



**RELIABILITY FIRST**

## Agenda Board of Directors

August 24, 2023 • 8:00 am – 1:00 pm (ET)

ReliabilityFirst Corporation  
3 Summit Park Drive, Suite 600  
Cleveland, OH 44131  
Room: 5<sup>th</sup> Floor, Suite 500  
**Attire: Business Casual**

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### Closed Agenda • 6<sup>th</sup> Floor – Ohio • Executive Session

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|-----------|---|---------|
| <b>1.</b> | <b>Regulatory Update: Fiscal Responsibility Act of 2023</b>   | 8:00 am |
|           | Presenter: Jim Uhrin, Director  |         |
|           | Description: Mr. Uhrin will discuss the Fiscal Responsibility Act of 2023, which directs NERC, in consultation with the Regional Entities and entities that span multiple transmission planning regions, to conduct a study of total transfer capability between transmission planning regions. |         |
|           | Action: Information and Discussion  |         |
| <b>2.</b> | <b>Confidential Security Update</b>   | 8:20 am |
|           | Presenter: Marcus Noel, CSO   |         |
|           | Description: Marcus Noel will provide a security update.  |         |
|           | Reference: Presentation   |         |
|           | Action: Information and Discussion  |         |
| <b>3.</b> | <b>Discussion</b>   | 8:50 am |
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### Open Agenda • 5<sup>th</sup> Floor, Suite 500

- |           |  |         |
|-----------|--|---------|
| <b>1.</b> | <b>Call to Order and Appoint Secretary to Record Minutes</b> | 9:00 am |
|           | Presenter: Antonio Smyth, Chair                              |         |
| <b>2.</b> | <b>Antitrust Statement</b>                                   | 9:02 am |
|           | Presenter: Niki Schaefer, Vice President and General Counsel |         |
|           | Reference: Antitrust Compliance Guidelines                   |         |
| <b>3.</b> | <b>Remarks and Reports</b>                                   | 9:05 am |
|           | Chair Opening Remarks – Antonio Smyth                        |         |
|           | President's Report – Tim Gallagher                           |         |

- 4. Consent Items** 9:45 am  
 Presenter: Antonio Smyth, Chair  
 Reference: a) [Draft Minutes from the April 27, 2023 Meeting](#)  
 b) [Draft Minutes from the June 29, 2023 Meeting](#)  
 c) [Standards Committee Member approval](#)  
 d) [Resolution 2023-3 to Approve the Annual Meeting](#)  
 Action: **Approve Consent Items**
- 5. Keynote Speaker** 9:55 am  
 Presenter: David Kennedy, CEO of TrustedSec  
 Reference: [Bio](#)
- Break** 10:30 am
- 6. Guest Speaker** 10:45 am  
 Presenter: Mike Doran, Deputy COO of American Water  
 Reference: [Bio](#)
- 7. Resource Adequacy** 11:05 am  
 Presenter: MISO, Scott Wright, Executive Director, Resource Planning and  
 PJM, Emanuel Bernabeu, Sr. Director Applied Innovation &  
 Analytics  
 Description: Presenters will discuss resource adequacy studies and projections  
 in the PJM and MISO footprints.  
 Reference: a) Presentation - MISO  
 b) Presentation - PJM  
 Action: Information and Discussion
- 8. Standing Updates** (Information provided for transparency into key aspects of RF 11:50 am  
 operations)  
[Financial](#)  
 Beth Dowdell, Senior Director, Corporate Services will provide an update on  
 the Q2 financials including variances and year-end projections. She will  
 also provide a procedural update on the business plan and budget.
- [Security](#)  
 Marcus Noel, CSO, will provide an organizational security update.
- [Outreach and Regulatory Update](#)  
 Brian Thiry, Director of Entity Engagement will discuss RF's increasing  
 state outreach efforts since the last board meeting as well as recent  
 regulatory updates impacting our industry.
- Break** 12:15 pm
- 9. Committee Reports** 12:25 pm  
*Compensation Committee • Lesley Evancho*  
*Compliance Committee • Joanna Burkey*

*Finance and Audit Committee • Patrick Cass*  
*Nominating & Governance Committee • Rachel Snead*

- 10. Committee Charters** 12:45 pm
  - Presenter: Antonio Smyth, Chair
  - Description: Mr. Smyth to facilitate full board vote on committee charter changes.
  - Reference:
    - a) [Compensation Charter](#)
    - b) [Compliance Charter](#)
    - c) [Finance and Audit Charter](#)
    - d) [Nominating and Governance Charter](#)
  - Action: **Approval**
  
- 11. Stakeholder Comments** 12:50 pm
  
- 12. Future Meetings** 12:55 pm
  - December 6-7, 2023 • Washington, DC
  
- 13. Adjourn** (Lunch to follow) 1:00 pm

## Roster • Board of Directors

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Antonio Smyth, **Chair** • AEP (S • 2023)  
Nelson Peeler, **Vice Chair** • Duke Energy (T • 2024)  
Patrick Cass • **Lead Independent** (2023)  
Steve Ambrose • DTE Energy (M-LSE • 2025)  
Joanna Burkey • Independent (2025)  
Lesley Evancho • Independent (2025)  
Scott Etnoyer • Talen Energy (AL • 2023)  
Tim Gallagher • ReliabilityFirst  
Courtney Geduldig • Independent (2024)  
Scott Hipkins • FirstEnergy Services Company (T • 2024)  
Jason Marshall • Wabash Valley Power Association (S-LSE • 2023)  
Ken Seiler • PJM (RTO • 2024)  
Rachel Snead • Dominion Resources Services, Inc. (S • 2024)  
Jennifer Sterling • Exelon Corporation (L-LSE • 2025)  
Joe Trentacosta • Southern Maryland Electric Cooperative, Inc. (AL • 2025)  
Simon Whitelocke • ITC Holdings Corporation (AL • 2024)

# Draft Minutes from the April 27, 2023 Meeting



RELIABILITY FIRST

## **DRAFT Minutes**

### **Board of Directors**

April 27, 2023

ReliabilityFirst Corporation  
3 Summit Park Drive, Suite 600 • Cleveland, OH 44131

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#### **Closed Session**

**Executive Session** – The Board of Directors met in executive session at 8:00 am (ET) and discussed confidential matters concerning the corporation.

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#### **Open Session**

**Call to Order** – Chair Antonio Smyth called to order a duly noticed open meeting of the Board of Directors (Board) on April 27, 2023, at 9:10 am (ET). A quorum was present, consisting of the following members of the Board of ReliabilityFirst Corporation (RF): Chair Antonio Smyth, Vice Chair Nelson Peeler (virtual); Joanna Burkey; Patrick Cass; Scott Etnoyer; Lesley Evancho; Tim Gallagher; Courtney Geduldig; Jason Marshall; Ken Seiler; Rachel Snead (virtual); Jennifer Sterling; Joe Trentacosta; and Simon Whitelocke.

A list of others present during the Board meeting is set forth in Attachment A.

**Appoint Secretary to Record Minutes** – Chair Smyth designated Niki Schaefer, RF's Vice President and General Counsel, as the secretary to record the meeting minutes.

**Antitrust Statement** – Ms. Schaefer advised all present that this meeting is subject to, and all attendees must adhere to, RF's Antitrust Compliance Guidelines.

**Consent Items** – Chair Smyth introduced the following consent agenda items for approval:  
Agenda Item 3(a): Draft Minutes from the March 21, 2023 Board Teleconference  
Agenda Item 3(b): Resolution 2023-01 to Hold Industry Elections

Upon a motion duly made and seconded, the Board approved the consent agenda items.

**Keynote Speaker** – Chair Smyth introduced Lisa Barton, Chief Operating Officer at Alliant Energy, who has previously served as Chair of RF's Board. She discussed her career in the electric industry and her experience working at American Electric Power during Winter Storm Uri. Ms. Barton also discussed the complexity of the electric grid, and how maintaining reliability and resiliency depends upon people, process, design, and architecture, combined with compliance and regulatory controls. She noted that human error presents the biggest risk to grid operations, and that layers of protection can help to mitigate this risk. Ms. Barton commended NERC and the Regions for their event analysis work to generate and share lessons learned from system events, and she shared the

benefits of the ERO's GridEx program. She talked about the role of leadership in ensuring reliability, and the importance of learning, asking the right questions, investing in people, and accountability.

**President's Report** – Mr. Gallagher thanked Ms. Barton for her remarks and began by discussing RF's 2022 Annual Report. He stated that the Annual Report highlights RF's efforts in various areas such as cybersecurity, misoperations, extreme weather, facility ratings, and state outreach. Mr. Gallagher stated that staff has worked hard on initiatives in these areas and took a leadership role to cascade these efforts across the entire ERO.

Mr. Gallagher discussed the Ohio Tabletop Exercise, where RF led a tabletop exercise in February for Ohio state government, healthcare, law enforcement, and infrastructure leaders. He shared that the effort was a success and thanked all who organized and participated in the event. Mr. Peeler and Chair Smyth both shared that they participated in the event and encouraged others to do so in the future. Mr. Gallagher then discussed the importance of state governments, noting that RF's state outreach work is increasing exponentially and being received positively at state public utility commissions and legislatures.

Mr. Gallagher then discussed the RF region's progress in lowering the misoperations rate, and he thanked stakeholders for working with RF on the issue. He discussed the business plan and budget and noted that the Board took this year's budget increase seriously. He discussed items impacting the budget increase, including that RF is processing one third of the ERO's violations, and that some efficiencies have been lost with the implementation of Align and the Secure Evidence Locker.

Mr. Gallagher congratulated Ben Felton on his new role and stated that this new role meant he had to resign from the Board. He noted that elections will be held in August to fill the vacant Board seat. He also noted that Scott Hipkins could not attend this meeting due to a medical issue and that he wishes him a speedy recovery. Lastly, Mr. Gallagher thanked Beth Dowdell, RF's Senior Director of Corporate Services, for her indispensable work on the budget and across the board.

**Winter Storm Elliott** – Chair Smyth introduced Mike Bryson, the Senior Vice President of Operations at PJM, and previously a member of the RF Board. Mr. Bryson discussed PJM's cold weather preparation efforts, which includes a cold weather preparation checklist and exercise, fuel inventories, and a seasonal assessment. He discussed PJM's 2022-2023 winter capacity projections and provided an overview of PJM's actions during the Winter Storm Elliott event. He also discussed the impact of rapid temperature changes and holiday demand during the event, and stated that PJM is working with other RTOs to improve future load forecasting.

Mr. Bryson reported that over 46,000 MW of generation failed to perform on Christmas Eve, and he discussed the causes of forced outages and derates during the event (which included numerous gas supply and freezing issues). He stated that PJM is performing its own event analysis for the event, as well as participating in the FERC-NERC inquiry into the event.

There was Board discussion on gas-electric coordination during the event and going forward. Ms. Burkey noted that although multiple risk factors combined during the event, this “stacking” of risks is something that will likely occur more frequently in the future, given extreme weather and resource adequacy risks facing the grid.

**Financial Update** – Carol Baskey, RF’s Treasurer and Manager Finance and Accounting, reviewed the 2022 year-end financials, including the 2022 year-end projections compared to the actual year-end results. She stated that RF ended 2022 \$125K (0.5%) under budget. She shared that meeting expenses were substantially under budget for the year due to the impact of the pandemic and increased virtual meetings. Personnel expenses were also slightly under budget, due to a change in health care providers and some understaffed full-time employees (FTE). However, most of these savings were offset by recent Board approved staff pay adjustments. Ms. Baskey also noted that RF was somewhat over budget in office costs, rent, and utilities. Lastly, she shared that RF had a clean 2022 financial audit (performed by RSM US LLP), with no material weaknesses and no identified significant deficiencies.

**Business Plan & Budget** - Beth Dowdell, RF’s Senior Director of Corporate Services, led a discussion on the 2024 Business Plan and Budget (BP&B). She began by sharing the lower and higher range budget projections for 2024 and noted that RF’s personnel expenses make up 86% of the budget. Ms. Dowdell discussed the Board’s process to review and approve seven new Full Time Employee (FTE) positions, as well as \$1M in staff salary adjustments that went into effect in January 2023. She reported that the 2024 BP&B will result in a 12% budget increase and a 9.5% assessment increase, and that RF’s assessment increase is lower than many of the other Regions (despite the higher budget increase percentage). Ms. Dowdell then discussed the need for and the roles of the additional seven FTEs in the 2024 BP&B, as well as reductions in personnel, travel, and medical costs from the first draft to the final draft of the 2024 BP&B.

Pat Cass reiterated the extensive process the Finance and Audit Committee went through to review and discuss the 2024 BP&B, and on behalf of that Committee, endorsed it for the Board’s approval. Upon a motion duly made and seconded, the Board approved the 2024 BP&B for public comment and submission to NERC for approval. Finally, Ms. Dowdell discussed the assessment stabilization analysis and the future budget projections.

**Outreach Approach and Successes** – Brian Thiry, RF’s Director of Entity Engagement, provided an update on RF’s outreach activities and successes. He began by discussing why RF performs outreach and the need to be proactive in addressing risks to the grid. Mr. Thiry then discussed the different types of outreach RF performs, including the quarterly newsletters, annual report, monthly Tech Talk webinars, workshops, and state outreach activities. He went on to discuss state outreach in further detail, such as recent meetings with state public utility commissions and legislatures across RF’s footprint, a widely attended state outreach webinar, and a new state outreach monthly newsletter. He discussed RF’s messaging to states on the pace of the changing resource mix and the “energy trilemma” of balancing reliability, cost, and environmental considerations, and RF’s role as an expert resource on reliability for the states. Mr. Marshall encouraged RF to



continue these efforts, and Mr. Whitelocke inquired whether RF coordinates with NERC on its state outreach efforts. Mr. Thiry confirmed that RF does coordinate state outreach with NERC, particularly on written content and outreach before state legislatures.

Mr. Thiry also discussed the recent success of RF's tabletop exercise with Ohio government officials and infrastructure representatives, and the success of RF's internal control workshop and misoperations outreach with entities.

### **Standing Updates**

**a) Security Update** – Marcus Noel, RF's Chief Security Officer, provided a security update to the Board. He began by discussing RF's security framework and RF's maturity levels measured against that framework. Mr. Noel then discussed RF's security projects and the security project roadmap for 2023. These projects include security policy rewrites, third party penetration testing, further integrating the security strategy with RF's Enterprise Risk Management program, additional work on the Data Loss Prevention system, and access validation enhancements. He discussed the 2023 Ohio security tabletop exercise, which was a preparation drill to improve disaster and emergency response by strengthening communication channels between infrastructure providers, government partners, and the community. Mr. Noel described the scenario for the tabletop exercise, and the level of participation from other Ohio organizations. He discussed that RF is planning to conduct similar exercises at other states within its footprint and may consider creating lessons learned reports following the exercises (currently there is a lessons learned report for participants but not for a wider audience).

**b) Diversity, Equity, and Inclusion Update** – Ms. Dowdell shared RF's overarching Diversity, Equity, and Inclusion (DEI) strategy, and discussed the recent work of the DEI Committee. She noted that RF is focusing on increasing the ethnic diversity of staff and broadening its recruiting sources. RF is also enhancing staff DEI training and is making this training more targeted and focused on implementation of concepts. Ms. Dowdell also highlighted recent trainings and events such as the RF lunch with leaders (which included Mr. Smyth and Ms. Evancho from the Board sharing their career paths with RF staff). Finally, Ms. Dowdell noted that RF conducted its 2023 engagement survey, and strong survey results resulted in RF being named a 2023 top workplace in Northeast Ohio.

### **Committee Reports**

**a) Compensation Committee** – Compensation Committee Chair Lesley Evancho reported that the Committee received an update from Ms. Dowdell on staffing metrics and demographics and discussed DEI activities. The Committee discussed the 2024 Business Plan and Budget and 2024 staffing, including the value of each of the new positions proposed and potential risks associated with not adding those positions. The Committee discussed RF's overall staffing and hiring strategy and will continue that discussion throughout the year. The Committee also reviewed the Q1/Q2 corporate goals (which are on track for timely completion), and the employee survey results. Finally, the Committee discussed proposed revisions to its Charter, which include changing the name to the Talent

and Compensation Committee to reflect its jurisdiction and clarifying roles and responsibilities.

**b) Compliance Committee** – Compliance Committee Chair Joanna Burkey reported that the Committee received an update on enforcement activities, trends, and inventory from Tom Scanlon, RF’s Managing Enforcement Counsel. Bill Peterson from SERC then provided a presentation on physical security and the recent substation attacks in North Carolina. Derek Kassimer, RF’s Principal Technical Analyst, provided an update on RF’s cold weather initiatives and the NERC cold weather standards. Johnny Gest, RF’s Manager, Engineering System and Performance, led a discussion on future plans for the Regional Risk Assessment (RRA), including utilization of the Stakeholder and Advisory Committees to obtain stakeholder perspective on risks in the RF footprint. Lastly, Chair Burkey discussed proposed changes to the Committee Charter, including changing the name to the “Risk and Compliance Committee” and expanding the Committee’s scope to focus on risks to the grid beyond compliance. The proposed changes also include having oversight of the Stakeholder Advisory and Technical Committees (previously with the Nominating and Governance Committee) and moving the appointment of hearing body members to the Nominating and Governance Committee.

**c) Finance and Audit Committee** – Finance and Audit Committee Chair Pat Cass reported that the Committee received a presentation from RSM on the December 2022 financial audit (which was complimentary of RF) and approved the audited financial statements. The Committee then reviewed the status of RF’s working capital and reviewed two corporate policies (the Working Capital and Operating Reserve Policy and the Whistleblower Policy). Ms. Schaefer led a discussion on the proposed Committee Charter changes, including clarifying that the Committee will oversee Enterprise Risk Management (ERM) and overall corporate risks (in contrast with the Compliance Committee, which will oversee risks to the grid). Additionally, in closed session the Committee endorsed the draft Business Plan and Budget and Diane Holder, RF’s Vice President of Entity Engagement and Corporate Services, provided an update on the ERM program.

**d) Nominating and Governance Committee** – Nominating and Governance Committee Chair Courtney Geduldig reported that the Committee reviewed the timetable of upcoming events and discussed upcoming training topics for the Board. The Committee then reviewed proposed changes to its Charter, which include adding responsibilities to: 1) review Board members’ potential conflicts of interest, and 2) appoint members to the Hearing Body under the compliance monitoring and enforcement program’s hearing procedures. Lastly, due to Ben Felton’s recent resignation from the Board, the Committee nominated Rachel Snead to serve as Committee Vice Chair. Upon a motion duly made and seconded, the Board approved the nomination for Rachel Snead to serve as Vice Chair of the Committee.

**Stakeholder Comments** - Chair Smyth provided an opportunity for stakeholders to comment, and no stakeholders did so.

**Next Meeting** – Chair Smyth noted that the next meeting of the Board of Directors will occur on August 24, 2023 at the RF offices.

**Adjourn** – Upon a motion duly made and seconded, Chair Smyth adjourned the meeting at 12:37 (ET).

As approved on this 24<sup>th</sup> day of August 2023 by  
the Board of Directors,

Niki Schaefer  
*Vice President, General Counsel & Corporate  
Secretary*

**ATTACHMENT A**

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**Others Present During the Board of Directors Meeting**

Lisa Barton • Alliant Energy  
Carol Baskey • ReliabilityFirst  
Mike Bryson • PJM  
Jeff Craigo • ReliabilityFirst  
Beth Dowdell • ReliabilityFirst  
Chelsey Eppich • ReliabilityFirst – virtual  
Megan Gambrel • ReliabilityFirst – virtual  
Vinit Gupta • ITC  
Diane Holder • ReliabilityFirst  
Erik Johnson • ReliabilityFirst  
Marcus Noel • ReliabilityFirst  
Olenger Pannell • First Energy  
Nicholas Poluch • Talen  
Tom Scanlon • ReliabilityFirst  
Niki Schaefer • ReliabilityFirst  
Kristen Senk • ReliabilityFirst  
Brian Thiry • ReliabilityFirst  
Matt Thomas • ReliabilityFirst  
Jody Tortora • ReliabilityFirst  
Jim Uhrin • ReliabilityFirst  
Colleen VanZandt-Dolan • Talen

# Draft Minutes from the June 29, 2023 Meeting



RELIABILITY FIRST

## **DRAFT - Minutes**

### **Board of Directors Teleconference**

June 29, 2023 • 9:30 am – 10:30 am (ET) • Cleveland, OH

**ReliabilityFirst Corporation**  
**3 Summit Park Drive • Cleveland, OH 44131**

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### **Closed Session**

**Call to Order** – Chair Smyth was having connectivity issues, so Vice Chair Nelson Peeler called to order a duly noticed closed meeting of the Board of Directors (Board) on June 29, 2023, at 9:35 am (ET). A quorum was present, consisting of the following members of the Board: Vice Chair Nelson Peeler; Joanna Burkey; Patrick Cass; Scott Etnoyer; Lesley Evancho; Tim Gallagher; Jason Marshall; Rachel Snead; Jennifer Sterling; Joe Trentacosta; and Simon Whitelocke, with Mr. Smyth joining once the meeting was underway.

A list of others present during the Board meeting is set forth in Attachment A.

**Appoint Secretary to Record Minutes** – Vice Chair Peeler designated Niki Schaefer, ReliabilityFirst's (RF) Vice President and General Counsel, as the secretary to record the meeting minutes.

**Antitrust Statement** – Ms. Schaefer advised all present that this meeting is subject to, and all attendees must adhere to, RF's Antitrust Compliance Guidelines.

**2024 Business Plan and Budget** – Beth Dowdell, RF's Senior Director Corporate Services, presented the final 2024 Business Plan and Budget (2024 BP&B) to the Board. Ms. Dowdell began by restating the budget numbers which remained unchanged from the initial draft of the 2024 BP&B. She then discussed the RF assessment, which also remains unchanged.

She reported that RF posted the 2024 BP&B for public comment, which had 36 unique views but zero comments. RF then presented the 2024 BP&B to the NERC Finance and Audit Committee and met with FERC to discuss the 2024 BP&B, along with the other Regions. Ms. Dowdell noted that there were some adjustments to the 2024 BP&B because of the collection of penalties for settlement agreements involving other Regions. Specifically, some penalty monies had to be paid out to associate Regions, but those adjustments only affected the reserves, not the overall budget percent increase or assessment total.

Ms. Dowdell then laid out the timeline for budget submission to NERC and FERC. She showed a slide of the other Regions' budget numbers, noting that SERC's budget was changing slightly to account for additional headcount it added because of the Fiscal Responsibility Act of 2023 ("the Act") and the provision requiring NERC and the Regions to perform certain transfer capability studies. She also showed the other Regions' assessments for comparison. Ms. Snead

**Board of Directors Minutes  
June 29, 2023**

noted that SERC revised its budget because of the Act and asked if that was a concern for RF. Mr. Gallagher answered that RF currently thinks it does not need to adjust its headcount to accommodate the studies required by the Act. Mr. Peeler asked for more information on what the Act is going to require of the Regions, and Mr. Gallagher discussed the studies the Act has requested and the preliminary plans underway to accomplish those studies. Mr. Smyth asked if RF will be able to lean on PJM and other RTOs for help. Mr. Gallagher noted that RF does not intend to redo things the RTOs have already done but believes there needs to be a focus on the seams between the RTOs. With no more questions regarding the Act and its implications on RF's staff and workload, the Board moved to a vote on the 2024 BP&B.

Upon a motion duly made and seconded, the Board adopted Resolution No. 2023-02 to approve the final 2024 BP&B.

**Next Meeting** – Chair Smyth noted that the next Board meeting will be held on August 24, 2023, in Cleveland, OH.

**Adjourn** – Upon a motion duly made and seconded, Chair Smyth adjourned the meeting at 10:00 a.m. (ET).

As approved on this XXX day of XXX, XX by the  
Board of Directors,

Niki Schaefer  
*Vice President General Counsel & Corporate  
Secretary*

## Attachment A

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### Others Present During the Meeting

Carol Baskey • ReliabilityFirst  
Jeff Craigo • ReliabilityFirst  
Beth Dowdell • ReliabilityFirst  
Diane Holder • ReliabilityFirst  
Marcus Noel • ReliabilityFirst  
Niki Schaefer • ReliabilityFirst  
Jody Tortora • ReliabilityFirst



# **Standards Committee Member approval**

## **Confirmation of Board Approval of the ReliabilityFirst Standards Committee Membership**

This document is confirming action taken by the Board via electronic communication to approve the elected representatives for the Standards Committee.

### **Background:**

The RF Reliability Standards Development Procedure requires that a Regional Standard must be reviewed at least every five years from its effective date, and RF's Planning Resource Adequacy Analysis, Assessment and Documentation (BAL-502-RF-03) Regional Standard is due for its required five-year review in 2023. The ReliabilityFirst Standards Committee was reconvened to facilitate the five-year review of the BAL-502-RF-03 Regional Standard and any potential actions resulting from the five-year review.

On January 13, 2023, RF issued a request for nominations to fill the vacant Standards Committee positions, to all Regular Member's primary and alternate contacts for their corresponding industry sectors. On February 3, 2023, RF issued a second request for nominations. The industry sectors have nominated the below individuals for the Standards Committee, and RF held an election to determine the Standards Committee representative for each sector. Following the election, RF presented the elected representatives for Board approval via electronic communication.

- |   |                     |
|---|---------------------|
| <b>1. Dan Gacek – Exelon</b>              | <b>Large LSE</b>    |
| <b>2. Beverly Laios – AEP</b>             | <b>Large LSE</b>    |
| <b>3. Rick Blumenstock – Consumers</b>    | <b>Medium LSE</b>   |
| <b>4. Ryan Strom – Buckeye Power Inc.</b> | <b>Small LSE</b>    |
| <b>5. Nick Poluch – Talen</b>             | <b>Supplier</b>     |
| <b>6. Ryan Kelley – Duke</b>              | <b>Transmission</b> |
| <b>7. Tim Kucey – PSEG</b>                | <b>Transmission</b> |
| <b>8. Bobbi Welch – MISO</b>              | <b>RTO</b>          |
| <b>9. Patricio Rocha Garrido – PJM</b>    | <b>RTO</b>          |

# **Resolution 2023-3 to Approve the Annual Meeting**



RESOLUTION NO. 2023-03

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**Resolution for  
Annual Meeting of Members**

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**WHEREAS**, the Corporation's Bylaws provide that the Corporation shall hold an Annual Meeting of Members in December of each year, or at such other time as specified by the Board of Directors, to elect directors and for other purposes;

**NOW, THEREFORE, BE IT RESOLVED**, that the 2023 Annual Meeting of Members (Annual Meeting) shall be held at 9:00 am on December 7, 2023 in Washington, DC.

**FURTHER RESOLVED**, that the close of business on October 27, 2023 is designated as the record date for the determination of the Members entitled to notice of and the right to vote at the Annual Meeting;

**FURTHER RESOLVED**, that the nominees selected by the Nominating and Governance Committee for the at-large and independent directors to be elected at the Annual Meeting shall be submitted to the Members in the notice of the Annual Meeting;

**FURTHER RESOLVED**, that the authorized officers, each acting alone or together with the other, are hereby authorized and directed to transmit a notice of the Annual Meeting and a proxy form to each Member entitled to notice of and the right to vote at the Annual Meeting;

**FURTHER RESOLVED**, that Niki Schaefer and Kristen Senk of the Corporation, or either one of them, with full power of substitution, are designated as proxies to vote for Members at the Annual Meeting;

**FURTHER RESOLVED**, that Niki Schaefer and Kristen Senk of the Corporation, or either one of them, with full power of substitution, are hereby appointed and authorized to tabulate proxies on behalf of the Corporation and to act as the inspectors of election in connection with the Annual Meeting;

**FURTHER RESOLVED**, that all actions heretofore taken by the authorized officers of the Corporation in connection with the subject matter of any of the foregoing resolutions be, and they hereby are, approved, confirmed and ratified in all respects; and

**FINALLY RESOLVED**, that the appropriate officers of the Corporation be and they hereby are authorized and directed to take all actions and execute all such documents as they deem necessary or appropriate to effectuate the foregoing resolutions.

As adopted on this 24<sup>th</sup> day of August, 2023 by  
the Board of Directors,

Niki Schaefer  
*Vice President, General Counsel & Corporate  
Secretary*

# Bio - David Kennedy



David is the founder & chief hacking officer of Binary Defense, a Managed Security Service Provider (MSSP), and TrustedSec, an Information Security consulting firm. In an effort to advance the industry, David co-authored 'Metasploit: The Penetration Testers Guide' and co-founded the 'Penetration Testing Execution Standard' (PTES), which is the industry standard for penetration tests and has been adopted by the Payment Card Industry (PCI). In addition to creating several widely popular open-source tools, including 'The Social-Engineer Toolkit' (SET), David has released security advisories, including zero-days, all while contributing as a subject matter expert on Fox News, CNN, BBC, and other high-profile media outlets. A forward thinker in the security field, David has had the privilege of speaking at some of the nation's largest conferences, including Microsoft's BlueHat, DEF CON, and Black Hat.

David was a Chief Security Officer (CSO) for Diebold Incorporated, served in the United States Marine Corps (USMC) with a focus on cyber warfare and forensics analysis activities, and sat on the board of directors for (ISC)2, a security collective that offers certifications such as the CISSP. David is a fitness enthusiast and co-host of the popular Hacking Your Health Podcast.

# Bio - Mike Doran





**Mike Doran**  
Deputy Chief Operating Officer

Mike Doran is Deputy Chief Operating Officer for American Water supporting the company's COO in the successful performance of the company's regulated operations that provides safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people in over 1,700 communities in 14 states. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders. He assumed his current position in October 2022.

Formerly president of Pennsylvania American Water, a regulated water utility providing quality water and wastewater services to approximately 2.4 million people in more than 400 communities. In this role, Doran drove operational and financial results, lead customer, regulatory and local government relationships, and was the principal external contact for American Water in Pennsylvania. Under his leadership, Pennsylvania American experienced significant improvement in safety, operational efficiency and growth including the acquisition of the largest municipal system in American Water's history. In addition, Doran served as a senior vice president for American Water, leading the company's subsidiaries in West Virginia and Pennsylvania.

Prior to joining American Water in 2019, Doran served as vice president of operations for Duquesne Light Company in Pittsburgh, Pa., where significant safety, infrastructure and operational improvements were made under his leadership. From 2012 to 2014, he served as regional president, Metropolitan Edison (a FirstEnergy Company) and enhanced relationships with local community leaders and elected officials along with improving safety and reliability performance. Doran started his career as an overhead line-worker at Allegheny Energy in northern West Virginia. He held multiple operations, safety and leadership positions at Allegheny Energy prior to its merger with FirstEnergy in 2011. His initial role at FirstEnergy was Director Operations for West Penn Power Company serving as the operations, restoration and emergency response leader.

Doran holds a M.S. degree in Safety Studies from West Virginia University and a B.A. degree from West Liberty State College in Education. Doran currently serves on the board of directors for the Pennsylvania Chamber of Business and Industry. He is a past board member of The United Way of Westmoreland County, the American Red Cross Central Appalachia Region and has been involved in multiple community associations.

# Presentation - MISO - redacted

# Presentation - PJM - redacted

# Financial

# *FINANCIAL UPDATE*

*Beth Dowdell, Sr. Director, Corporate Services*

August 24, 2023

Cleveland, OH



**RELIABILITY FIRST**

# 2023 SECOND QUARTER FINANCIALS

- As of 6/30/23
  - \$275K (1.9%) Under budget
  - Key variances

• Investment Income	\$106K	↑
• Meetings & Travel	\$175K	↓
• Contracts & Consultants	\$97k	↓
• Employee Benefits	\$275k	↓
• Rent & Utilities	\$63K	↑

# YEAR END PROJECTIONS

- Estimating as of 12/31/23
  - \$377K (1.4%) Over budget
  - Key variances
    - Employee Salaries \$624K ↑
    - Meetings & Travel \$65K ↓
    - Contracts & Consultants \$190K ↓
    - Employee Benefits \$236K ↓
    - Rent & Utilities \$142K ↑

# 2024 BUSINESS PLAN AND BUDGET

- 8/17/23 - NERC Board approved NERC and Regional BP&B
- Budgets will then be filed with FERC for final approval

Region	Budget	% Increase	Assessment	% Increase
MRO	\$24,884,445	7.8%	\$23,583,367	15%
NERC	\$113,620,945	12.5%	\$96,997,362	11.4%
NPCC	\$23,232,610	13.7%	\$20,734,062	14.3%
RF	\$31,324,535	12%	\$26,959,272	9.5%
SERC	\$31,999,954	13.4%	\$28,737,687	9.7%
TXRE	\$19,157,925	8%	\$18,681,013	8.9%
WECC	\$35,404,795	11.3%	\$25,000,000	26.6%



# *QUESTIONS & ANSWERS*

FORWARD TOGETHER  RELIABILITYFIRST



**Security- redacted**

# Outreach and Regulatory Update

# *OUTREACH AND REGULATORY UPDATE*

*Brian Thiry, Director Entity Engagement and  
External Affairs*

August 24, 2023  
Cleveland, OH



# *OUTREACH*

- COMMUNICATIONS PLAN
- STATE OUTREACH
- POLICY & LEGISLATION

# COMMUNICATIONS PLAN

FORWARD TOGETHER  RELIABILITYFIRST

ReliabilityFirst Communication Strategic Plan 2023													
Strategic Objective	Communication Channel	2023											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Leverage the brilliant ERO model to optimize our accountability, transparency and efficiency	Specialty presentations												
	Webinars												
	Tech Talk												
	Twitter/LinkedIn												
	Public Website												
Deploy resources efficiently through CI and innovation	RF Workshop												
	Newsletter												
	ERO Comms Group												
	ERO Outreach & Training Group												
	LinkedIn												
Internal newsletter	Intranet												

ReliabilityFirst Communication Strategic Plan 2023																	
Risk area	Communication Channel	2023												RF Lead Owner(s)	Stakeholders	Comments	
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec				
<b>Misoperations</b> Misoperations contribute to, and tend to exacerbate the impact of, automatic transmission outages, which adversely affect the reliability of the BPS.	Protection Subcommittee																
	Tech Talk																Jim Uhrin
	Protection Workshop																Brian Thiry/Michelle Cross
	RF Fall Workshop																Jim Uhrin
<b>Cyber/physical security</b> While recognizing the interdependent nature of security, this risk category concerns: (1) controlling access to operational assets and data; and (2) preventing the corruption of operational assets and data.	Newsletter																Michelle Cross
	Tabletops																Gabe Cavallaro
	CIP Themes Report																Mike Hughes Tom Scanlon
	Tech Talk																Brian Thiry/Michelle Cross
<b>Human Performance</b> Humans are involved in every aspect of the industry in one form or another. Human Performance ("HP") issues can cause significant safety issues or lead to reliability issues and disruptions.	CIPC																Lew Folkerth Zack Brinkman
	CCTF																
	HP Workshop																Jim Uhrin
<b>Environmental factors</b> Naturally occurring phenomena, such as extreme weather and vegetation related issues. According to ERO Enterprise data, natural events cause a significant proportion of major BPS impacts. For example, there were 18 large	Tech Talk																Brian Thiry/Michelle Cross
	Newsletter																Gabe Cavallaro
	Newsletter																Gabe Cavallaro
	Tech Talk																Brian Thiry/Michelle Cross

# STATE OUTREACH

- 1:1 Meetings
  - Legislatures
  - Survey
- Testimonies
- ERO Collaboration
  - NERC, Regions
- Webinar, Sept. 18
- *State Outreach Insights*



**External factor: Changing resource mix and shifting state renewable energy portfolios and targets**

*"We have to position ourselves to address the changing nature of the grid when it comes to decarbonization, decentralization and digitization, and if we ignore the impact state decisions have on reliability and security, we are not completely addressing all the risks we are facing. We simply cannot ensure reliability at this point in time without doing so."*

*-Simon Whitelocke, RF Board Chair*

# *REGIONAL GREENHOUSE GAS INITIATIVE (RGGI)*





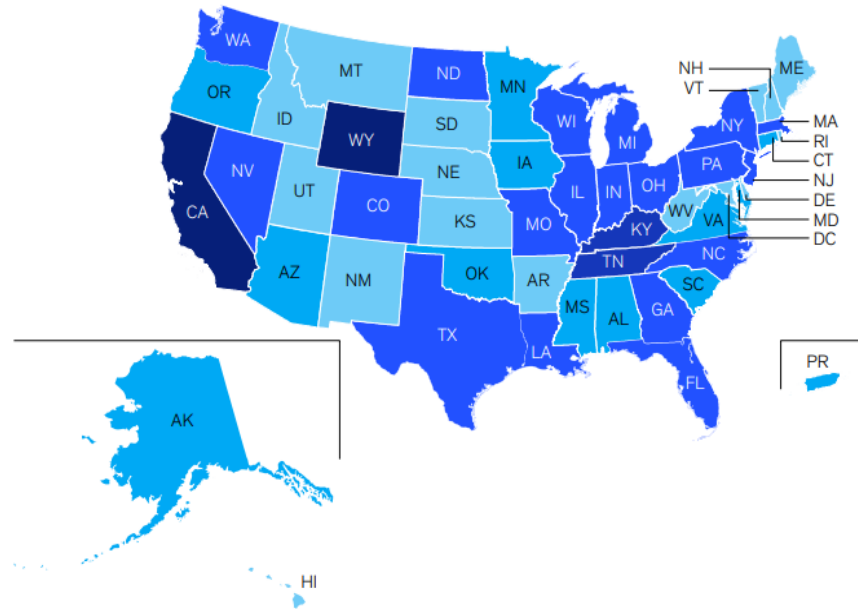
# BIPARTISAN INFRASTRUCTURE LAW

\$76 billion dedicated to energy infrastructure investments

40% of funding rolled out by the end of 2022 with remaining funding currently being distributed this year

As of January 2023, \$10 billion has been awarded to clean-energy projects across the country.

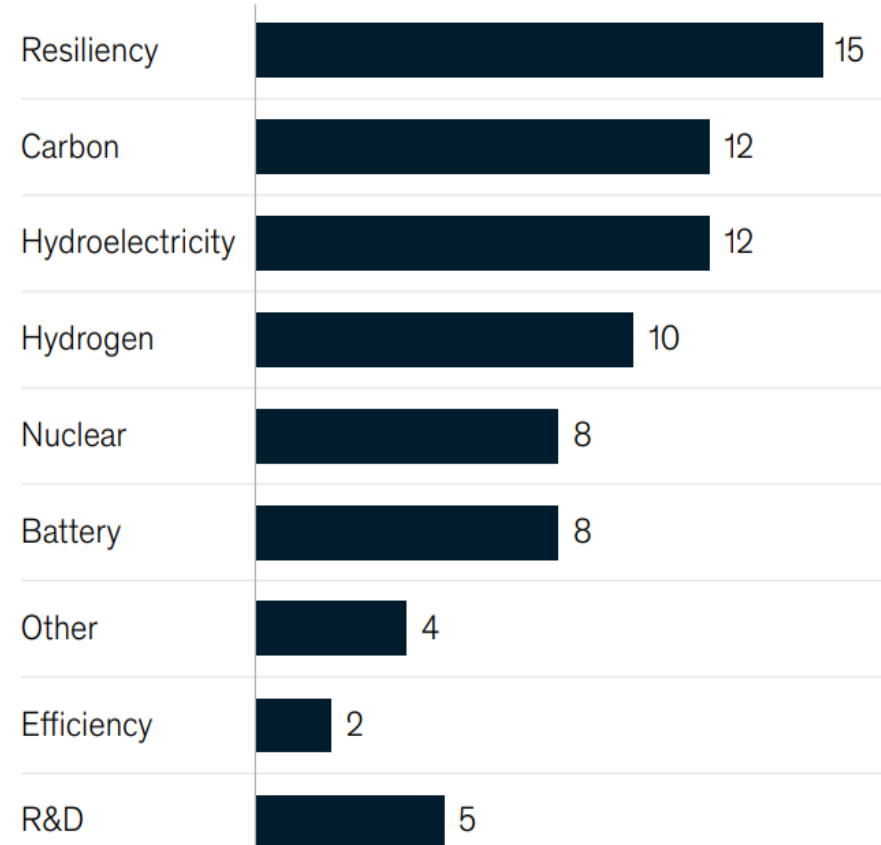
Clean-energy funding awarded under Bipartisan Infrastructure Law



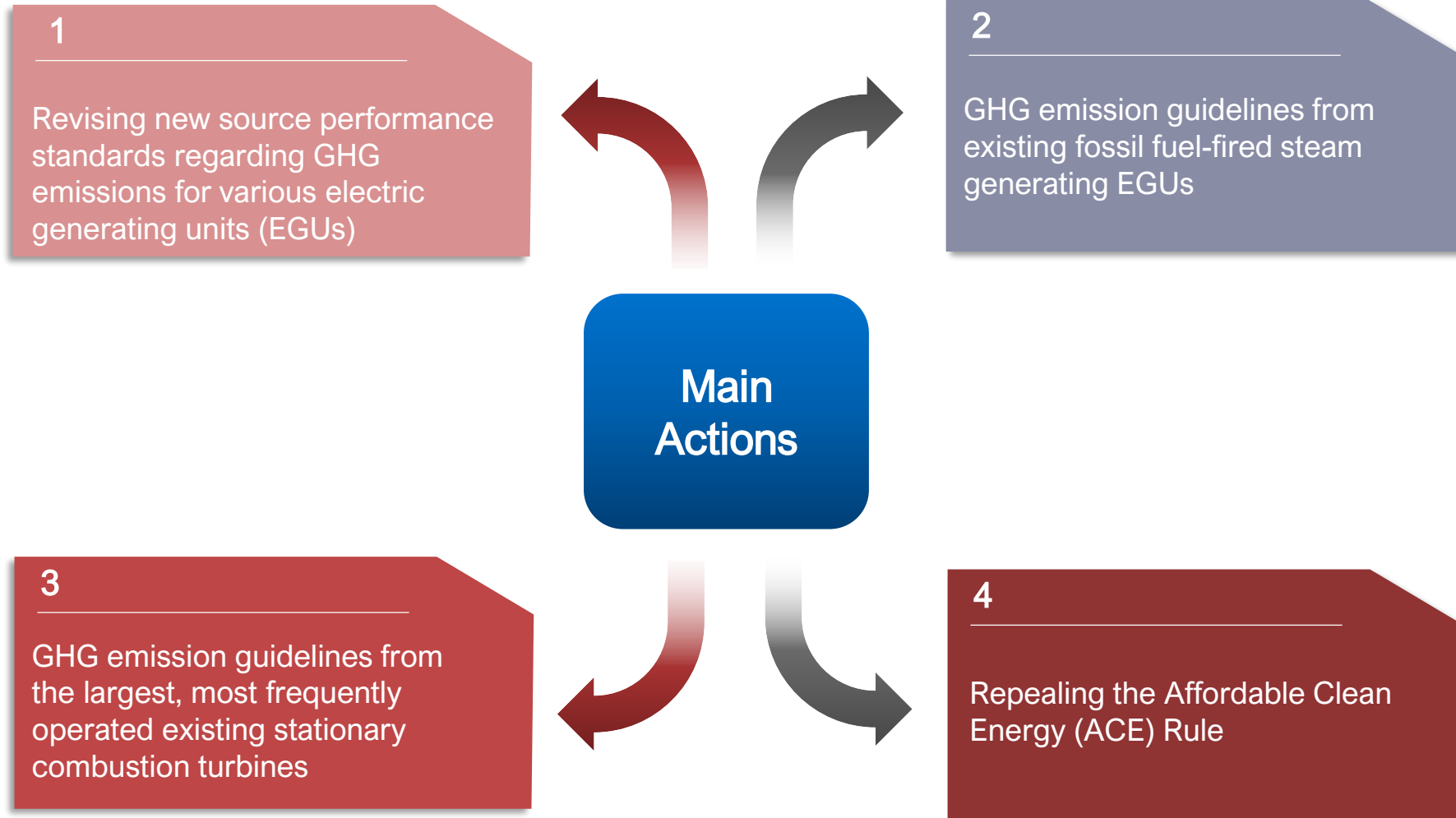
Source: Bipartisan Infrastructure Law (BIL) Dashboard, Data to Decisions, January 13, 2023; Build.gov; McKinsey analysis

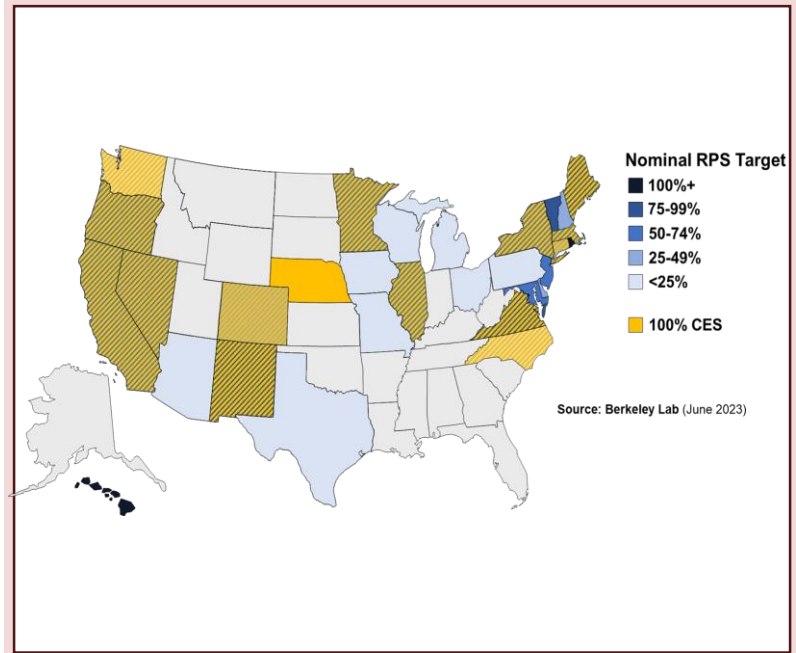
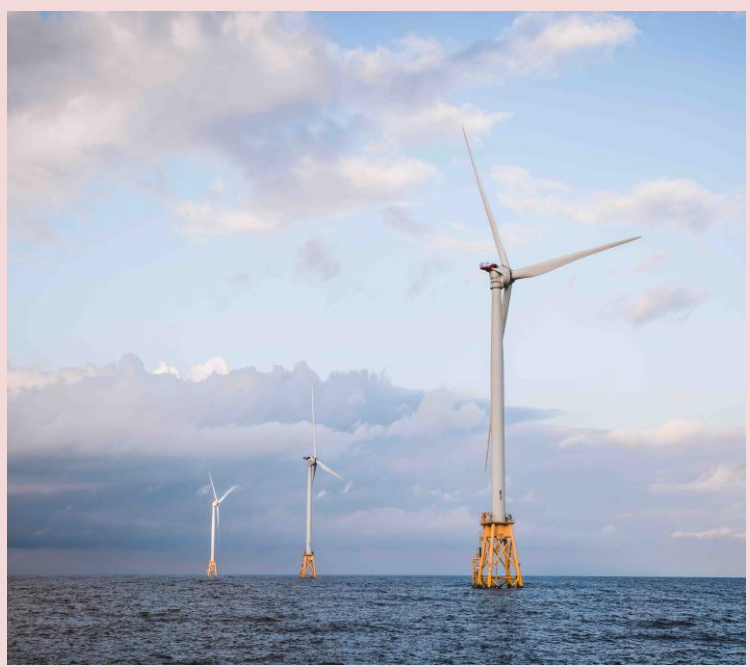
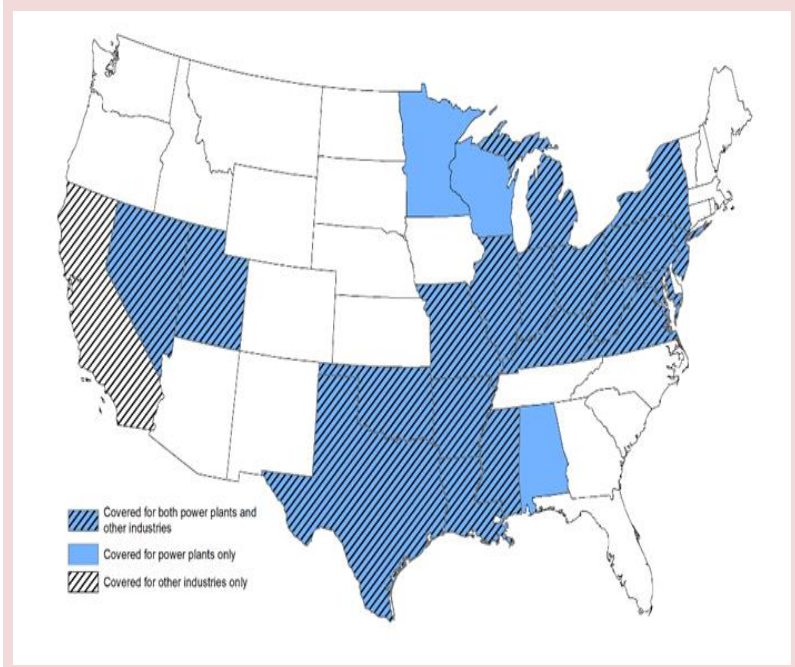
McKinsey & Company

Clean-energy funding by theme,<sup>1</sup> \$ billion



# *EPA PROPOSED POWER PLANT EMISSIONS RULE*





*The “Good Neighbor” Rule*

*State Agreement Approach (SAA): PJM & New Jersey*

*Renewable Portfolio Standard (RPS) & Clean Electricity Standard (CES)*

## *NEXT STEPS*

- STAY UP-TO-DATE ON CURRENT EVENTS AND RISKS
- TARGETED RISK CONVERSATIONS
- DEFINE AND MEASURE SUCCESS



# *QUESTIONS & ANSWERS*

FORWARD TOGETHER  RELIABILITYFIRST



# Compensation Charter



## **TALENT AND COMPENSATION COMMITTEE CHARTER**

The Board of Directors of ReliabilityFirst Corporation (“ReliabilityFirst”) has established a Compensation Committee (the “Committee”) with general responsibility and specific duties as described below:

### **COMPOSITION**

The Committee shall be comprised of at least five (5) directors including all the Independent Directors, according to independence standards established under the governance guidelines adopted by the Board (the “Governance Guidelines”). Committee members shall be elected by the Board at its annual meeting and shall serve until their successors are duly elected and qualified. The Committee shall have a chair and a vice chair. The vice chair shall assume the duties of the chair in the absence of the chair at any meeting. The Committee’s chair shall be an independent director and the chair and vice-chair shall be designated by the full Board upon the recommendation of the Nominating and Governance Committee.

### **RESPONSIBILITY**

The primary purpose of the Committee shall be to assist the Board in its responsibilities relating to the compensation and development of, and the benefits provided to, ReliabilityFirst employees, as well as the compensation of Independent Directors.

The Committee is empowered, without seeking Board approval, to retain persons having special competence, including outside consultants and other advisors, as necessary to assist the Committee in fulfilling its responsibility.

### **ATTENDANCE AND VOTING**

The Committee shall meet as often as it deems necessary in order to fulfill its duties and responsibilities. Meetings may be called either by the Committee Chair or by a majority of the members of the Committee. Members of the Committee should endeavor to be present, in the designated format, (in-person or virtual), at all meetings. Three (3) Committee members shall constitute a quorum. Each member of the Committee, including the chair, shall be entitled to one vote on each matter presented before the Committee. Action by the Committee may be taken at any duly called meeting at which a quorum is present upon the vote of a majority of the members present.

### **MINUTES OF MEETINGS**

Minutes of each meeting shall be prepared and sent to Committee members for approval at the next regularly scheduled meeting and thereafter publicly posted on

ReliabilityFirst's website. The Committee's minutes will be kept by the person so designated by the Chair with a copy retained by Secretary of ReliabilityFirst.

## **SPECIFIC DUTIES**

The Committee will:

1. In consultation with management, review and maintain ReliabilityFirst's general policies relating to employee compensation, and oversee the implementation of compensation programs.
2. Periodically review the compensation of the independent members of the Board of Directors and make recommendations regarding compensation, to the Board of Directors.
3. Review budget planning process and provide input to FAC Committee on headcount and benefit assumptions.
4. Recommend to the full Board for approval the President's compensation, and, in furtherance thereof, adopt and review corporate goals and objectives relevant to the President's compensation, evaluate the President's performance in light of those goals and objectives, set the President's compensation level based on this evaluation, and provide to the Board's directors the results of such evaluation for the purpose of an annual performance review of the President.
5. Assess the competitiveness and appropriateness of, determine, and authorize, the salaries, incentive plans, terms of employment, retirement or severance, benefits, and perquisites of the executive officers of ReliabilityFirst.
6. Authorize the granting of incentive compensation to other employees and delegate to the President, to the extent the Committee deems appropriate, the authority to allocate such awards among employees other than executive officers, subject to the limitations set forth in the applicable plans pursuant to which such compensation or awards are to be granted.
7. As requested by the full Board, review management's long-range planning for executive development and succession, and develop a President succession plan.
8. Review progress on diversity, equity, and inclusion efforts.
9. Perform periodic review of effectiveness of ReliabilityFirst's recruiting efforts and talent oversight, management compensation and relevant human resources policies.
10. Perform other review functions as the Committee deems appropriate.



11. Conduct an evaluation of the Committee's performance and charter at least annually, and adopt such Committee Charter changes, as the Committee deems appropriate, subject to approval by the Board.

12. Regularly report to the Board regarding the Committee's activities.

### **APPOINTMENT OF ADVISORS**

The Committee shall have the sole authority to retain, and approve the fees and other retention terms of, executive compensation, legal and other advisors, as it deems necessary for the fulfillment of its responsibilities.

### **ADOPTION AND APPROVAL**

As adopted by the Compensation Committee on August 23, 2023 and approved by the Board of Directors on August 24, 2023.

# Compliance Charter



## **RISK AND COMPLIANCE COMMITTEE CHARTER**

The Board of Directors of ReliabilityFirst Corporation ("ReliabilityFirst") has established a Compliance Committee (the "Committee") with the general responsibilities and specific duties as described below.

### **COMPOSITION**

The Committee shall be comprised of five (5) directors, three (3) of whom shall be independent directors according to independence standards established under the governance guidelines adopted by the Board (the "Governance Standards"). Committee members shall be elected by the Board at its annual meeting and shall serve until their successors are duly elected and qualified. The Committee shall have a chair and a vice chair. The vice chair shall assume the duties of the chair in the absence of the chair at any meeting. The Committee's chair and vice-chair shall both be independent directors designated by the full Board upon the recommendation of the Nominating and Governance Committee.

### **RESPONSIBILITY**

The primary purpose of the Committee will be to: (i) oversee the processes, procedures and program used by ReliabilityFirst to monitor compliance with and enforce Reliability Standards (including Regional Standards) in the Region in an effective, efficient, and risk based manner, (ii) monitor the results achieved through the compliance and enforcement activities of ReliabilityFirst, and (iii) oversee ReliabilityFirst's approach to addressing significant risks to the grid.

The Committee shall have the sole authority to retain, and approve the fees and other retention terms of, legal and other advisors, as it deems necessary for the fulfillment of its responsibilities.

### **ATTENDANCE AND VOTING**

Members of the Committee should endeavor to be present, in the designated format, (in-person or virtual), at all meetings. Three (3) Committee members shall constitute a quorum, provided a majority of the members at a meeting are independent directors. Each member of the Committee, including the chair, shall be entitled to one vote on each matter presented before the Committee. Action by the Committee may be taken at any duly called meeting at which a quorum is present upon the vote of a majority of the members present.

## **MINUTES OF MEETINGS**

Minutes of each meeting shall be prepared and sent to Committee members for approval at the next regularly scheduled meeting and thereafter publicly posted on ReliabilityFirst's website. The Committee's minutes will be kept by the person so designated by the chair with a copy retained by the Secretary of ReliabilityFirst.

## **SPECIFIC DUTIES**

The Committee will:

1. Review and evaluate the effectiveness, efficiency, and risk- based approach of ReliabilityFirst's compliance monitoring and enforcement programs and ReliabilityFirst's approach to addressing broader grid risks.
2. Recommend for adoption by the Board amendments to or modifications of the compliance monitoring and enforcement program as necessary or appropriate.
3. Review the current state and composition of the ReliabilityFirst compliance registry for Registered Entities in the Region.
4. Review ReliabilityFirst's regional risk assessment and oversee facilitation and ensure effectiveness of the ReliabilityFirst stakeholder advisory and technical committees.
5. Review ReliabilityFirst's approach to significant enforcement actions relating to violations of Reliability Standards.
6. Consider any input provided by Registered Entities on risk and compliance issues and ReliabilityFirst's activities.
7. Perform other activities as requested by the Board.
8. Conduct an evaluation of the Committee's performance and charter at least annually, and adopt such Committee Charter changes, as the Committee deems appropriate, subject to approval by the Board
9. Report regularly to the Board regarding the Committee's activities.

## **ADOPTION AND APPROVAL**

As adopted by the Compliance Committee on August 23, 2023, approved by the Board of Directors on August 24, 2023, contingent on adoption of the related Bylaw amendments by the Members. The Members adopted the Bylaw amendments on [DATE].

# Finance and Audit Charter

## **FINANCE AND AUDIT COMMITTEE CHARTER**

The Board of Directors (“Board”) of ReliabilityFirst Corporation (“ReliabilityFirst”) has established a Finance and Audit Committee (the “Committee”) with general responsibility and specific duties as described below.

### **COMPOSITION**

The Committee shall be comprised of four (4) directors, of whom one (1) shall meet the independence standards under the governance guidelines adopted by the Board (the “Governance Standards”). All members of the Committee should be financially literate as described below. In addition, one member of the Committee shall meet the requirements of a financial expert. Committee members shall be elected by the Board at its annual meeting and shall serve until their successors are duly elected and qualified. The Committee’s chair shall be an independent director and the chair and vice-chair shall be designated by the full Board upon the recommendation of the Nominating and Governance Committee.

### **FINANCIAL LITERACY**

A board member will be considered to be financially literate if he or she has the ability to read and understand fundamental financial statements, including a balance sheet, income, and cash flow statements.

### **FINANCIAL EXPERT**

A board member will be considered a financial expert if he or she: (1) understands Generally Accepted Accounting Principles (GAAP) and financial statements; (2) has an ability to assess the general application of GAAP in connection with the accounting for estimates, accruals, and reserves; (3) has experience preparing, auditing, analyzing, or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by ReliabilityFirst’s financial statements, or is experienced in actively supervising one or more persons engaged in such activities; (4) understands internal controls and procedures for financial reporting; and (5) understands the committee functions.

A financial expert can have acquired these attributes through: (1) education and experience; (2) experience actively supervising a chief financial or accounting officer, public accountant, or auditor; (3) experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing, or evaluation of financial statements; or (4) other relevant experience.

## **RESPONSIBILITY**

The primary purpose of the Committee is to: provide advice and counsel to management regarding, and to assist the Board of Directors in its oversight of, (i) the integrity of ReliabilityFirst's financial statements, (ii) ReliabilityFirst's compliance with legal and regulatory requirements other than reliability standards, (iii) the independent accountant's qualifications and independence, and (iv) the performance of ReliabilityFirst's internal audit service providers and independent accountant.

The Committee is empowered, without seeking Board approval, to retain persons having special competence, including outside legal, accounting, and other advisors, as necessary to assist the Committee in fulfilling its responsibility. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that ReliabilityFirst's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management. The independent accountant is responsible for expressing an opinion on the financial statements based on its audit and the independent accountant is ultimately accountable to the Committee.

## **ATTENDANCE AND VOTING**

Members of the Committee should endeavor to be present, in the designated format (in-person or virtual) at all meetings. Three (3) Committee members shall constitute a quorum. As necessary, the chair of the Committee may request members of management, the Treasurer, and representatives of the independent accountant to be present at meetings. Each member of the Committee, including the chair, shall be entitled to one vote on each matter presented before the Committee. Action by the Committee may be taken at any duly called meeting at which a quorum is present upon the vote of a majority of the members present.

## **MINUTES OF MEETINGS**

Minutes of each meeting shall be prepared and sent to Committee members for approval at the next regularly scheduled meeting and thereafter publically posted on ReliabilityFirst's website. The Committee's minutes will be kept by the person so designated by the Chair with a copy retained by the Secretary of ReliabilityFirst.

## **SPECIFIC DUTIES**

The Committee will:

### Financial Reporting and Disclosure Matters

1. Become familiar with the accounting and reporting principles and practices applied by ReliabilityFirst in preparing its financial statements. Review emerging accounting and reporting issues and assess their impact on the preparation of the financial statements.

2. Review ReliabilityFirst's policies and procedures with the Treasurer, the Controller, and the independent accountant, as appropriate, to reasonably assess the adequacy of internal accounting and financial reporting controls.
3. Review the quarterly financial reports and projections submitted by ReliabilityFirst to NERC at the next scheduled meeting of the Committee after the reports are released to NERC.
4. Review the annual audited financial statements with the Treasurer, the Controller, and the independent accountant, and approve for issuance. Obtain and review a report from the independent accountant regarding: (1) all significant accounting policies and practices adopted or changed during the year, (2) significant estimates within the financial statements, (3) consultations between management and other accounting or consulting firms regarding accounting or auditing matters, (4) significant or unusual transactions occurring during the year, (5) other written communications such as any management letters, audit adjustments recorded, or schedule of unadjusted differences, (6) any significant deficiencies or material weaknesses in the design or operation of internal controls, and (7) any fraud, whether or not material.
5. Meet in executive session separately with the CEO, the Treasurer, the Vice President, Entity Engagement & Corporate Services, the independent accountant, or others as needed.

### **Independent Accountant Firm Oversight and Responsibilities**

6. Evaluate, appoint, and where appropriate, replace the independent accountant; approve all audit and non-audit engagement fees and terms with the independent accountant; and review, prior to the annual audit, the scope and general extent of the independent accountant's audit plan. The Committee may delegate to one or more Committee members the authority to pre-approve such non-audit services between regularly scheduled meetings provided that such approvals are reported to the full Committee at the next Committee meeting.
7. Discuss with the independent accountant, at least annually, all relationships between the independent accountant and ReliabilityFirst in order to assess the independent accountant's independence.
8. Obtain and review a report, at least every three years, by the independent accountant describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review of the firm; any inquiry or investigation by governmental or professional authorities.



## **Risk Management and Internal Auditing Oversight and Responsibilities**

9. Review the need for any internal auditing services. If a need is identified, agree with and approve the scope of effort and selection of the service provider, with reporting of the results to the Committee.
10. Review and advise the Board at least annually, with respect to ReliabilityFirst's risk assessment and risk management policies including the risk of fraud.
11. At least annually review changes to ReliabilityFirst's risk profile identified either through the enterprise risk management or internal audit functions. Review input from the Talent and Compensation committee and other inputs as necessary for complete picture of enterprise risk.
12. Review with management ReliabilityFirst's overall anti-fraud programs and controls.

## **Financial Matters Oversight and Responsibilities**

13. Review the terms of the Line of Credit annually and endorse for the Board to approve. Review and recommend for Board approval, changes as necessary to the Statement of Policy and Procedure on the Line of Credit.
14. Review all loans or capital leases entered into with principal amounts in excess of \$250,000.
15. Review and endorse to the Board for approval, the amount of the Company's operating reserve and the amount of working capital reserve funds used to stabilize assessments in the annual budget. Review and recommend for Board approval, changes as necessary to the Statement of Policy and Procedure on the Working Capital and Operating Reserve.
16. Review and approve: (i) management's assumptions used in building the budget and (ii) the final draft annual budget; and endorse the final draft to the Board for approval. Consult Talent and Compensation committee for input on benefits and headcount related assumptions prior to approving them.
17. Review and recommend for Board approval, changes as necessary to the Statement of Policy and Procedure for Investment of Corporate Funds.
18. Review the investment performance quarterly; and approve any changes to the Investment Manager, investment allocation, or types of investments made, as necessary.

## **Compliance Oversight and Responsibilities**

19. Review the IRS Form 990 and associated state tax reports before filing. This will

be performed by the Chairperson of the Committee or another member of the Committee who is a designated financial expert.

20. Advise the Board with respect to any material reports or inquiries received from regulators or governmental agencies.
21. Oversee the management of the confidential anonymous submission, receipt, retention, and treatment of concerns, or complaints received regarding questionable matters or breaches of ReliabilityFirst's Code of Business Conduct and Ethics. Report regularly to the Board on the treatment, investigation, outcome, or disposition of such concerns or complaints. Review and recommend for Board approval, changes as necessary to the Whistleblower Policy, included within the Code of Business Conduct and Ethics.
22. Review and recommend for Board approval, changes as necessary to the Records Retention Policy and the Policy on Personnel Conflicts Related to Entity Employment and Certain Financial Interest in Entities.
23. Every three years, review ReliabilityFirst's corporate insurance policies.
24. Review the Committee's Charter at least annually, and adopt such Committee Charter changes as the Committee deems appropriate, subject to approval by the Board.
25. Confirm annually that all charter duties have been effectively executed.
26. Report regularly to the Board of Directors with such recommendations as the Committee may deem appropriate. Perform such other functions as may be required by law, ReliabilityFirst's Certificate of Incorporation or Bylaws, or the Board.

## **ADOPTION AND APPROVAL**

As adopted by the Compensation Committee on August 23, 2023 and approved by the Board of Directors on August 24, 2023.

# Nominating and Governance Charter



**RELIABILITY FIRST**

## **NOMINATING AND GOVERNANCE COMMITTEE CHARTER**

The Board of Directors of ReliabilityFirst Corporation (“ReliabilityFirst”) has established a Nominating and Governance Committee (the “Committee”) with general responsibility and specific duties as described below.

### **COMPOSITION**

The Committee shall be comprised of four (4) or five (5) directors, of whom one (1) shall be an independent director according to independence standards established under the governance guidelines adopted by the Board (the “Governance Standards”). Committee members shall be elected by the Board at its annual meeting and shall serve until their successors are duly elected and qualified. The Committee shall have a chair and a vice chair. The vice chair shall assume the duties of the chair in the absence of the chair at any meeting. The Committee’s chair and vice-chair shall be designated by the full Board upon the recommendation of the Committee.

### **RESPONSIBILITY**

The primary purpose of the Committee is to (i) recommend to the Board corporate governance principles applicable to ReliabilityFirst and any organization groups established by the Board under the Bylaws; (ii) identify individuals qualified to become at-large and independent Board members and make recommendations for directors’ assignments to the committees of the Board; and (iii) appoint members to serve on the Hearing Body for disputes relating to noncompliance with Reliability Standards in accordance with ReliabilityFirst’s hearing procedures.

The Committee is empowered, without seeking Board approval, to retain persons having special competence, including outside firms and other advisors, as necessary and to approve the fees to assist the Committee in fulfilling its responsibilities

### **ATTENDANCE AND VOTING**

The Committee shall meet as often as it deems necessary in order to fulfill its duties and responsibilities. Meetings may be called either by the Committee Chair or by a majority of the members of the Committee. Members of the Committee should endeavor to be present, in the designated format, (ie in-person or virtual), at all meetings. Three (3) of the voting members of the Committee shall constitute a quorum. Each member of the Committee, including the chair and vice-chair shall be entitled to one vote on each matter presented before the Committee. Action by the

Committee may be taken at any duly called meeting at which a quorum is present upon the vote of a majority of the members present.

## **MINUTES OF MEETINGS**

Minutes of each meeting shall be prepared and sent to Committee members and presented to Directors who are not members of the Committee at the next regularly scheduled Board meeting. The Committee's minutes will be kept by the person so designated by the Chair with a copy retained by Secretary of ReliabilityFirst.

## **SPECIFIC DUTIES**

The Committee will:

1. Facilitate the assessment of (a) an individual sector director's performance in that director's fifth year of service, and every third year thereafter; and (b) an individual at-large or independent director's performance in that director's second year of service, and every third year thereafter.
2. Evaluate the qualifications and performance of incumbent at-large and independent directors and determine whether to nominate them for re-election to the Board.
3. Search for, recruit, screen, interview and select candidates for new at-large and independent directors as necessary to fill vacancies or the additional needs of the Board, and consider management's recommendations for at-large and independent director candidates.
4. Nominate for election at-large and independent director candidates.
5. Appoint members to serve on the Hearing Body for disputes relating to noncompliance with Reliability Standards in accordance with ReliabilityFirst's hearing procedures.
6. Establish and periodically reevaluate criteria for Board membership and selection of new at-large and independent directors including independence standards; and determine as necessary the portfolio of skills, experience, perspective, and background required for the effective functioning of the Board considering ReliabilityFirst's strategy, and its regulatory, geographic and market environments.
7. At least annually, report to the Board describing the number of candidates considered and other matters of interest relating to nominations to the Board as the Committee shall determine to be appropriate for the Board.
8. At least annually, in connection with the annual meeting of the Board of

Directors, recommend at least one candidate to serve as the Chair of the Board of Directors, at least one candidate to serve as the vice-chair of the Board of Directors, and at least one candidate to serve as the Independent Lead Director.

9. At least annually, in connection with the annual meeting of the Board of Directors, make recommendations for the election of the directors to the Committees of the Board of Directors, and the designation of a chair and vice-chair, if applicable, for each Committee.
10. Recommend to the Board removal of an at-large or independent director where appropriate (the power to remove a director elected by a specific industry sector is reserved in the Bylaws to that industry sector electing such director).
11. Work with staff to ensure that satisfactory background checks have been conducted for all directors prior to their service on the Board in accordance with the Governance Guidelines and to review any potential director conflicts.
12. Initiate and oversee a periodic evaluation of (a) the quality, sufficiency and currency of information furnished by management to the directors in connection with Board and Committee meetings and other activities of the directors, (b) the Board's effectiveness, (c) the composition, organization (including its Committee structure, membership and leadership) and practices of the Board, (d) tenure and other policies related to the directors' service on the board, and (e) corporate governance matters generally; and recommend action to the Board where appropriate.
13. Develop, periodically review, and recommend to the Board corporate governance principles for ReliabilityFirst and any organizational groups established by the Board under the Bylaws.
14. Monitor the orientation and training needs of directors and recommend action to the Board, individual directors, and management where appropriate.
15. Review and approve, prior to acceptance, the service of the President of ReliabilityFirst on any other company's board of directors.
16. Recommend to the Board Membership Application changes, as needed.
17. Perform other functions within the scope of the foregoing, which the Committee deems appropriate to undertake from time to time.
18. Conduct an evaluation of the Committee's performance and charter at least annually, and adopt such Committee Charter changes, as the Committee deems appropriate, subject to approval by the Board.

19. Report regularly to the Board regarding the Committee's activities.

## **APPOINTMENT OF ADVISORS**

As adopted on August 23, 2023 by the Nominating & Governance Committee and approved by the Board of Directors on August 24, 2023.