



Minutes

Board of Directors • Talent and Compensation Committee

August 21, 2024
ReliabilityFirst Corporation

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

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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).

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 4th day of December 2024 by
the Talent and Compensation Committee,



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

Attachment A

Others Present During the Compensation Committee Meeting

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