

**Hackensack University Health Network
Governance Policy Manual**

Travel and Other Expense Reimbursement

Policy #: 0006

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Purpose The President and Chief Executive Officer (the “President”) and the Members of the Board (“Governors/Trustees”), are permitted to travel and incur other expenses from time to time to conduct the Hackensack University Health Network and its Subsidiaries (the “Corporation”) business and to further the purposes of the Corporation. The purpose of this Policy is to ensure that (a) adequate cost controls are in place, (b) travel and other expenditures are appropriate, and (c) to provide a uniform and consistent approach for the timely reimbursement of authorized expenses.

When incurring business expenses that are reimbursed by the Corporation the President and the Governors/Trustees shall comply with the following general principles:

- The expenses must be incurred in furtherance of the purposes of the Corporation and not as part of the personal activities of the individual who incurred them.
- The expenses must be reasonable and not lavish or extravagant under the circumstances.
- The expenses must be actually incurred.
- Discretion and good business judgment must be exercised with respect to all expenses.
- The incurrence of expenses must be consistent with the Corporate Compliance Plan, and other Policies of the Corporation.
- All requests for reimbursement must be made on Expense Reports provided by the Corporation and supported by required documentation.
- A report on activity supported by the expenditures must be provided.
- Reimbursement of expenses must either be pursuant to an “accountable plan” under IRS rules, or if not pursuant to such a plan be approved by a person knowledgeable regarding IRS requirements.
- All requests for significant reimbursement, including out-of-town travel expenses, must be approved in advance by an immediate supervisor.

General Travel Requirements.

A. Advance Approval.

All travel by the President and Governors/Trustees must be approved in advance by the Chairman of the Board. Any travel out of the United States by the President, and any travel by the spouse of the President, must be approved by the Chairman of the Board or his/her designee, and such approval must include an express finding that such travel or expenditures specifically benefit and promote the purposes of the Corporation.

B. Necessity of Travel.

In determining the reasonableness and necessity of travel expenses, the person authorizing the travel shall consider the ways in which the

Corporation will benefit from the travel and weigh those benefits against the anticipated costs of the travel. The same considerations shall be taken in to account in deciding whether a particular individual's presence on a trip will further the purposes of the Corporation. In determining whether the benefits to the Corporation outweigh the costs, less expensive alternatives, such as participation by telephone or video conferencing, or the availability of local programs or training opportunities, shall be considered.

C. Personal Travel Expenses.

The President and Governors/Trustees traveling on behalf of the Corporation may incorporate personal travel or personal (non-Corporation) business with their Corporation-related trips; however, they shall not arrange Corporation travel at a time that is less advantageous to the Corporation or involving greater expense to the Corporation to accommodate personal travel plans. Any additional expenses incurred as a result of personal travel or business, including but not limited to extra hotel nights, additional stopovers, meals or transportation, are the sole responsibility of the individual. Expenses associated with travel of an individual's spouse, other family or friends will not be reimbursed by the Corporation.

The Corporation recognizes that in certain circumstances HUMC may incur the costs of travel for spouses. As required by IRS guidance, any amounts paid by the Corporation or received from the Corporation for the reimbursement of spouse travel expenses must be treated as taxable income to the Board members. The expense reimbursements must be included in taxable income even if the Board member's spouse performs a useful function while traveling on behalf the Corporation or the Board.

Spouse travel expense reimbursements are reported to the Board member (and to the IRS) on a Form 1099, if the total amount of taxable income to the Board member from the Corporation for that year is \$600 or more. A total taxable amount less than \$600 may not be reported on a Form 1099 for that year however those amounts still must be reported by the Board member on his or her personal income tax returns for that year. In addition, these amounts must be disclosed on the Form 990 as expense reimbursement to the Board member.

Air Travel

Air travel reservations should be made as far in advance as possible to take advantage of reduced fares/special rates. Such reservations shall be made through the designated online booking site or travel agency, where applicable. Business or first class travel is permissible for the President and Governors/Trustees. The President and Governors/Trustees may fly on private planes or jets where the cost of such travel does not exceed the cost of a business or first class ticket for the same itinerary.

Lodging.

The President and Governors/Trustees traveling on behalf of the Corporation will be reimbursed for the reasonable cost of hotel accommodations. Convenience, the cost of staying in the city in which the hotel is located, and proximity to other

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venues on the individual's itinerary shall be considered in determining reasonableness.

Out-of-Town Meals.

The President and Governors/Trustees traveling on behalf of the Corporation are reimbursed for the reasonable and actual cost of meals (including tips).

Ground Transportation.

The President and Governors/Trustees are expected to use reasonable ground transportation appropriate under the circumstances.

Personal and Corporate Cars.

The President and Governors/Trustees are compensated for use of their personal cars when used for the Corporation business including travel to and from the airport. Mileage will be allowed at the currently approved IRS rate per mile. Personal use of Corporation vehicles is prohibited without reimbursement by the user to the Corporation for the fair market value of the personal use.

Parking/Tolls.

Parking and toll expenses, including charges for hotel parking, incurred by the President and Governors/Trustees traveling on the Corporation business will be reimbursed.

Entertainment and Business Meetings

Reasonable expenses incurred for business meetings or other types of business-related entertainment will be reimbursed.

Other Expenses.

Reasonable Corporation-related telephone and fax charges due to absence from the individual's place of business are reimbursable. In addition, reasonable and necessary gratuities that are not covered under meals may be reimbursed. Finally, emergency secretarial work and/or postal or other delivery charges incurred are reimbursable for the purpose of work on behalf of the Corporation.

Non-Reimbursable Expenditures.

Expenses that are not reimbursable include, but are not limited to:

- Membership dues at any country club, private club, athletic club, golf club, tennis club or similar recreational organization unless in the case of the President where such membership dues are provided by contract of employment.
- Purchase of golf clubs or any other sporting equipment.
- Clothing purchases.
- Valet Service.
- Expenses for spouses, friends or relatives, except as permitted herein as to spouses.
- Overnight retreats without the prior approval of the Chairman of the Board.