

LNRA BOARD POLICY
105 – DIRECTORS’ FEES AND EXPENSE REIMBURSEMENT

105.10 PURPOSE

The purpose of this policy statement is to establish guidelines for payment of fees and reimbursement of the expenses Board members incur in carrying out their responsibilities as Directors of the Lavaca-Navidad River Authority. This policy is based on what a “reasonable person” would charge for ordinary and necessary expenses while traveling away from home on LNRA business.

105.20 POLICY

105.201 DIRECTOR’S FEES. Each Director shall be entitled to fees in accordance with the LNRA Act, LNRA by-laws, State of Texas statutes, Texas Commission on Environmental Quality rules and resolutions adopted by the Board of Directors. Fees will be paid for each day of service necessary to discharge Director’s duties, when, in the judgment of the Director, substantial time is spent on LNRA business. Directors will be paid fees for each called meeting of the Board of Directors, as well as Board committee meetings of which they are a member. In addition, fees will be paid to Directors who attend association meetings, conventions, seminars, conferences or other meetings that are directly related to LNRA business, provided such attendance is authorized by prior resolution of the Board.

105.202 LIMITATIONS. No Director shall be paid fees in excess of six thousand dollars (\$6000.00) in any one calendar year or as otherwise established by State law.

105.203 DIRECTORS’ EXPENSES. Directors are entitled to reimbursement of expenses incurred which are “ordinary” and “necessary” while on travel status for the conduct of LNRA business. These expenses shall be paid on an actual cost basis. An expense is “ordinary” if it occurs with some degree of constancy in LNRA’s business; an expense is “necessary” in terms of what is “appropriate and helpful” to the development or conduct of the business of LNRA. Normally, these expenses include travel, meals, lodging and incidental expenses while away from home conducting LNRA business.

105.204 TRANSPORTATION. Travel expenses include air fare, car rental, taxi and use of a personal automobile. The mode and method of travel will be at the discretion of each Director. Reimbursement will be made on the basis of the costs actually incurred. Mileage allowance for personal automobiles shall not exceed IRS regulations or the State maximum. Whenever possible, air fares should be purchased at the most economical fare available. Except in extreme emergencies or for health reasons, no Director will be reimbursed for first class air fares.

105.205 MEALS. Actual costs of meals are included as part of travel expenses. Whenever possible, meals should be paid for by the Director and submitted for reimbursement. On

occasion, some meals will be paid for by credit cards or billed directly to LNRA and will be allocated to participants. Each Director will pay directly for spouse, family or personal guest meals. Charges for alcoholic beverages should be paid directly by the Director.

105.206 LODGING. Charges for lodging are included as allowable travel expenses. Whenever possible, lodging should be paid for by the Director and submitted for reimbursement. Each Director will be responsible for lodging costs for spouses, family or personal guests that exceed the single occupancy rate. Personal expenses such as pay movies, laundry and cleaning, valet services, alcoholic beverage purchases and bar bills, health club fees, personal telephone charges and other such expenses will be paid for by each Director. However, when traveling for LNRA, a daily telephone call to the home of a Director is an allowed business expense. Other out-of-pocket expenses such as tips, taxi fares, parking fees and miscellaneous are considered “necessary” expenses and should be submitted for reimbursement.

105.207 OTHER EXPENSES. Generally, no reimbursement is allowed for the cost of entertainment, amusement or recreation unless the expense is directly related to the active conduct of the business of LNRA. Proper documentation of these expenses include a receipt and notation of when and where the expense occurred, who was present and the business purpose.

105.30 RESPONSIBILITIES

105.301 FEES AND REIMBURSEMENTS. In order to receive fees of office and reimbursements for expenses, each director shall file with the General Manager or designee a verified statement showing the number of days actually spent in service of LNRA and a general description of the duties performed for each day of service.

EFFECTIVE: February 19, 2003