



**RELIABILITY FIRST**

## Agenda

### Board of Directors • Talent and Compensation Committee

December 4, 2024 • 9:00 am – 12:00 pm (ET)

North American Electric Reliability Corporation  
1401 H St NW Suite 410  
Washington, DC 20005

**Room: Potomac**

**Attire: Business**

#### Closed Agenda

1. **Call to Order** 9:00 AM  
Presenter: Lesley Evancho, Chair
2. **Appoint Secretary to Record Minutes**
3. **Antitrust Statement**  
Presenter: Niki Schaefer, VP and General Counsel
4. **Approve Compensation Committee Meeting Minutes** 9:05 AM  
Presenter: Lesley Evancho, Chair  
Reference: a) [Draft Minutes for the August 21, 2024 Talent and Compensation Committee Meeting](#)  
b) [Draft Minutes for the November 5, 2024 Talent and Compensation Committee Meeting](#)  
Action: **Approve Minutes**
5. **Staffing Demographics & Diversity Strategy Update** 9:10 AM  
Presenter: Hue DeLuca, Human Resources Manager  
Description: Ms. DeLuca will present year-to-date data on RF's demographics, provide an overview of diverse candidate recruitment, and outline DEI initiatives for committee awareness on meeting corporate goals related to DEI.  
Reference: [Presentation](#)  
Action: Information and Discussion
6. **2024 Corporate Goals Performance and Determination of Incentive Award** 9:20 AM  
Presenter: Beth Dowdell, Sr. Director Corporate Services  
Description: Ms. Dowdell will discuss the corporate performance as it relates to the 2024 corporate goals and make a recommendation regarding the incentive award percentage.  
Reference: [Presentation](#)  
Action: Discussion (and Approval during Closed Session)
7. **Overview of Merit Increases for 2024** 9:30 AM  
Presenter: Beth Dowdell  
Description: Ms. Dowdell will discuss the aggregate of employee ratings and review the recommendations for merit increases.  
Reference: a) [Presentation](#)  
b) [Letter from Pay Governance](#)  
Action: Discussion (and Approval during Closed Session)

- 8. Independent Director Compensation Update** 9:40 AM  
 Presenter: Beth Dowdell  
 Description: Ms. Dowdell will provide an update on the status of NERC's approval process for the percentages used for independent director compensation.  
 Action: Information and Discussion
- 9. Compensation Committee Policy and Procedures** 9:50 AM  
 Presenter: Chair Evancho and Beth Dowdell  
 Description: Chair Evancho and Ms. Dowdell, having reviewed the procedures, will provide recommendations for proposed changes to the documents.  
 Reference: a) [Summary of Changes to Compensation Committee Procedure](#)  
 b) [Compensation Committee Procedure – Clean Version](#)  
 c) [Compensation Committee Procedure - Redline Version](#)  
 d) [Summary of Changes to Procedure on Corporate Incentive Awards and Payouts](#)  
 e) [Procedure on Corporate Incentive Awards and Payouts – Clean Version](#)  
 f) [Procedure on Corporate Incentive Awards and Payouts – Redline Version](#)  
 Action: 1) Review and Approve revised Compensation Committee Procedure  
 2) Review and Approve revised Procedure on Corporate Incentive Awards and Payouts
- 10. Annual Review of Charter and Performance of Activities for 2024** 10:05 AM  
 Presenter: Beth Dowdell  
 Description: Ms. Dowdell will present a draft summary of the Talent and Compensation Committee's performance of specific duties for review.  
 Reference: a) [Talent and Compensation Charter](#)  
 b) [Summary of Performance of Specific Duties for 2024](#)  
 Action: Accept Summary of Performance of Specific Duties for 2024

### CLOSED EXECUTIVE SESSION – COMMITTEE MEMBERS AND TIM GALLAGHER ONLY

- 11. 2025 Personal Goals for Tim Gallagher** 10:10 AM  
 Presenter: Tim Gallagher, President and CEO  
 Description: Mr. Gallagher will discuss with the Committee his personal goals for 2025.  
 Action: **Approve CEO's personal goals for 2025**

### CLOSED EXECUTIVE SESSION – COMMITTEE MEMBERS ONLY

- 12. Review Executive Performance and Compensation** 10:30 AM  
 Presenter: Chair Evancho  
 Description: Chair Evancho will lead a discussion on the annual performance of Tim Gallagher.  
 Reference: a) Committee Evaluation of CEO's 2024 Goals  
 b) CEO Evaluation by Board Members – the Boardvantage Survey  
 c) CEO's Draft Personal Goals for 2025  
 d) Excel Sheet on CEO Compensation History (review at Committee meeting)  
 Action: **Approval and Recommendation to the Board for CEO merit increase and incentive compensation**

**Talent and Compensation Committee • Agenda  
December 4, 2024**

- 13. 2024 Merit and Bonus Allocation** 11:30 AM
- Presenter: Chair Evancho
- Description: Chair Evancho will lead a discussion with the Committee on the information presented earlier on 2024 goals. The Committee will decide on the recommended merit increases and incentive payout for staff.
- Action: **Approval and Recommendation to the Board for merit increase and incentive compensation**
- 14. Next meeting: April 30, 2025 • RF Offices** 11:40 AM

## Roster • Compensation Committee

Lesley Evancho, **Chair** • Independent (2025)

Ken Seiler, **Vice Chair** • PJM (2024)

Joanna Burkey • Independent (2025)

Melika Carroll • Independent (2027)

Antonio Smyth • AEP (2026)

Jennifer Sterling • Exelon (2025)

# **Draft Minutes for the August 21, 2024 Talent and Compensation Committee Meeting**



RELIABILITY FIRST

PUBLIC

## **DRAFT - Minutes**

# **Board of Directors • Talent and Compensation Committee**

August 21, 2024  
ReliabilityFirst Corporation

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### **Closed Session**

**Call to Order** – Chair Lesley Evancho called to order a duly noticed closed meeting of the Talent and Compensation Committee (Committee) on August 21, 2024, at 9:00 a.m. (ET). A quorum was present, consisting of the following Committee members: Lesley Evancho, Chair; Ken Seiler, Vice Chair; Joanna Burkey; Melika Carroll; and Pat Cass. A list of others present during the Committee meeting is set forth in Attachment A.

**Appoint Secretary to Record Minutes** – Chair Evancho 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.

**Approve Compensation Committee Meeting Minutes** – Chair Evancho presented draft minutes from the May 1, 2024 Committee meeting, which were included in the agenda package. Upon a motion duly made and seconded, the Committee approved the minutes as presented.

**Staffing Demographics & Diversity Strategy Update** – Hue DeLuca, RF's HR Manager, discussed changes to RF's staffing since the last time the Committee met. She reported that this year to date, RF has hired six new employees, four of whom were net new and two of whom were replacements. RF's average time to hire is 56 days (from open requisition to start date). Beth Dowdell, Senior Director Corporate Services, explained that this metric has gone up because a few postings did not yield the desired candidate pool and RF revisited the job descriptions and titles and reposted with success. Mr. Cass asked if data can be provided showing year-over-year comparisons of this metric, and Ms. DeLuca agreed to incorporate that into future updates.

Ms. DeLuca shared that 14% of positions were filled internally. Ms. Burkey asked if employees are continuing to negotiate compensation and benefits, and Ms. DeLuca said yes and that the biggest trend in negotiations is with vacation time. Ms. DeLuca then discussed company demographics, stating that RF has 13% of employees with diverse ethnicities (a large increase for RF), but also noting that there is room for improvement. Ms. Evancho asked how this percentage compares to stakeholder/regional demographics, and Mr. Gallagher answered that RF fares better on gender diversity, but that its other

**Talent and Compensation Committee Minutes**  
**August 21, 2024**

percentages are generally lower. Ms. DeLuca then presented an employee retention chart, and Ms. Carroll asked what happened with the dip in employee retention in 2021. Ms. DeLuca responded that this dip was the result of 2021 post-Covid retirements.

Ms. DeLuca discussed RF's 2024 summer internship program, which was highly successful and had five interns. The Committee shared that they enjoyed seeing the intern activity on LinkedIn. Ms. DeLuca reported that several interns had been extended past the summer and that one is interviewing for an open position. Mr. Gallagher commented on how much value the interns added. Ms. DeLuca then talked about the DEI committee and its recent "dream gap" project inspired by the viral video on the topic. The DEI Committee is also engaging RF employees in a RF kindness day. Ms. Evancho encouraged RF to continue to have a DEI strategy that is by employees, for employees. There was discussion about the shifting mood and language related to DEI, but there was overall agreement that RF is on the right path. Ms. Dowdell then discussed the human resources business partner program initiated by the HR department, and there was discussion about the benefits of the new partnership.

**Talent Management** –Ms. Evancho opened the talent management discussion by reminding the Committee of their agreement to discuss the RF succession plan every other year and on the off years to discuss talent management. Ms. DeLuca started by discussing leadership development and the different types of employees (some who aspire to be leaders and some who prefer to remain individual contributors), and RF's desire to support its employees on their individual journeys. Ms. Dowdell noted that RF has a goal to be more transparent about employees' individual paths. She shared that there are efforts underway to update job descriptions and provide more clarity for employees about paths to advancement. Mr. Seiler noted the need for a clear career path for people who are not interested in being people managers. Ms. Burkey inquired as to whether individual contributors are motivated to apply for leadership positions solely for an increase in pay. There was discussion around the concept of alternative routes for high performing individual contributors.

Ms. DeLuca went on to discuss the process of promoting individual success at RF and this year's training focus on communication, presenting and storytelling. She talked about a recent improv training session that employees were initially hesitant to participate in, but that ended up being a success. Ms. DeLuca then described the three-pronged approach RF is using for individual leadership development, made up of 1) SPARC (Strategic Planning and Advocacy Resource Committee, made up of high potential employees tasked with creating employee-centric ideas and initiatives; 2) succession plan employee development; and 3) management training.

Ms. Dowdell mentioned leveraging internal talent as well as outside resources for building training sessions, and shared that the HR team is looking into training on critical/strategic thinking. The Committee offered their continued support of employees and interns in one-on-one interactions and even mentorship. Ms. Dowdell shared that recent management training has been focused on performance management, conflict resolution, and coaching.

**2024 Corporate Goals Performance** – Ms. Dowdell gave an overview of the 2024 corporate goals and their progress. She reported that there has been excellent progress made to date and provided examples of the progress made toward each of the Tier 2 goals. She then provided an update on the progress of the “start, stop, continue” projects, including discussions with FERC about streamlining the processing of minimal risk violations, procurement process improvements, the Technology Summit to enhance the way RF’s departments work with IT. Ms. Carroll asked if there has been a shift in IT operations, and Ms. Dowdell explained that there have been many changes implemented such as a shift to the cloud and other technology solutions. Ms. Dowdell also talked about an effort to obtain training grants based on RF’s 501(c)(3) status, and improvements to entity onboarding.

**Benefits Discussion** – The Committee moved on discuss benefits, and agreed to have a pre-meeting to approve the benefits before the in-person Committee meeting in December. Ms. Dowdell opened by sharing that according to a recent survey, RF staff voted healthcare benefits as the second most important to them, next to salary. She stated that benefits open enrollment and RF’s health fair are both coming up, and the health fair will include financial health presentations and wellness activities. Ms. Dowdell also discussed work that RF’s insurance broker has been doing to improve RF’s compliance and benefit coverage.

Ms. Dowdell highlighted a potential gap insurance policy for RF’s long term disability insurance which provides coverage for employees who cap out at the current policy limits. Currently, there are 16 employees who fall into the category of needing this coverage and the annual cost per year is approximately \$21k/year. The Committee discussed the lack of time limits on long term disability and whether RF should evaluate implementing limits. Ms. Dowdell indicated that if the Committee is interested in adding the gap insurance policy to RF’s benefits package, it would be up for approval in December. The Committee discussed the gap insurance policy and decided it should be part of the benefits package in December.

Ms. Dowdell moved on to discuss medical enrollment and presented a chart showing employee enrollment in PPO vs. HSA plans. She shared that the strategy to increase participation in HSA plans by increasing HSA contributions was working. Ms. Dowdell stated that the net savings over time for those enrolled in HSA generally still outweighs the cost of the HSA contributions. The committee asked Ms. Dowdell to look into whether RF can drop the PPO plan option, but RF may not be able to because it is not self-insured. Ms. Dowdell then showed a market comparison for RF’s contributions to employee plans, which showed the competitiveness of RF’s plans. Ms. Dowdell then discussed an increased focus on employee wellness and examples of RF’s wellness initiatives.

**Engagement Survey Follow Up** - Given time constraints and the absence of the slide deck on the engagement survey, the Committee decided to discuss the engagement survey in executive session.

**2025 Pay Study**– Ms. Dowdell discussed pay studies and shared that RF will be conducting one in 2025. She shared that historically, RF has used the same vendor for pay studies, but to be compliant with RF’s finance policies there will be an RFP issued in the spring of 2025. She noted that pay studies cost approximately \$20k.



**Review Process for Evaluation of the President and CEO** – Ms. Dowdell walked the Committee through the process for Tim Gallagher’s annual review and the survey that Board members and other peers and colleagues of Mr. Gallagher will receive leading up to it.

**Next Meeting** – Chair Evancho noted that the next Committee meeting will occur on December 4, 2024 in Washington, DC. She then moved the Committee into closed session at 11:23 AM (ET).

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### **Closed Executive Session – Committee Members Only**

**Mid-year Review of President and CEO** – Chair Evancho conducted the mid-year performance review of Mr. Gallagher.

**Engagement Survey** – Mr. Gallagher shared insights from the Engagement Survey meeting held with staff.

**Adjourn** – Upon a motion duly made and seconded, Chair Evancho adjourned the Committee meeting at 12:00 PM (ET).

As approved on this 4<sup>th</sup> day of December 2024 by  
the Talent and Compensation Committee,

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

**Attachment A**

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**Others Present During the Compensation Committee Meeting**

Jeff Craigo  
Hue DeLuca  
Beth Dowdell  
Tim Gallagher  
Diane Holder  
Niki Schaefer

# **Draft Minutes for the November 5, 2024 Talent and Compensation Committee Meeting**



## **DRAFT - Minutes**

# **Board of Directors • Talent and Compensation Committee**

November 5, 2024  
ReliabilityFirst Corporation

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### **Closed Session**

**Call to Order** – Prior to opening the meeting, Mr. Gallagher made some remarks about RF Lead Independent Director Pat Cass and his passing the week prior, and the Committee collectively shared how difficult it was to hold their first meeting without Mr. Cass. Chair Lesley Evancho called to order a duly noticed closed meeting of the Talent and Compensation Committee (Committee) on November 5, 2024, at 9:00 a.m. (ET). A quorum was present, consisting of the following Committee members: Lesley Evancho, Chair; Ken Seiler, Vice Chair; Joanna Burkey; Melika Carroll; Antonio Smyth; and Jennifer Sterling. A list of others present during the Committee meeting is set forth in Attachment A.

**Appoint Secretary to Record Minutes** – Chair Evancho 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.

**Draft 2025 Corporate Goals** – Ms. Evancho opened by saying if the Committee agreed with the goals, there would be a motion taken at the end of the meeting to approve the 2025 goals. Beth Dowdell, Senior Director Corporate Services, began describing the structure of the corporate goals defining what each tier meant. She noted the Committee is charged with reviewing and approving the Tier 2 goals annually, which can change year over year to address the challenges and opportunities the business needs to address. Ms. Dowdell explained the goals for 2025 were derived from the Strategic Plan and the analysis done in August to review the Strategic Plan. The management team will then align their activities (tier 3) with the tier 2 initiatives once they are approved.

Ms. Dowdell noted an exercise that was done at the September RF management team meeting to have the leaders develop their top tier 3 activities for 2025 without having seen the goals. The group shared their goals and then mapped them back to the proposed 2025 goals to ensure there was alignment. Ms. Dowdell then shared all the Tier 2 goals for discussion. Ms. Evancho asked what the differences were between last year and this year, and Ms. Dowdell explained that the 2025 Tier 2 goals are more specific/targeted than in years past. Ms. Evancho noted that the goals look more tangible than in the past and asked if outcomes are supposed to change. Mr. Gallagher answered that the outcomes are still

**Talent and Compensation Committee Minutes**  
**November 5, 2024**

aimed at fulfilling RF's strategic plan, but the hope is that the activities are more targeted in support of that fulfillment.

Mr. Smyth asked if certain goals that are of particular importance in Tier 2 should really be Tier 1 and Ms. Dowdell answered that the Tier 1 goals are extremely broad and pulled from the Strategic Plan and that the Tier 2 goals can remain over multiple years and are intended to be more specific. She noted certain Tier 2 goals that have remained over time.

Ms. Burkey noted that the goal of embracing digital transformation is narrow and focused on productivity and efficiency instead of the broader concept of informing new ways to do RF's work. Mr. Gallagher described the hesitance of the broader ERO and industry on that concept because of the sensitive nature of our data and the risk of misuse or data exposure. There was Committee discussion on expanding the digital transformation goal to include "quality" and not just efficiency and productivity.

Ms. Evancho asked if the Committee was comfortable making a motion to approve all the Tier 2 goals with the addition of the "quality" language. There was some discussion about where the goal related to new registrations should fall in terms of its strategic pillar, and the Committee agreed it should remain as is after some discussion. A motion was made, seconded and unanimously approved to approve the Tier 2 goals for 2025.

**Review and Approve 2025 Employee Benefits** – Beth Dowdell, Senior Director Corporate Services reviewed recommendations regarding the 2025 health, retirement, life insurance and miscellaneous benefits in accordance with the Committee Charter requirements to set total compensation. She noted that benefits rates and costs are not changing for the first 6 months of 2025 for the most part because RF had signed on to an 18 month plan last year, and RF has already realized \$300K in savings from its medical and dental plans in 2024. The one thing that is changing is the addition of the gap long-term disability insurance product for the approximately 16 employees who don't get the full 60% of their salary on long term disability because of the cap. This product, which will cost about \$20K/year to add, can be canceled at any time and was approved by the Committee in August 2024. Ms. Dowdell noted that RF intends to look into its disability policy to see if there are any language changes to the policy that should be made. Ms. Dowdell also noted the increase in HSA contribution amounts.

Ms. Evancho asked for a motion to approve the 2025 benefits, which was made, seconded and unanimously approved.

**Next Meeting** – Chair Evancho noted that the next Committee meeting will occur on December 4, 2024 in Washington, DC.

**Adjourn** – Upon a motion duly made and seconded, Chair Evancho adjourned the Committee meeting at 9:40 a.m. (ET).

**Talent and Compensation Committee Minutes  
November 5, 2024**

As approved on this 4<sup>th</sup> day of December 2024 by  
the Talent and Compensation Committee,

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

**Attachment A**

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**Others Present During the Compensation Committee Meeting**

Jeff Craigo  
Hue DeLuca  
Beth Dowdell  
Tim Gallagher  
Niki Schaefer