Cross is a member; attendance at training programs; attendance at or performing committee assignments; or participation in any other business activity specifically authorized by the Board or the Chair of the Board ("Chair").

2.2 Directors of Holy Cross shall not receive any salary for their services but, in accordance with the Bylaws of Holy Cross, may receive a monthly fee and/or fixed sum for each day or portion thereof spent on Holy Cross business, and may also be reimbursed for expenses actually and necessarily incurred in carrying out such business, as follows:

2.2.1 Active Directors elected or appointed to the Board shall receive a monthly fee of \$1,000.00.

2.2.2 A Director fee shall be paid by Holy Cross for each full day or portion thereof spent on Holy Cross business. Holy Cross business requiring more than three hours of participation per day shall be compensated at the full day rate of \$500.00. Business requiring less than three hours of participation per day shall be compensated at the ½ day rate of \$250.00. Time spent participating on Holy Cross business shall not include advance preparation time, but may include participation by phone or video conference, and necessary travel time to/from an event location (not to exceed more than two full days per travel event).

2.2.3 Subject to the limitations in this policy, Directors shall be reimbursed for all reasonable and legitimate expenses for their personal travel, lodging, meals and other business-related out-of-pocket expenses incurred during attendance at appropriate meetings, events or activities upon electronic or written submission of a detailed expense report, with receipts attached. No expenses will be paid for spouses or partners of Directors accompanying them to meetings, events or activities unless authorized by the Board.

2.2.4 Director fees and expenses for the prior year shall be reviewed during the first quarter of each calendar year by the full Board at a regular meeting of the Board of Directors.

2.2.5 The Director's monthly fee and the Director's fee shall be reviewed annually.

2.3 Active Directors are subject to the following compensation limits:

2.3.1 Active Directors are expected to attend all special or regular meetings of the Board, participate in all assigned committee meetings, complete required training, attend all meetings when designated as Holy Cross's assigned delegate or alternate and represent Holy Cross at any other specifically authorized meeting or event, and such activity will be compensated and/or reimbursed, subject to the limitations in this policy, without limit.

2.3.2 In the course of their duties, active Directors shall have the discretion to attend various local, state and national activities to represent Holy Cross, to participate in member, consumer and community meetings, events or activities and to further their education in electric utility, cooperative and general business practices. Directors participating in such discretionary activities

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will be compensated the Director fee per day or per half-day, as appropriate, and reimbursed for related expenses up to an annual amount not to exceed 24 times the monthly fee (as defined in this policy).

## 2.4 Travel expenses shall be reimbursed on the following basis:

2.4.1 The Director fee will be paid for travel time limited to not more than two days. Generally, allowed travel time is up to one day to and up to one day from the authorized meeting, event or activity.

2.4.2 Expense reimbursement for automobile travel will be compensated at the applicable Internal Revenue Service ("IRS") rate of reimbursement per mile based upon the shortest and most direct route to and from the authorized meeting, event or activity except that, in no case, shall the total reimbursement exceed the cost of round-trip coach air travel to the same destination.

2.4.3 Expense reimbursement for air travel shall be limited to coach fares except in those cases where such service is not available. Departure and destination airports shall be selected by the Director with consideration being given to both convenience and cost. Reasonable baggage fees shall be reimbursed. Seat upgrades are to be at the Director's expense. Directors are requested to minimize any cost to Holy Cross for flight cancellation and/or change fees.

2.4.4 Directors making their own travel arrangements are requested to provide Holy Cross staff with a copy of their flight itinerary, registration information, hotel reservations, etc., prior to their departure.

## 2.5 Expenses related to lodging, meals and other incidentals shall be reimbursed on the following basis:

2.5.1 Directors will be reimbursed for actual out-of-pocket expenses including standard hotel, motel or other sleeping accommodations; taxi, ride share or bus fares to and from the place of the meeting, event or activity; parking fees; internet access fees; etc., incurred as a result of an appropriate meeting, event or activity. Additional lodging expenses, such as pay-per-view entertainment, minibar, room upgrades, etc., are to be at the Director's expense.

2.5.2 For all authorized meetings, events or activities, meal expenses will be reimbursed at the maximum allowable rates under the current Internal Revenue Service Publication 1542 for Meals & Incidental Expenses (M&IE) for the specific locale of the meeting, event or activity without the presentation of receipts. Generally, such meal reimbursement shall be the full daily maximum IRS M&IE rate for the specific locale for each full day of Director fee claimed by a Director. Should a Director claim a 1/2 (3 hours or less) day Director fee, the Director would be entitled to receive meal expense reimbursement equal to 1/2 of the full daily maximum IRS M&IE rate for the specific locale. Reasonable actual out-of-pocket meal expense may, in special situations, be reimbursed in lieu of the M&IE rate upon presentation of receipts.

2.5.3 On occasion, should a Director require a rental car as a necessary requirement of the meeting, event or activity, the Director would be reimbursed the expense of a standard rental car. Directors operating a rental car while in the course of their duties are insured under Holy Cross's vehicle insurance coverages and, as such, are free to decline additional insurance coverage offered by the rental car company.

2.5.4 Generally, reimbursement of personal expenses incurred for purchased food, services and entertainment not directly related to Holy Cross business activities are not eligible for reimbursement. However, from time to time, a Director acting in the best interest of Holy Cross may be reimbursed for expenses related to hosting business related meetings, meals and entertainment.

## 3. RESPONSIBILITY

3.1 The Board shall be responsible for the administration of and compliance with this Policy.

3.2 The Board Chair shall ensure this Policy is adhered to by Holy Cross Board members.