

Board of Directors Policy

Subject: Director Education and Compensation, Insurance and Travel of Directors			Policy No: 109
Original Issue: 3/17/93	Last Revised: 12/13/17	Last Reviewed: 12/13/17	Page 1 of 4

I. OBJECTIVE

To establish guidelines under which the La Plata Electric Association, Inc.'s, (Cooperative's) Board of Directors will receive education in cooperative matters and be provided fair and equitable compensation for attendance at Board, committee, and other meetings, to set guidelines for Director insurance coverage, and to encourage attendance and participation as appropriate.

II. POLICY

- A. Directors shall receive per diem of \$200 per day for attendance at meetings greater than four hours, and \$125.00 per day for meetings four hours and less, plus mileage from Director's home and out-of-pocket expenses when attending meetings on official Cooperative business, as authorized by the Board of Directors, President, or CEO.
- B. Directors elected to serve on boards of directors that are affiliated with the Cooperative shall receive per diem and reimbursement of actual travel expenses, unless paid by those entities. Those directors are expected to attend the board meetings, annual meetings, and any special meetings of those entities.
- C. Directors will be entitled to receive per diems and expense reimbursements, including expenses paid by the Cooperative for external meetings. Directors must submit a budget and a statement of purpose for each external meeting, which shall be approved in advance by the Board. Directors are encouraged to keep total expenses to less than \$7,500 per year, excluding affiliated boards as described in Section II, B.
- D. Directors shall be reimbursed for all legitimate expenses for attendance at such meetings upon submission of a detailed expense account, with receipts attached as appropriate. Such reimbursement shall be authorized by the CEO for payment after review by the Treasurer of the Board and approval by the Board of Directors. If any questions arise, such expense accounts will be reviewed by the Executive Committee, which will confer with the Director, if necessary. No expenses will be paid for spouses of Directors accompanying them to meetings. Travel shall be reimbursed on the following basis:

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1. For out-of-town, in state travel, the Director shall be reimbursed for the actual mode of transportation used, either flight or mileage driven at the IRS reimbursable rate, subject to the limitation of one day per diem per II.D.4, below.
 2. For out-of-town, out of state travel, Directors will be reimbursed not more than the cost of air flight of actual flight expense of others traveling to the same meeting, or the average of flights for the same trip scheduled at least three weeks in advance. For out-of-town, out-of-state travel to states contiguous to Colorado, the Director will be reimbursed the lesser of flight or mileage driven at the IRS reimbursable rate.
 3. Mileage reimbursement, plus toll costs, for use of personal automobile shall be at the rate established by the IRS. In those instances where Directors travel with others, only the Director actually using his or her personal automobile shall receive mileage reimbursement and tolls paid.
 4. Per diem will be paid for up to one day of travel time for such meetings as necessary.
 5. Directors can be reimbursed for actual meal expenses incurred by the Director, up to the standard IRS meal per diem allowance per IRS regulations. Alcohol expenses will not be reimbursed.
 6. Wherever possible, Directors should endeavor to limit travel expense, such as traveling up and back to Denver on the same day to avoid lodging expense and additional meal expense.
 7. Directors should seek approval for travel requests in a timely manner, in part because state and national trade associations typically arrange group purchase of rooms at a conference hotel which typically reflect reduced prices that less likely to be available closer to conference date.
- E. Per Diem, travel, and out-of-pocket expenses, as described above, will be paid for the official delegates to meetings appointed by the Board. If a meeting comes up, in between regular Board meetings, the President is to approve or disapprove and if not available then the Vice President must approve. Directors to be paid one per diem per day when multiple meetings occur on the same day.

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- F. Directors will receive \$1,000.00 monthly stipend for attending at least one meeting on cooperative business during the month.
- G. Travel Insurance: Directors shall be provided \$100,000 coverage for accidental death or dismemberment coverage while attending Board of Directors meetings.
- H. Director Liability Insurance: Directors, officers', and manager's liability insurance shall be provided by the Cooperative which provides up to a minimum of \$15,000,000 for each loss that a claim is made against them while acting on the Cooperative business individually or collectively for a wrongful act.
- I. The Cooperative shall budget an annual amount to cover Directors' fixed and discretionary expenditures in furtherance of Cooperative business and interest, including but not limited to: attendance at regular, special, and committee meetings, educational programs, and insurance. The Cooperative's guidelines for education in cooperative matters are as follows:
1. Each cooperative Director is encouraged to achieve a Director certificate from the National Rural Electric Cooperative Association (NRECA) by the end of his/her first term.
 2. Board members should try to take classes in conjunction with Colorado Rural Electric Association (CREA) meetings and sponsored training as much as possible.
 3. The CEO will provide annually a list of courses attended by the Directors to the Board.
 4. Each Director will compare their Director's fees and expense to budget when considering taking any course during the year.
 5. The Cooperative will also reimburse or pay for any fees charged for the Director to attend an approved class.
- J. Directors shall report on their conference, training, or meeting to the entire Board and CEO. Reports should be via email, or verbal at the regular Board meeting.

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III. PROCEDURE FOR REIMBURSEMENT FOR TRAVEL AND OUT-OF-POCKET EXPENSES

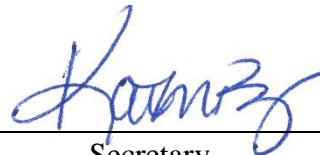
- A. All reimbursements of travel and out-of-pocket expenses must be submitted to the Cooperative on an expense report.
- B. Receipts for expenditures for room, meals and other allowable expenses (other than mileage) shall be submitted to the Treasurer of the Board.
- C. The signed expense report together with all receipts will be submitted to the Treasurer of the Board of Directors for review and processing prior to commencement of the monthly Board meeting. The Treasurer will review the expense reports resolving issues or concerns as promptly as possible. Each Director's reimbursement totals will be reported to the Board, along with meetings, functions and activities attended for which the Director seeks reimbursement. The Board shall consider approval for payment based upon the Treasurer's report of Director expenses.
- D. The Cooperative will furnish an information return, Form 1099, reporting all per diems, stipends, and reimbursements paid during the calendar year as may be required by the IRS for the preparation of income tax returns.

IV. RESPONSIBILITY

- A. The President of the Board is responsible for the administration of this policy.
- B. The CEO shall provide a summary of the per diem, travel and out-of-pocket expenses of Directors to the Board of Directors on a quarterly basis.

12/13/17

Date



Secretary