RELIABILITY FIRST

Minutes
Board of Directors

March 26, 2025

ReliabilityFirst Corporation

Closed Session

Call to Order – Chair Antonio Smyth called to order a duly noticed open meeting of the Board of Directors (Board) at 10:00 am (ET). A quorum was present, consisting of the following members of the Board: Chair Antonio Smyth, Vice Chair Nelson Peeler; Joanna Burkey; Steve Ambrose; Mèlika Carroll; Dr. Renuka Chatterjee; Craig Creamean; Lesley Evancho; Tim Gallagher; Craig Grooms; Vinit Gupta; Scott Hipkins; Joan Soller; Robert Taylor; and Joe Trentacosta.

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.

Independent Director Candidate and Committee Assignments and Governance Standard Revisions – Ms. Burkey presented the independent director candidate selected on behalf of the search task force and the Nomination and Governance Committee. She conveyed the unanimous decision to recommend Ken Seiler for the position and described the process to reach the recommendation. Ms. Burkey discussed the recent history of independent directors at RF and the formation of the search task force. She highlighted the need for an individual who understands the industry, the intersection of reliability and the markets, and has institutional ERO knowledge given the potential for CEO retirement during the 12-15 year tenure of an independent director. Ms. Burkey explained the search firm process which included interviewing the candidate as well as a search for other candidates fitting the profile.

Craig Creamean asked about the other candidates to contrast next to Mr. Seiler. Ms. Burkey shared that there were smaller company CEOs who were impressive in their roles, but did not have the broad experience that Mr. Seiler brings from being at a larger company. She also noted there were executives from large companies who were impressive, but didn't have all the elements Mr. Seiler had. Mr. Creamean added that RTO experience is helpful given RF's footprint, and Ms. Burkey confirmed that Mr. Seiler was the only candidate from an RTO. Mr. Gallagher noted that there has been a lot of turnover on the Board and having Mr. Seiler remain on the Board helps with the continuity of the Board. Vice Chair Peeler noted that the search task force did their due diligence, and although they knew Mr. Seiler would be great at the outset, ultimately, he was the best candidate. Ms. Carroll noted that it was a thorough search process while not wasting resources, and that the search firm was a great partner in that process.

Ms. Burkey then discussed relevant governance documents, explaining that RF's Bylaws allow the flexibility to hire a former industry director as an independent director even though RF has not done so in the past. She added that the Governance Standards are the only document requiring revisions in order to do this, and the only language that needs to be changed is a 12 month "cooling off period" because Mr. Seiler retired at the end of 2024. The Nominating and Governance Committee discussed three options for revising the Governance Standards, and they chose the option that allowed for the most flexibility in the future. Ms. Burkey shared that because RF has elected independents to bring perspectives from outside our industry, RF has never actually needed to use the cooling-off period. Therefore, removing it makes more sense than documenting an exception, and requiring one year of service before serving as a Lead Independent Director protects against a recently departed from industry independent director having too much influence too soon.

Ms. Burkey then discussed committee assignments and some changes to those assignments since December. Those changes include having Mr. Seiler chair the Risk and Compliance Committee and having Ms. Burkey move from the interim Finance & Audit Committee Chair to the permanent one. Chair Smyth asked whether the assignments allow RF to meet all governance and independence requirements, and Ms. Schaefer responded that they do, with wiggle room in case we are missing anyone for quorum.

Upon a motion duly made and seconded, the Board approved Mr. Seiler for the Independent Director position; approved revisions to the Governance Standards (to remove the one year cooling off requirement before becoming independent director and add a one-year service requirement before becoming Lead Independent Director); and approved the 2025 committee assignments.

2026 Business Plan and Budget Assumptions - Beth Dowdell, RF's Senior Director, Corporate Services led a discussion on the 2026 Business Plan and Budget (BP&B) assumptions and the operating reserve. She opened by noting that the appendix of the slide deck includes the strategic plan and SWOT analysis that formed the basis of the budget assumptions. She then presented the 2026 BP&B timeline with the different steps of review and approval. Next, she discussed the prior year's budget projections for 2026 and flagged some differences in medical benefits costs.

Ms. Dowdell then shared some key initiatives that RF is working on in furtherance of its strategic plan, including cloud computing and migration, AI optimization and exploration, and grid monitoring, analysis, and reporting. Mr. Taylor noted that it would be helpful to hear more about the plan to roll out Microsoft Copilot to all staff. Mr. Noel described RF's plan and discussed the low cost given the non-profit pricing RF was given. Ms. Dowdell noted that RF has a technology champion team to make sure RF employees are using Copilot for efficiency gains. She then discussed initiatives related to energy policy, external outreach with stakeholders, and FERC Orders/Standards requirements, noting that existing staff can perform some of this work. Mr. Hipkins asked if the FERC Orders/Standards initiative includes the CIP-015 initiative, and Ms. Schaefer confirmed that it does.

Ms. Dowdell then discussed budget composition, noting that 87% of the 2026 BP&B is driven by fixed costs. Ms. Dowdell then highlighted the key budget drivers, including employee merit increases, medical insurance increases, increasing meetings/travel, continued tabletop exercises, modernization of SharePoint and Azure to cloud solutions, and ongoing modeling studies.

The discussion then moved to the FTE due diligence process, which Ms. Evancho helped develop when she joined the Board. During this process, RF determined that for the 2026 BP&B, 4 FTEs would be needed: an engineer, a communications specialist, a process coordinator, and a business analyst. She also described the overlap position that RF would like to convert to its official headcount. Ms. Dowdell stated that the additional FTEs would support the areas experiencing the most growth, including the overlap position. Mr. Grooms asked what percentage of RF's total headcount the 4 FTEs would comprise, and Mr. Gallagher replied that the 4 FTEs would result in a 4% increase in headcount.

Ms. Dowdell then discussed each of the requested FTE roles. She noted the additional reliability assessments needed; the increased need for communications support, especially in state outreach; the need for process support to free up specialized staff; and the need for additional analytics support. Mr. Gupta asked whether there is currently a communication specialist on staff, and Ms. Dowdell noted that RF currently has only one communications specialist. Mr. Gupta also asked about the potential use of AI, and whether RF has an AI policy to protect data. Mr. Craigo noted that NERC, RF, and the other Regions are currently working on ERO-wide AI principles to address this issue.

Mr. Ambrose asked about RF's confidence in staffing projections for the next several years. Ms. Dowdell responded that information on this will be included in the 2026 BP&B document, and that RF is currently projecting 3-4 potential additions in 2027. Ms. Evancho asked when the Board gets to review the entire budget and projections, and Mr. Gallagher stated that this is the meeting to discuss this. Ms. Evancho stated that some of the Board members might need additional context to understand the chart where RF discusses hiring trends historically and projections. Ms. Evancho then raised a discussion on the addition of administrative and communications support concurrent with the launch of AI to increase efficiency. Tim noted that the additional support is not strictly administrative, and that RF has roles such as process coordinators performing a portion of core work in addition to administrative support.

Dr. Chatterjee asked about the impact of the Trump administration's actions on the RF 2026 BP&B. Mr. Gallagher stated that RF has created a budget that reflects the work RF needs to do regardless of the uncertainty of current actions of the administration. Mr. Smyth asked about training dollars, and Ms. Dowdell explained that RF develops annual training plans based on current needs, individual development plans, and industry changes. Ms. Dowdell then noted that 5% merit increases could be adjusted based on the pay band study that they plan to do.

Regarding medical costs, Ms. Dowdell shared that RF had realized $300K of savings in 2025 when it switched to the current 18-month benefit plan, however there are a few large claims pending and the last increase was only 10%, so RF is likely looking at a significant increase in medical costs. Mr. Gallagher noted that RF is too small to self-insure. Mr. Taylor asked if there was an opportunity to join forces with other Regions to get more competitive pricing and a discussion ensued about the challenges that that could present.

Ms. Dowdell then discussed the operating reserve of $1 million and upon a motion duly made and seconded, the Board unanimously approved the $1 million operating reserve.

Upon a motion duly made and seconded, the Board approved the BP&B Assumptions and the Operating Reserve for 2026.

Next Meeting – Chair Smyth noted that the next meeting of the Board of Directors will occur on April 30, 2025 – May 1, 2025, at RF's headquarters in Cleveland, OH.

Adjourn – Upon a motion duly made and seconded, Chair Smyth adjourned the meeting at 11:00 am (ET).

As approved on this first day of May 2025, by the Board of Directors,

Niki Schaefer
Vice President, General Counsel & Corporate Secretary

ATTACHMENT A

Others Present During the Board of Directors Meeting

Jeff Craigo • ReliabilityFirst
Chelsey Eppich • ReliabilityFirst
Diane Holder • ReliabilityFirst
Christi Klein • ReliabilityFirst
Marcus Noel • ReliabilityFirst
Niki Schaefer • ReliabilityFirst
Kristen Senk • ReliabilityFirst
Jody Tortora • ReliabilityFirst
Jim Uhrin • ReliabilityFirst