



**DIRECTOR COMPENSATION (FEES),
REIMBURSEMENT OF EXPENSES,
and
BENEFITS**

I. OBJECTIVE

- A. To establish the amount of compensation to be paid to directors of Jefferson Energy Cooperative for attending meetings of the Board of Directors, Annual and District Meetings of members, state and national meetings, association meetings, conducting business of the Cooperative
- B. To establish guidelines for the types of expenses to be paid by the Cooperative and to set forth a method for the reimbursement of expenses incurred by Directors in attending meetings and participation in other related activities.
- C. To set forth benefits that will be paid for the directors and attorney.

II. POLICY

A. **COMPENSATION (FEES)**

Section IV of Article 4.10, Directors, of the Cooperative's Bylaws authorizes payment of compensation for Board members' attendance at meetings of the Board and for the performance of their duties otherwise. By this Policy, the Cooperative establishes the standards and methods for paying such compensation and the conditions applying thereto, as follows:

- 1. Board members shall be paid 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 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.



2. In applying this Policy, the following standards will be observed:
 - a. Board sets number of days per diem and travel days to be paid for each meeting, in-state or out-of-state.
 - b. 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.
3. Fees paid to members of the Board of Directors of Jefferson Energy Cooperative will be in accordance with the following schedule:
 - a. \$1,200 monthly for regular monthly board meetings and associated representative activities such as chamber meetings, community meetings, banquets, civic club meetings, local elected official gatherings, etc.
 - b. \$500 per day for other cooperative related meetings to include committee meetings, director training, national, regional, and state conferences, JEC Annual Meeting, and other meetings pertaining to the cooperative business affairs on approval by the Board of Directors.
 - c. \$300 per day travel to and from in-state meetings that require an overnight stay. \$500 per day travel for out-of-state meetings. The number of travel days will be set by the Board of Directors prior to the date of each meeting.
 - d. \$50 per day will be paid for conference calls of the Board of Directors.
4. 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, or who serves on behalf of Cooperative as a Board member or voting delegate to an affiliated organization or any committee thereof, may be paid such compensation therefor, on a per diem basis, as is authorized by the remaining Board members, and (b) a Board member or close relative of a Board member may be paid such compensation as is authorized as a temporary emergency measure.



5. Any 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 former being timely furnished to each Board member.

B. REIMBURSEMENT OF EXPENSES

Expenses required to conduct Jefferson Energy business will be reimbursed to Jefferson Energy directors as follows:

1. Mileage for automobile travel will be reimbursed according to the mileage rate set by the IRS.
2. The least expensive form of travel will be paid for attendance to meetings. If commercial air travel is available and is less expensive than driving, without regard to the mode actually used, reimbursement shall be for the expenses actually incurred in the amount not to exceed round trip air coach fare plus cost of transportation to and from airport and other expenses attendant to air travel.
3. Auto rental expense.
4. Actual expenses for lodging and meals.
5. Miscellaneous expenses such as tips, tolls, parking, telephone, etc.
6. Advances may be made to directors for estimated expense while traveling on Jefferson Energy business.
7. A detailed expense report will be completed, with receipts, etc., attached, and submitted to the Executive Assistant. A receipt is required for any expense over \$50.00.

**C. BENEFITS**

Directors are eligible for the following insurance benefits when elected to serve on the Board of Directors

1. Medical Insurance
 - a. Active Directors and their dependents may participate in JEC's medical insurance plan at their expense.
 - b. Jefferson Energy Cooperative will pay or reimburse retired Directors medical insurance or Medicare Supplement and Medicare Part D after age 65 if the retired Director was elected to the Board prior to January 1, 2000 and has 12 or more years of service. Reimbursement of medical insurance or Medicare Supplement Insurance and Medicare Part D will be for amounts expended not to exceed the cost of Jefferson Energy's medical insurance or Medicare Supplement premium and Medicare Part D. The maximum cap JEC will pay is \$714 per month.

Dependents of retired directors who have 12 years of service can participate in Jefferson Energy's medical insurance plan and Medicare Supplement plan at the Director's expense. Dependents are eligible to participate as long as the retired Director participates.

Example 1: Director One leaves the Board in 1999 and has over 12 years of service. He is over 65 and does not participate in Jefferson Energy Cooperative Medicare Supplement plan. The cost of his Medicare Supplement is \$165.00 a month. The cost of Jefferson Energy's Medicare Supplement is \$270.00 a month. Therefore Jefferson Energy will reimburse Director One \$165.00 per month.

Example 2: Director Two leaves the Board in 2001. He was elected to the Board in 1989; therefore he has over 12 years of service. He is 60 years old at the time he leaves the Board. As a director, he did not participate in Jefferson Energy's medical insurance plan, but the cost of his coverage has increased to \$800 per month. The cap Jefferson Energy will pay for medical insurance coverage for an employee is \$714 per month. Jefferson Energy will reimburse Director Two



\$714 per month. When Director Two reaches the age of 65, Jefferson Energy will reimburse Director Two for the actual cost of his Medicare Supplement plan and Medicare Part D up to the amount Jefferson Energy pays for retiree coverage, with a maximum cap of \$714 per month.

Example 3: Director Three leaves the Board in 2007. He was elected to the Board in 1999. Since Director Three has only eight years of service, he is not eligible to participate in the medical insurance plan or to receive reimbursement for the amount he expends for medical insurance or Medicare Supplement.

Example 4. Director Four was elected at the July 2000 Annual meeting. He leaves the Board in 2015 after 15 years of service. After leaving the Board, Director Four and his dependents can participate in Jefferson Energy's medical insurance or Medicare Supplement plan at his expense. Dependents are eligible to participate in the medical insurance plan or Medicare Supplement as long as the retired Director participates.

2. 24-Hour Accident Insurance and Business Travel Insurance

Jefferson Energy will provide 24-Hour Accident insurance and Business Travel insurance coverage for the attorney and active Directors, the cost of which will be paid by the Cooperative.

For comprehensive information about the 24-Hour Accident Insurance and the Business Travel Insurance, see the Summary Plan Description. If an additional copy of the Summary Plan Description is needed, contact the Human Resources Department.

3. Life Insurance and Accidental Death and Dismemberment

Jefferson Energy will provide Life Insurance for the attorney and active Directors in the amount of \$15,000 as well as Accidental Death and Dismemberment, the cost of which will be paid by the Cooperative. At the age of 66, the benefit of Director Life begins to decrease each year as set forth in the Summary Plan description.



For comprehensive information about the 24-Hour Accident Insurance and the Business Travel Insurance, see the Summary Plan Description. If an additional copy of the Summary Plan Description is needed, contact the Human Resources Department.

III. RESPONSIBILITY

- A. Executive Committee of the Board of Directors.