

**NUECES ELECTRIC COOPERATIVE, INC.
BOARD POLICY**

SECTION I-Corporate Entity		POLICY NO. I-7
Scope:	Board	
Subject:	BOARD MEMBER COMPENSATION FOR SERVICES AS SUCH	

I. OBJECTIVE

To establish the services for which Board Members as such will be compensated, the level(s) of such compensation, and the conditions applying thereto.

II. POLICY

The Board of Directors of Nueces Electric Cooperative, Inc., hereby adopts the following policy:

Section 8 of Article IV of the Cooperative's Bylaws authorizes payment of per diem compensation for Board member attendance at meetings of the Board and for the performance of their duties otherwise. By this Policy No. I-7, the Cooperative establishes the standards and methods for paying such compensation and the conditions applying thereto, as follows:

- A. Board members shall be paid per diem compensation, as hereinafter provided, for attendance at meetings of the Board or of any committee thereof and for the performance of their duties otherwise. A Board or committee "meeting" for the purpose of this paragraph shall be a meeting at which business may be officially conducted, including telephone conference and videoconference meetings, except that such a meeting for a fixed location will still qualify as such if its incapability to conduct official business is due solely to the absence of a quorum.

Board approved extra-curricular educational and training meeting attendance shall be eligible for per diem compensation as specified in paragraph D below.

- B. In applying this Policy, the following standards will be observed:

1. For all or any portion of one prior day traveling to or one subsequent day traveling from a meeting or other activity site, one meeting day will be counted. A "day" begins at 12 midnight at the Board member's residence and ends 24 hours later in going, and begins at 12 midnight at the meeting or other activity site and ends 24 hours later in returning.
 2. Although two or more meetings or activities, or a combination of travel and one or more meetings or activities, may occur on a single day, only compensation for that one day will be allowed.

- C. The following insurance coverages shall be provided by the Cooperative:

<u>Type of Insurance</u>	<u>Person(s) Covered</u>	<u>Percent of Premiums to be Paid by Cooperative</u>
1. Accidental Death (24 Hrs)	Directors	100%
2. Business Travel; Accident	Directors	100%
3. Fiduciary Coverage (Ultra vires activities not covered). Refer to Policy I-6	Directors	100%
4. Directors, Officers & Managers	Directors CEO	100%

D. The per diem fee provided for in paragraph A shall consist of the following:

1. Three Hundred Dollars (\$300.00) for each day or fraction thereof while en route to or from and while attending meetings and conferences. Telephone or video conference meetings, including monthly Board Meetings, except as provided in paragraph D.2 below, shall be reimbursed at \$300 per called meeting, but shall not exceed Three Hundred Dollars (\$300) per day.
2. In the event of Force Majeure, defined below, which prevents or hinders a Director's ability to attend a Board meeting or Committee meeting on-site, and a Director is only able to attend via videoconference or telephone conference, then an affected Director who attends via such method shall be paid a fee as if her or she had attended the meeting on-site. "Force Majeure" includes fire, flood, storm, earthquake, act of God, war, hostilities, rebellion, insurrections, terrorist threats or acts, riot strike, differences with workers, labor disputes, government authority, order, requisition or necessity, curtailment of transportation, epidemic, pandemic, or other national or regional emergency, or any other cause whether of the kind herein enumerated or otherwise, which is beyond the reasonable control of a Director
3. The President will receive an additional \$250.00 per month and Secretary of the Board will each receive an additional \$125.00 per month for the administrative duties specific to their positions on the Board as stated in the Bylaws and Policy Manual of the Cooperative. In addition to the \$250.00 and \$125.00 respectively per month, the President and Secretary will be paid mileage at the usual Cooperative rate for their mileage actually traveled on Cooperative business.
4. In lieu of the Cooperative providing Medical/Hospitalization insurance each Director shall receive a per diem equal to \$1300 for each regular monthly meeting of the Board attended. This per diem will also be paid if a director is asked to attend a Board-sanctioned event, meeting, or conference, in place of the director's attendance at a regular monthly Board Meeting. In the event of a multi-day event, this per diem will only be paid for the day

coinciding with the regular board meeting, with other days compensated as indicated in paragraph D.1.

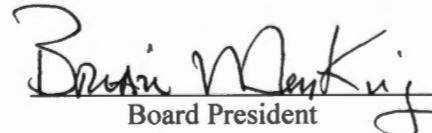
- E. Payment of the amounts provided for in paragraphs D.1, 3, and 4 above shall be made by the Cooperative directly to the Board member and shall include a system for accounting for daily time spent on Cooperative business. The Cooperative shall establish and maintain a system of accounting for fees paid to or for Board members pursuant to paragraph D above. Any exceptions to this policy must be approved by the Board.
- F. For attending meetings and otherwise performing duties pursuant to authorization thereof by the Board, directors shall be advanced or reimbursed their related expenses actually, necessarily, and reasonably incurred and expended by them, in accordance with Policy No. I-8.
- G. No Board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Board member receive compensation for serving the Cooperative, except that (a) a Board member who is an officer of the Cooperative and who as such performs substantial additional duties on behalf of the Cooperative may be paid such compensation therefor, on a per diem basis, as is authorized by the remaining Board members, and (b) a board member may be paid such compensation as is authorized by the Board as a temporary emergency measure.
- H. All compensation paid under this Policy shall, if the total thereof by law requires such, be reported on IRS Forms 1099 and 1096, a copy of the form being timely furnished to each Board member.
- I. Total individual Director compensation and reimbursements, including, but not limited to, direct payments and expenses for Credentialed Cooperative Director (CCD) and Board Leadership Certification (BLC) classes, shall not exceed \$25,000.00 maximum for Board and Committee meetings and \$8,000 for annual training and outside meetings in any fiscal year unless otherwise reviewed and pre-approved by the Board of Directors.

III. RESPONSIBILITY

- A. The Board of Directors shall review and make necessary changes in this policy as may be recommended or that are required by changing circumstances.
- B. The Chief Executive Officer shall be responsible for the administration of this policy. The CEO shall issue such procedural guidelines as may be required to effectively administer this policy and shall be responsible for formulating any recommended changes in policy content which require action by the Board of Directors. Further delegation of the administration of this policy may be made by the Chief Executive Officer, but the Chief Executive Officer shall not be relieved of the overall responsibility.

This policy supersedes all previously established policies and all other material in conflict with its provisions.

Approved by the Board of Directors this 26th day of November, 2024



Brian W. Knig
Board President

David Rosse

Board Secretary

Revision History:

5/23/17 Provides for director to receive same compensation as for regular board meeting if attending a Board sanctioned function, which causes the director to miss a Board meeting. Also provides for pay back of insurance if director is absent, unless absence is for attendance at a Board sanctioned function.

11/26/24: II.A to include videoconferencing in the description of a “meeting”, II.D/3 to increase the President’s Administrative fee to \$250.00 per month and II.D.I to change \$5,000 to \$8,000 for annual training and outside meetings.