
Department:
Policy For:

Administration
Excessive / Luxury Expenditures

Board Approval:
Prior Approval Date:

September 28, 2020
December 16, 2019



EXCESSIVE / LUXURY EXPENDITURE POLICY

PURPOSE

The Board of Directors of Summit State Bank (Bank) prohibits expenditures that are not reasonable in nature. The Board of Directors does recognize that certain expenditures contribute to business development regarding existing/potential customers as well as staff and director recognition. This policy does not prohibit reasonable or routine expenditures regarding existing/potential customers, staff, or directors. The Bank's President/CEO is responsible for ensuring compliance with this policy.

AREAS OF COVERAGE

The following areas of coverage have been identified for inclusion in this policy: entertainment or events; office and facility renovations; aviation or other transportation services; other items, activities, or events. These areas of coverage are addressed below.

ENTERTAINMENT OR EVENTS

Entertainment or events are activities where bank funds are used for business development or to enhance the Bank's marketing efforts. Entertainment expenses must promote the business development purposes of the Bank and may include but are not limited to taking current or potential customers to a meal, events such as golfing, Chamber events, Sonoma County Fair events and other community events. These expenses should be documented including the detailed business purpose when submitted to the Accounts Payable Department for reimbursement.

OFFICE AND FACILITY RENOVATIONS

Expenditures for all office and facility renovations must be reasonable, must advance the Bank's strategic plan, and must be approved within the Bank's Signing Authority Policy.

AVIATION OR OTHER TRANSPORTATION SERVICES

Expenditures for business-related activities, events, meetings, etc. must be reasonable and approved according to the Bank's policies and procedures. Transportation for Bank staff regarding seminars, conferences, business development, attending community events and to visit branch locations must be conducted in a cost-efficient manner. Travel by air should be by commercial airline with travel by first or business class requiring prior approval by one of the following: CEO; COO; CLO; CFO; or CCO.

Expenses incurred by Board members incidental to the conduct of Bank business, including reasonable travel expenses are reimbursable to the Director. Directors traveling more than 50 miles from home to attend Board or

similar meetings may request reimbursement from the Bank for travel expenses including meals, lodging and mileage according to current IRS mileage rates. Directors can request additional reimbursement in the event of inclement weather preventing an immediate return home. Directors who reside out of state will be reimbursed for commercial airline travel with first or business class travel requiring approval of the Bank's Chairman of the Board, ground transportation, which may include car rental, shuttle, or similar mode of transportation from and to the airport and for lodging and meals for the duration of their business stay. Documentation for reimbursement should include a copy of the invoice and a copy of the original method of payment.

OTHER ITEMS, ACTIVITIES OR EVENTS

Other events, such as staff appreciation lunches, quarterly staff dinners, and holiday parties are typically used to build teamwork amongst employees and to recognize staff efforts in achieving the Bank's goals and strategic plan. Approval for these activities must be in accordance with the Bank's Signing Authority Policy.

DOCUMENTATION

Unless specifically indicated above, all Bank expenditures must conform to the Bank's Signing Authority Policy and be supported by written documentation including appropriate invoices and receipts. Documentation must be submitted to the Bank's Accounts Payable Department prior to reimbursement.

ACCOUNTABILITY AND VIOLATIONS

All employees, officers, and directors of the Bank and its subsidiary are subject to this policy and will be held accountable for compliance with this policy. Any employee found to be in violation will be subject to disciplinary action up to and including termination of employment.

REPORTING OF VIOLATIONS

Violations of this policy must be promptly reported to the Bank's President/CEO or to the Bank's Compliance Officer who will then report the violation to the Board of Directors.