

BOARD OF DIRECTORS COMPENSATION POLICY

PEDERNALES ELECTRIC COOPERATIVE, INC.

1. Purpose:

- 1.1. This Policy addresses all compensation and benefits provided to Directors of the Cooperative for their time and attention in the performance of their duties for the Cooperative.

2. Scope:

- 2.1. This Policy applies to members of the Board of Directors ("Board"). The Board of Directors Travel & Expense Reimbursement Policy addresses Director training, travel and expense reimbursements.

3. Policy Statement and Implementation:

- 3.1. Fixed Monthly Fee. All Directors shall be paid a fixed monthly fee of \$3,000; provided, however, that a Director regularly attends board meetings as provided by this Policy.

- 3.1.1. If a Director attends less than 75% of any scheduled board meetings (e.g., regular, special, or called meeting) during any consecutive, rolling 12-month period, that Director shall forfeit the monthly fixed fee, beginning with the next month following the month in which the attendance fell below 75%, until such time as the Director's rolling attendance rises above 75% for a consecutive 12-month period; and

- 3.1.2 after one telephonic or electronic participation by a Director per year; any others shall be counted as one-half meeting attendance; and

- 3.1.3 if a Director attends less than half of any meeting in person, such attendance shall be counted the same as a telephonic or electronic participation.

- 3.2. Newly-elected Directors, who are not current Directors, shall be paid one-half (1/2) the Fixed Monthly Fee for the remainder of month following the Director Election at which they are first elected; and the seventy-five percent (75%) attendance policy does not apply until the first September after their initial election to the Board.

- 3.3. The Fixed Monthly Fee shall be paid regardless of the number of meetings, events or functions attended by the Director in any given month, so long as the 75% minimum board meeting attendance level is met.

- 3.4. By majority vote of remaining Directors for good cause, a Director may be excused for board meeting absence(s). The absence of a Director at board meeting because of attendance at a Board-approved seminar, educational or training course is an excused absence.

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- 3.5 Board Officer Fee. Directors who serve as an Officer of the Board shall receive a monthly fee of \$100 in addition to the Fixed Monthly Fee.
- 3.6 Board Committee Fee. Directors who are members of a Board Committee shall receive \$100 for each attendance and participation in a Board Committee meeting in addition to the Fixed Monthly Fee. Directors may receive up to a maximum of \$400 annually for each Board committee.
- 3.7 The Cooperative does not provide sponsorship of any separate or distinct retirement or healthcare coverage or plan for any former, current or future Director or their dependents, regardless if the cost of such coverage would be paid by the Cooperative or the Director.
- 3.8. Optional Insurance Coverage. Health, dental and vision insurance coverage that is also available to eligible employees, is provided, on a voluntary basis, to Directors and their dependents so long as the Director serves on the Board of Directors. A Director is solely responsible for the payment of all premium costs for selected coverage(s). Coverage may include access to the Cooperative's High Deductible Health Care Plan including access to a Health Savings Account offered by the Cooperative. Access does not include any PEC contribution to a Health Savings Account offered by the Cooperative.

4. Procedure Responsibilities:

- a) The Board of Directors is responsible for the implementation of this policy.

5. Enforcement:

- a) The Board of Directors implements and enforces this Policy.

6. Superseding Effect:

- a) This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.

7. References and Related Documents:

Texas Utilities Code § 161.073
Bylaws Article III, Section 2(n), Qualifications
Bylaws Article III, Section 7, Compensation
Board of Directors Travel & Expense Reimbursement Policy
Directors' Code of Conduct

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Policy Title:	Board of Directors Compensation Policy
Review Frequency:	Every 3 Years
Last Reviewed:	September 17, 2018
Date Adopted:	May 21, 2012
Effective Date:	October 1, 2018
Amendment Dates:	May 21, 2012; June 18, 2012; December 17, 2012, February 22, 2016, September 17, 2018
Approver:	Board of Directors
Applies to:	Board of Directors
Administrator:	Board of Directors
Superseding Effect:	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.