



RELIABILITY FIRST

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## Agenda

### Board of Directors • Talent and Compensation Committee

August 27, 2025 • 9:00 am – 12:00 pm (ET)

#### Nemacolin

1001 Lafayette Drive  
Farmington, PA 15437

**Room:** Hardy Boardroom

**Attire:** Business Casual

### Closed Agenda

- 1. Call to Order** 9:00 AM  
Presenter: Lesley Evancho, Chair
- 2. Appoint Secretary to Record Minutes** 9:05 AM
- 3. Antitrust Statement**  
Presenter: Niki Schaefer, VP and General Counsel
- 4. Approve Compensation Committee Meeting Minutes** 9:10 AM  
Presenter: Lesley Evancho, Chair  
Reference: a) [Draft Minutes for the April 30, 2025 Talent and Compensation Committee Meeting](#)  
b) [Draft Minutes for the June 5, 2025 Talent and Compensation Committee Meeting](#)  
Action: **Approve Minutes**
- 5. Succession Plan** 9:15 AM  
Presenter: Beth Dowdell, Sr. Director Corporate Services  
Description: Ms. Dowdell will discuss the process used for succession and workforce planning, the gaps that were identified and plans to address those gaps for Committee awareness and input on progression of staff.  
Reference: a) Succession Plan Presentation  
b) Succession Plan Document  
Action: Information and Discussion
- 6. Compensation Study Update** 10:00 AM  
Presenter: Beth Dowdell, Sr. Director Corporate Services  
Description: Ms. Dowdell will provide an update on the vendor selected from the Compensation Study RFP as well as a timeline for the Committee to receive final results.  
Reference: Compensation Study Presentation  
Action: Information and Discussion

**7. Appendix Items**

- Description Pre-read items for Committee awareness – topics will not be covered during the Committee meeting unless direct questions related to the material.
- Reference
- a) Staffing Demographics & Strategy Update
  - b) 2025 Corporate Goals Update
  - c) Summary of Benefit Benchmarking
  - d) Benefit Benchmarking Size
  - e) Benefit Benchmarking Location

**CLOSED EXECUTIVE SESSION – COMMITTEE MEMBERS ONLY****8. Mid-year Review of President and CEO**

10:15 AM

- Presenter: Lesley Evancho, Chair
- Description: Chair Evancho and Mr. Gallagher will provide an update on progress towards 2025 goals and initiatives.
- Action: Information and Discussion

**9. Succession Plan – Executive**

10:30 AM

- Presenter: Tim Gallagher, President and CEO
- Description: Mr. Gallagher will lead a discussion on the succession planning for VP and CEO roles.
- Action: Information and Discussion

**10. 2025 Future Meetings:**

- December 3, 2025 – Washington DC, NERC Offices

**11. Adjourn**

12:00 PM

## **Roster • Talent and Compensation Committee**

Lesley Evancho, **Chair** • Independent (2025)  
Steve Ambrose, Vice Chair, Medium LSE (2025)  
Joanna Burkey • Lead Independent (2025)  
Melika Carroll • Independent (2027)  
Craig Creamean • Exelon, Large LSE (2027)  
Ken Seiler • Independent (2026)  
Robert Taylor • Invenergy, At-Large (2027)

## **a) Draft Minutes for the April 30, 2025 Talent and Compensation Committee Meeting**



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## **DRAFT - Minutes**

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

April 30, 2025

ReliabilityFirst Corporation • Cleveland, OH

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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 April 30, 2025, at 9:00 a.m. (ET). A quorum was present, consisting of the following Committee members: Lesley Evancho, Chair; Steve Ambrose, Vice Chair; Joanna Burkey; Melika Carroll; Scott Hipkins; and Ken Seiler. 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 December 4, 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, provided a staffing demographics and diversity strategy quarterly update. She discussed engagement activities in response to a question by Ms. Burkey about the meaning of the new Q1 engagement activities slide. Ms. Dowdell explained the slide is conveying the amount of planning and activities HR is doing to provide opportunities for staff to engage with a focus on inclusion. Ms. DeLuca moved on to discuss workforce planning. She noted that 14% of RF staff is retirement eligible (over 62 years old), with 2 retirements slated for mid-year, 3 people retirement eligible in leadership roles, and 1 person retirement eligible in a critical role.

Ms. DeLuca discussed the proactive strategy HR has employed to ensure RF is more prepared as an organization when someone announces their retirement. In response to a question from Mr. Seiler about retirement notice, Ms. DeLuca shared that people have typically provided ample advance notice for their pending retirement date. Ms. DeLuca talked about the HR Business Partner model and its success in addressing gaps in the succession plan with management to further develop talent pipelines. Ms. Evancho asked about career development and Ms. DeLuca and Ms. Dowdell discussed how the evolution

in job descriptions will help people have more transparency into what is required of different roles and the development steps needed to get there. Ms. Burkey asked about the compensation study timing and Ms. Dowdell shared that the RFP was issued to vendors and they should be deciding shortly. The project would kick off in July with a goal to wrap in August with a report in September, so the Committee has the data by the December meeting.

**2025 Corporate Goals Update** – Ms. Evancho opened by discussing how goals will be presented to the Committee with more clarity on how the various goal activities fit into RF's strategy. A discussion ensued about the relevance of NERC's goals and whether RF should tie its goals to NERC's. Mr. Gallagher said it might be more useful to share the ways RF is helping NERC achieve its goals rather than tie each goal to NERC's, due to the high-level nature of the goals. Mr. Craig shared that RF performs a yearly review of its strategic plan and its relation to NERC's strategic plan. A discussion took place about the relationship between RF's work and NERC's work and justifying growth in support of NERC's mission/goals, especially in the current economy. Ms. Holder talked about ways in which the state outreach team measures its qualitative and quantitative impact. The Committee discussed energy policy as a key risk to reliability, and how state outreach work has a direct effect on that risk. Mr. Gallagher provided multiple examples of work with states where RF's state outreach group has informed state energy policy.

Ms. Dowdell moved on to discuss organizational KPIs and explained the foundation of each pillar and how they each tie back to an area of the business to measure the health of RF. These KPIs are a proof of concept based on the feedback from the Committee in December. Each area would be built out further as the year progresses, but the current version is intended to show the Committee how we can provide more context into the goal activities through measuring standard KPIs.

Ms. Burkey asked if RF staff thought this is a useful way to measure success. There was discussion about whether the metrics are only useful to the Board, or if there is a way to create metrics that are useful to the Board and to RF staff. Mr. Noel shared that having KPIs apply to new work can help the decision of whether that work is worth doing. The Committee greenlighted continued work on KPIs that are useful to RF as an organization.

Ms. Dowdell then talked through the alignment of the tier 3 activities to tier 2 and tier 3 goals. Ms. Evancho noted that the chart provided is helpful when evaluating the proper use of resources.

**Employee Survey Results Update** – Ms. DeLuca provided an overview of the annual employee engagement survey results from Energage. She shared that RF achieved a "top workplace" distinction from the Cleveland Plain Dealer. The survey had a 93% response rate, and improved from 85% employee engagement in 2023 to 88% in 2024. There was some discussion of the survey word cloud and its meaning. Ms. DeLuca discussed the areas where RF scored the highest, including values, meaningfulness, and supportive managers. Bottom scores included clued-in leaders, interdepartmental cooperation, and use of meetings. There was discussion about tracking improvement over time and how to improve low scores around meetings. There was discussion around using an AI assistant for meeting attendance, in particular for Tech Talks, and whether RF could turn on Copilot

to distribute a summary of the meeting. Ms. DeLuca talked about the number of positive statements from the survey. She reported that the biggest increases in positive statements related to execution, potential, and values, and the biggest decreases related to statements about benefits, loyalty, and pay, part of which may be due to changes in benefit plans. Ms. DeLuca closed by discussing some employee teams helping to act on the feedback from the engagement survey, including RF's SPARC group and RF Feedback Forward group.

**Start/Stop/Continue Strategic Discussion** – Ms. Evancho and Mr. Gallagher opened by discussing the reasoning behind doing the start/stop/continue exercise each year, to evolve as an organization and stop doing activities that are no longer adding value. Mr. Noel began by discussing the progress made since last year's start/stop/continue exercise, noting the Technology Summit led by Beth Dowdell. Ms. Dowdell then discussed her effort to change the paradigm of IT driving the business and creating a framework for the business to identify IT needs to support their work. Ms. Schaefer then discussed the IRA/COP improvements by a cross-functional team that created an entity performance dashboard to automate the quantitative component of the inputs into IRAs and COPs and streamline the creation of those documents.

Mr. Noel then talked about a new start/stop/continue process that leverages an existing SWOT analysis and a business process repository that ranks the criticality of various business processes, with a focus on high and medium processes. Mr. Noel discussed the results of the session, which resulted in a pyramid of intersectional issues related to grid reliability and security, essential reliability services, and utility excellence. The discussion then moved to "start" opportunities such as strategic outreach plans, discussions with PJM and other ISACs to learn about gas cyber regulations, a mitigation themes report, and case studies to highlight performance excellence in key CMEP areas.

Mr. Seiler asked about system protection in the context of outreach, and Mr. Gallagher explained that the focus would be on IBRs, the uniqueness of their performance characteristics and the system protections that need to be in place. Mr. Seiler also noted that roles and responsibilities for resource adequacy need to be clearly defined during state outreach activities. Ms. Burkey asked how the start/stop/continue process is communicated to staff and the Committee discussed the best way to go about doing that. There was a consensus that sharing more rather than less is valuable, and the desire of staff in general for transparency.

**Review and Approve 2025/2026 Employee Benefits** – Ms. Dowdell began by noting that the employee benefits approval discussion is now taking place mid-year because of the prior 18-month commitment to a benefits package. She stated that there are no price changes except for a gap long-term disability product that is based on age and salary - the benefits remain the same with a slight increase in premium. She shared that most other benefits are price locked, although RF does not have its medical benefit rate finalized yet. Mr. Hipkins asked about the HSA and Ms. Dowdell noted that RF intends to make its contribution in 2026 the same as 2025 and shared how that will be communicated to staff.

A motion to approve RF 2025/2026 employee benefits was made, seconded and unanimously approved.

**ReliabilityFirst's Pay Philosophy** – Ms. Dowdell opened by noting that since the December Committee meeting, the RF leadership team has embarked on an effort to document the pay philosophy it has traditionally employed. RF has a focus on market pay, and its market is for-profit companies across industry, electric utilities and other not-for profits. RF's philosophy is competitive pay at market rate, pay for performance, a focus on total rewards, maintaining internal equity, and fiscal responsibility and sustainability. RF's goals with compensation are to be flexible, accurate, compliant, communicative and easy to understand.

Ms. Evancho noted that sometimes the components of a pay philosophy are contradictory. She also shared that the compensation process slide was informative and helpful. Mr. Gallagher shared that he believes that RF's high retention rates are substantially related to its compensation. Ms. Dowdell shared that the organization also has opportunities to reclassify employees and bring them into a new role with a new pay band. There was then discussion of a chart of merit increases and performance scores and the meaning of the anomalies.

**Independent Director Compensation** – Ms. Evancho explained that this agenda item is a carry-over from the December 2024 meeting. She shared that Ms. Dowdell would discuss the process to determine independent director compensation and Mr. Ambrose would discuss the specific compensation for 2025. Ms. Dowdell first explained that historically RF has followed the percentage of NERC independent director pay increases (since 2021), but in 2024, NERC performed a compensation study for its independent directors and landed on an 11% increase, which the Committee determined did not make sense for RF.

She discussed the goals of independent director pay and what pay philosophy makes sense for RF. The proposed new process would be defined as an annual increase for independent directors, utilizing the annual National Association of Corporate Directors (NACD) report (which it partners with Pearl Meyer to create) to determine the annual percentage increase. The stakeholder directors would lead the discussion and vote first with independent directors following, and then the increase would go to the full board for final approval. The annual percentage will not exceed the average merit increase for staff. Mr. Ambrose noted that the cross check on this philosophy is when RF goes to market for an independent director.

A motion was made, seconded and unanimously approved for the new independent director compensation philosophy.

Mr. Ambrose noted that RF budgeted a 3.6% independent director pay increase for 2025, the budgeted staff increase is 3.8%, and the NACD number was 4.0%. Mr. Gallagher shared that his opinion was that given the criticality of independent directors, the appropriate pay increase was 3.8% with a January 1 start date, with which the stakeholder directors unanimously agreed.

A motion to increase independent director pay by 3.8% starting January 1, 2025 was made, seconded and approved by stakeholder directors and then made, seconded and approved by the independent directors.



**Next Meeting** – Chair Evancho noted that the next Committee meeting will occur on August 27, 2025, in Farmington, PA. Chair Evancho moved the Committee into closed session.

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

**Executive Session** – Chair Evancho held a confidential executive session with the Committee.

**Adjourn** – Upon a motion duly made and seconded, Chair Evancho adjourned the Committee meeting at 11:50 am (ET).

As approved on this XX day of August, 2025 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  
Marcus Noel  
Niki Schaefer

## **b) Draft Minutes for the June 5, 2025 Talent and Compensation Committee Meeting**

## **DRAFT - Minutes**

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

June 5, 2025  
ReliabilityFirst Corporation • Cleveland, OH

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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 June 5, 2025, at 11:30 a.m. (ET). A quorum was present, consisting of the following Committee members: Lesley Evancho, Chair; Steve Ambrose, Vice Chair; Joanna Burkey; Melika Carroll; and Ken Seiler. 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.

**Review and Approve 2025/2026 Employee Benefits** – Chair Evancho began by introducing the topic and discussing the last Committee meeting where benefits were discussed but not voted on. Beth Dowdell then explained RF's membership in an ERC program for Anthem which affects the timing of benefit renewals. Because Anthem's new rates came in high, RF went to the market to see what else was available. She stated that RF's loss ratio is 137% and insurance companies usually like to see 80%, so only one other company wanted to bid and bid a 45% increase. The broker was then able to negotiate Anthem down from a 35% increase to a 27% increase, but this will still be a \$280K difference in cost which is going to require a change in the budget. Ms. Dowdell shared that it will not require a change in the assessment because more penalty dollars came in and the rest can be used from reserves.

Ms. Dowdell then discussed changes from the current plan to the new plan, both on the HSA side and the PPO side, but noted that the changes were not particularly significant. She stated that the team looked at different options for how to manage the increase in cost, including altering the cost-share arrangements currently in place, but decided there was not enough time to educate staff and give them a meaningful choice at this point in time. However, the team is going to consider this for the future and would plan to communicate changes, if there are any, to the staff at year end in case the changes could cause employees to switch to a spouse's plan. Ms. Dowdell stated that the recommendation is to approve the plans as shown on the chart, which would be locked in through June 30, 2026.

**Talent and Compensation Committee Minutes**  
**June 5, 2025**

Ms. Evancho noted that the timing is more difficult for smaller companies, and that RF unfortunately was more costly than the insurance company anticipated and benefits costs have increased significantly as a result. Mr. Gallagher noted that benefits are a large part of RF's recruitment, retention, and engagement. Ms. Dowdell stated that RF had five claims that were over \$100K and four that were over \$50K. Ms. Burkey noted that while it is not ideal, there is also not much other than what has been done that can be done about it.

**Discussion of additional stakeholder director to replace Scott Hipkins** – Ms. Schaefer opened by discussing the options in terms of the future makeup of the Committee. The Committee then discussed whether to add no stakeholder directors, one new stakeholder director, or two new stakeholder directors. Mr. Gallagher shared that he thinks two additional stakeholder directors would be preferable. Ms. Carroll shared that she thinks adding stakeholder directors would be an opportunity for additional board member training and education. The Committee and staff then discussed their ideas on who to add to the Committee. There was also discussion about how directors serving on both the Talent and Compensation Committee and the Finance and Audit Committee could be helpful.

**Next Meeting** – Chair Evancho noted that the next Committee meeting will occur on August 27, 2025 in Farmington, PA at 9:00 AM (ET). Chair Evancho closed the meeting at 12:25 pm (ET).

As approved on this XX day of August, 2025 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  
Marcus Noel  
Niki Schaefer