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**SUBJECT:**

Board Member Compensation for Services

**OBJECTIVE:**

To establish the services for which Board Members will be compensated, the levels of compensation, and the conditions for compensation.

**POLICY:**

Section 6 of Article IV of the Cooperative's By-laws authorizes payment of a fixed sum (per diem) and expenses for Board member attendance at meetings of the Board and for the performance of their duties otherwise (including, but not limited to, meetings, conferences, and training programs). By this Policy No. 203, the Cooperative establishes the conditions, standards and methods for paying such compensation as follows:

Board members shall be paid per diem compensation for the attendance at Board or Committee meetings. 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.

1. In applying the Policy, the following standards will be observed:
  - A. 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 premises serviced by the Cooperative 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.
  - B. Per diem is calculated by day, not activity. Therefore, if two or more meetings or activities, or a combination of travel and one or more meetings or activities, occur on a single day, only compensation for one day will be allowed.
2. The per diem fee shall consist of the following:
  - A. a fixed amount of \$250.00 per meeting, which shall be the same for all Board members. These payments will be made directly to the Board member.
3. The Cooperative shall not be required to make payments for any month after the Board member ceases to be or act as a Board member. The Cooperative shall establish and maintain a system of accounting for fees paid to or for Board members.
4. Trustees shall be reimbursed for their related expenses actually, necessarily and reasonably incurred and expensed by them, in accordance with Policy No. 205.
5. No Board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any 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 therefore, on a per diem basis, as is authorized by the remaining Board members, and (b) a Board

member or relative of a Board member may be paid such compensation as is authorized by the members as a temporary emergency measure.

6. 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 former being timely furnished to each Board member.
7. For purposes of computing entitlement to compensation, a Board member's attendance at each of the following shall qualify the Board member for compensation.
  - A. Regular Board meeting
  - B. Special Board meeting
  - C. Board meeting of Upper Missouri G & T
  - D. Annual meeting of Basin Electric Co-op
  - E. Annual meeting of Montana Electric Cooperative Association
  - F. Such other meetings as may, from time to time, be approved by a vote of the Board.

**RESPONSIBILITY:**

Board of Trustees