

BOARD APPROVED POLICY

AMENDED
DIRECTORS' FEES AND EXPENSE REIMBURSEMENT POLICY

PURPOSE

The purpose of this policy statement is to establish guidelines for payment of fees and for reimbursement of the expenses Board members incur in carrying out their responsibilities as Directors of the Upper Brushy Creek Water Control Improvement District.

POLICY

Directors' Fees. Each director is entitled to fees and/or reimbursement in accordance with the District enabling legislation, State statutes and resolutions adopted by the Board of Directors for each day of service necessary for performing the duties of a director. Performing the duties of a director includes:

- Substantive performance of the management or business of the District, including participation in Board and committee meetings;
- Other activities involving the substantive deliberation of District business, including meetings with District staff, consultants, or other officials; and
- Attendance at association meetings, conventions and conferences that are directly related to District business, provided such attendance is authorized by resolution of the Board.
- Substantive participation in the District response to a District emergency event. Such activity would be at the request of the Board President and only in coordination and cooperation with the proper official emergency response managers. Compensation requires submission of a summary record of such activity and expenses for each day, including contact information of emergency response managers for corroboration, and final approval by the Board of Directors. This summary record would become an official District document and be part of the historical record of the event.

Directors are not entitled to reimbursement for routine or ministerial activities such as the execution of documents or self-preparation for meetings, or other activities requiring a minimal amount of time.

Directors will receive as fees of office \$150 for each day of service necessary to discharge their duties, plus reimbursement of expenses, if and only if the compensation and expenses are approved by vote of the Board of Directors. The \$150 daily fee may only be charged in its entirety and not modified to a lesser amount. The maximum fees of office a Director may receive is \$7,200.00 per year.

Directors' fees and expense reimbursement
March 18, 2010
Rev1 May 11, 2012
Rev2 July 13, 2012



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Directors' Expenses. Directors are entitled to reimbursement of expenses incurred which are "ordinary" and "necessary" in carrying out their responsibilities as District Board members. An expense is "ordinary" if it occurs with some degree of consistency in District's business; an expense is "necessary" in terms of what is "appropriate and helpful" to the development or conduct of the business of the District. Normally, these expenses include travel, meals and lodging while away from home conducting District business.

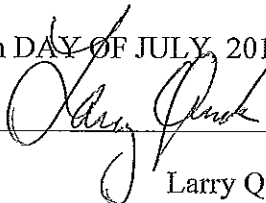
Expenses that qualify for reimbursement include travel expenses for airfare, car rental, taxi and use of a personal automobile. The mode and method of travel will be at the discretion of each Director. Airfare on a common carrier may not be reimbursed in an amount exceeding the lowest available fare. Mileage for personal automobiles will be reimbursed at the Federal Mileage Reimbursement Rate. Maximum reimbursement amounts for lodging, meals and incidentals will be based on Federal Domestic Maximum Per Diem Rates set by the General Services Administration (GSA). No reimbursement is allowed for the cost of entertainment or recreation unless the expense is directly related to the active conduct of the business of the District.

RESPONSIBILITIES

Board members must complete a Directors' Fees and Expense Report and include the items that are being covered under the per diem rate that may include lodging, meals and incidentals. In order to receive fees of office and reimbursement for expenses for any activity other than attendance at Board meetings, Board members must file an affidavit showing the number of days actually spent in District's service and a general description of the duties performed for each day of service. The Directors' Fees and Expense Report, and affidavit shall be submitted to the General Manager or designee.

Annually, the District Auditor shall audit for compliance with this policy. Written results of that audit shall be presented to the full Board.

DATED AT ROUND ROCK, TEXAS ON THIS 13th DAY OF JULY, 2012.



Larry Quick, President