



RELIABILITY FIRST

PUBLIC

Agenda

Board of Directors • Talent and Compensation Committee

December 3, 2025 • 9:00 am – 12:00 pm (ET)

North American Electric Reliability (NERC) Offices

1401 H St NW Suite 410

Washington, DC 20005

Room: Potomac Room

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 Talent and Compensation Committee Meeting Minutes** 9:05 AM
Presenter: Lesley Evancho, Chair
Reference: a) [Draft Minutes for the August 27, 2025 Meeting](#)
b) [Draft Minutes for the October 23, 2025 Meeting](#)
Action: **Approve Minutes**
5. **2025 Corporate Goals Performance and Determination of Incentive Award** 9:10 AM
Presenter: Beth Dowdell, Sr. Director Corporate Services
Description: Ms. Dowdell will discuss corporate performance as it relates to the 2025 corporate goals and make a recommendation regarding the Incentive Award percentage and discretionary contributions.
Reference: 2025 Corporate Goals results achievements and award recommendation
Action: Discussion (and **Approval during Executive Session**)
6. **Overview of Merit Increases for 2025** 9:30 AM
Presenter: Beth Dowdell, Sr. Director Corporate Services
Description: Ms. Dowdell will discuss the aggregate of employee ratings and review the recommendations for merit increases.
Reference: a) Merit Increase Presentation
b) Compensation Study Report
Action: Discussion (and **Approval during Executive Session**)

- 7. Independent Director Compensation** 9:50 AM
- Presenter: Beth Dowdell and Steve Ambrose
- Description: Ms. Dowdell will present market data and Vice Chair Ambrose will lead a discussion around setting Independent director compensation rates for 2026.
- Reference: a) 2026 Director Compensation Presentation
b) NACD 2024-2025 Director Compensation Report
- Action: **Approve and Recommend to the Board the 2026 Independent Director Compensation Rate**
- 8. Talent and Compensation Committee Policy and Procedures** 10:00 AM
- Presenter: Chair Evancho and Beth Dowdell
- Description: Chair Evancho and Ms. Dowdell, having reviewed the procedures, will provide any recommendations for proposed changes to the documents.
- Reference: a) Summary of Changes to Talent and Compensation Committee Procedure
b) Talent and Compensation Committee Procedure clean
c) Talent and Compensation Committee Procedure redline
d) Summary of Changes to the Procedure on Corporate Incentive Awards
e) Procedure on Corporate Incentive Awards redline
f) Procedure on Corporate Incentive Awards clean
- Action: **Accept Talent and Compensation Committee Procedure and Procedure on Corporate Incentive Awards and Payouts**
- 9. Annual Review of Charter and Performance of Activities for 2025** 10:10 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) Summary of changes to the Talent and Compensation Charter
b) Talent and Compensation Charter clean
c) Talent and Compensation Charter redline
d) Summary of Performance of Specific Duties for 2025
- Action: **Approve and Recommend Board Approval of Charter**
Accept Summary of Performance of Specific Duties for 2025
- 10. Appendix Items** 10:20 AM
- Description: Pre-read items for committee awareness – topics will not be covered during the committee meeting unless there are direct questions related to the material.
- Reference: a) Staffing Demographics & Strategy Update
b) 2026 Corporate Goals

CLOSED EXECUTIVE SESSION – CEO and COMMITTEE MEMBERS ONLY**Location: Cherry Blossom**

- 11. 2026 Personal Goals for Tim Gallagher** 10:30 AM
- Presenter: Tim Gallagher, President, and CEO
- Description: Mr. Gallagher will discuss with the committee his personal goals for 2026.
- Action: **Approve CEO's personal goals for 2026**

CLOSED EXECUTIVE SESSION – COMMITTEE MEMBERS ONLY**Location: Cherry Blossom**

- 12. Review Executive Performance and Compensation** 10:50 AM
- Presenter: Lesley Evancho, Chair
- Description: Chair Evancho will lead a discussion on the annual performance of Tim Gallagher.
- Reference: a) CEO Evaluation of his performance on 2025 Goals
(Reviewed b) CEO Evaluation by Board Members – the BoardVantage Survey
at committee c) CEO Compensation History
meeting)
- Action: Complete 2025 performance review. **Approve and Recommend to the Board for the CEO merit compensation and incentive award**
- 13. 2025 Merit Increase, Incentive Award, and Discretionary Contributions for Staff** 11:45 AM
- Presenter: Lesley Evancho, Chair and Committee
- Description: Chair Evancho will lead a discussion with the committee on the information presented earlier on performance of 2025 Corporate Goals. The committee will determine the recommended merit increases and incentive awards and approve discretionary retirement contributions for staff.
- Action: **Approve and Recommend to the Board staff merit increase, incentive awards, and discretionary compensation**
- 14. Next meeting** 11:55 AM
- April 29, 2026, RF Offices
- 15. 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 • Large LSE (2027)
Ken Seiler • Independent (2026)
Robert Taylor • At-Large (2027)

a) Draft Minutes for the August 27, 2025 Meeting



RELIABILITY FIRST

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DRAFT - Minutes

Board of Directors • Talent and Compensation Committee

August 27, 2025

Nemacolin • Farmington, PA

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 27, 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; Craig Creamean; Ken Seiler; and Robert Taylor. 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 April 30, 2025 and the June 5, 2025 Committee meetings, which were included in the agenda package. Upon a motion duly made and seconded, the Committee approved the minutes as presented. Mr. Taylor and Mr. Creamean abstained because they were not on the Committee at that time and therefore were not present at the meetings.

Succession Plan – Beth Dowdell, Senior Director Corporate Services, presented an overview of RF's updated succession planning process, highlighting changes to make professional development more actionable. Key areas of focus in the succession plan include soft skills, relationship building across the ERO, and expanding staff's sphere of influence. Mr. Gallagher noted that it is an important attribute of success at RF to be engaged and lead across the ERO. Mr. Ambrose added that having a powerful voice in the room is important to the RF mission. Ms. Burkey asked how RF stays on top of the skillsets necessary as the work of RF evolves over time and Mr. Gallagher answered that there are individual development plans for employees tied to the strategic plan.

The Committee discussed the importance of strategic thinking and integrating succession plan themes into performance reviews and individual development plans. Ms. Dowdell addressed identified succession plan-related risks and mitigation strategies, and Ms. Evancho noted that the engagement survey provides insight into employee development

Talent and Compensation Committee Minutes
August 27, 2025

perceptions. A discussion ensued regarding when to promote from within and when to look for external candidates.

Next steps related to succession planning include leveraging the SPARC group for high-potential staff and enhancing departmental visibility through the HR business partner model.

Compensation Study Update – Ms. Evancho reported that compensation studies are conducted every three years to inform salary decisions for all RF staff. Ms. Dowdell explained that, following 11 years with the same vendor, an RFP was issued in March with five participants. After a thorough evaluation of each provider, Payformance Partners was selected as the new vendor, offering additional services and positive experience from other Regions in the ERO.

Ms. Dowdell also described ongoing efforts to modernize job descriptions, including the creation of an annual update template in partnership with Legal. The Committee discussed potential issues with role transparency and management of job descriptions.

Ms. Dowdell shared that a preliminary compensation study report from Payformance Partners is expected in September, after which RF will review outliers and present recommendations for the Committee's approval at the December meeting. She noted that regional and national pay dynamics are considered in the study, and Payformance Partners can refresh compensation data annually.

Appendix Items – Ms. Evancho explained that appendix items are provided for Committee review and questions. These items will not have a staff presentation, but time is reserved for any questions from Committee members on the material. The Committee discussed RF's individualized approach to diversity, equity, and inclusion, which emphasizes respect, inclusion, support, and empowerment. Ms. Schaefer announced the DEI committee will be rebranded as the RISE committee (Respect, Inclusion, Support, Empowerment). The updated focus of the committee is to attract varied and diverse talent, and have staff who feel comfortable being who they are at work and appreciated for the work they do.

Additional topics of discussion included RF's low attrition rate (less than 1%), anticipated changes in employee engagement across the country, and current job market conditions. The Committee reviewed the success of the intern program, discussed evolving corporate goals, and considered how dashboards align with goal achievement. Ms. Burkey asked about the benefits package materials, and Ms. Dowdell explained that traditionally RF has provided the Board with this information in August as informational material. Ms. Dowdell confirmed that benefits information will be provided again prior to the Committee's approval of next year's benefit package.

Next Meeting – Chair Evancho noted that the next Committee meeting will occur on December 3, 2025 in Washington, DC at the NERC offices. Chair Evancho then moved the Committee into closed session.

Closed Executive Session – Committee Members Only

Executive Session – Chair Evancho held a confidential executive session with the Committee, which included the mid-year review of Mr. Gallagher, and a discussion of the succession plan for executive level positions.

Adjourn – Upon a motion duly made and seconded, Chair Evancho adjourned the Committee meeting at 12:10 pm (ET).

As approved on this third day of December, 2025 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
Beth Dowdell
Tim Gallagher
Diane Holder
Niki Schaefer

b) Draft Minutes for the October 23, 2025 Meeting

DRAFT - Minutes

Board of Directors • Talent and Compensation Committee

October 23, 2025

Virtual

Closed Session

Call to Order – Chair Lesley Evancho called to order a duly noticed closed meeting of the Talent and Compensation Committee (Committee) on October 23, 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; Craig Creamean; Ken Seiler; and Robert Taylor. 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. Evancho advised all present that this meeting is subject to, and all attendees must adhere to, RF's Antitrust Compliance Guidelines.

Tim Gallagher made a few comments to open the session. He discussed the compensation study process and outlined the plan for today's Committee session with respect to that study. Beth Dowdell added that Payformance performs a compensation gap study as part of its offerings, which was one of the reasons they were chosen as a partner.

Compensation Study -- Marc Mullis, founder and CEO of Payformance, led a discussion on the compensation study. He opened by sharing his background and introduced Rebecca Bernie, who also worked on RF's compensation study. Mr. Mullis described how Payformance looks at labor markets, with a focus on where RF recruits its talent. He explained that cost of labor tracks closely behind cost of living. Payformance looked at four different labor market views—National General Industry, National Utilities, General East Coast and East Coast Utilities. He noted that RF does not generally recruit from non-profits, so non-profits was not a view that was averaged in the study. He explained that the data used is from PayScale, which has at least 10 organizations in it so as to avoid antitrust issues. There was some discussion around where the data comes from, and why East Coast was the regional view instead of the Midwest.

Mr. Mullis then discussed the process for job-based salary ranges, meaning that every role gets its own salary range based on market data. The minimums and maximums were 20% below mid-point for the minimum and 20% above mid-point for the maximum for all jobs. He shared that it is more common to do a 10% spread for individual contributors and a 40-50%

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October 23, 2025

spread for executives because they tend to stay in jobs longer. He also explained that employees can progress through the salary range based on job proficiency. Ms. Dowdell explained that this is not what RF is currently doing under its existing pay philosophy. Ms. Burkey added that the Committee should discuss the intersection of how people are brought in and how they progress through their pay bands.

Mr. Gallagher went on to explain why RF has a 75th percentile pay philosophy for all employees. Ms. Evancho shared that most companies target the 50th percentile. A discussion ensued about the difference between being employed at RF and employed at a large publicly traded utility with more flexibility in the opportunity to reward talent with short term incentive, stock, etc.

Mr. Mullis then went through the gap analysis that Payformance conducted for RF. He noted that to get everyone at RF to 100% of market base, it would cost RF approximately \$1 million, and to bring everyone at RF to 90% of market base would cost approximately \$700,000. For short term incentive, the range would be about from \$1 million (90%) to \$1.2 million (100%). Ms. Dowdell noted that the chart does not include 401k match and profit sharing, which are other total rewards levers that RF can pull.

Mr. Mullis moved on to discuss that for base salary, about 30 people (30%) of the organization fall below 90% of the target (90% of the 75th percentile), 57% are in the target, and 15% are above target. For the short-term incentive, 45% are below the target, 29% are in the target, and 26% are above target. There was discussion about how individual performance is factored into the analysis, and thinking about whether people are underperforming or new to the role. Ms. Evancho asked Mr. Mullis to explain how the four different labor market viewpoints factor into the numbers and he explained that it is a straight average of the four, which has traditionally been RF's pay philosophy.

Mr. Mullis then shared some things for the Committee to consider: (1) focus areas depending on the market RF is looking at, (2) an average of 60% in market presents an opportunity for improvement, (3) look at pay ranges yearly for an annual refresh that is updated with the current labor market, (4) review the short term incentive targets with a focus on certain departments, and (5) revisit salary range spreads by level of employee.

Mr. Creamean asked about whether current headwinds like cost are factored into pay analysis, and Mr. Mullis answered that the political and cost climate is so chaotic it is hard to predict what those headwinds will be. Ms. Evancho noted that many companies are doing more than a yearly refresh and are diving deeper into their pay philosophy more regularly given how quickly the landscape changes. Mr. Mullis talked about how his organization partners with companies to create a new compensation philosophy.

Mr. Ambrose then asked what the differences are between East Coast versus Midwest labor markets, and Mr. Mullis said he would pull the data for the Committee but did not anticipate a significant difference. Ms. Dowdell shared that most of the RF remote staff reside on the East Coast. She explained that RF recruits from anywhere but tries not to go further than one time zone given the challenges it presents for the workday. Mr. Gallagher explained that he has a desire to, when feasible, remain in the RF footprint with employees.

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October 23, 2025

A discussion then ensued about how remote work is causing a pay normalization across regions. Ms. Burkey noted that RF is still a regional organization by nature, and that there should be discussion at the committee level about how to maintain that flavor in a remote world.

Mr. Gallagher described some additional work RF would like to do on compensation strategy with Payformance, which was sanctioned by the Committee.

2026 Goals - Ms. Dowdell discussed the 2026 Draft Goals for the Committee's consideration. She first explained the tiers of goals: Tier 1 (which typically do not change significantly and are tied to the strategic plan); Tier 2 (the corporate wide goals that change every year and are approved by the Board); and Tier 3 (specific activities articulated and performed by RF staff). Tier 3 goals are not subject to Board approval but it is the work performed by employees to achieve the Tier 2 goals. Mr. Gallagher noted that Ms. Dowdell will be scheduling a Talent & Compensation Committee 101 training meeting with each of the Committee members, which will also include information on the goal process.

Ms. Evancho questioned whether the current goal structure makes sense or should be revisited. Mr. Gallagher shared that he does think this goal structure works for RF but recognizes that it is hard to digest. In response to a question from Ms. Carroll, Mr. Gallagher explained how the goals tie to compensation, both the corporate award and then on an individual level. In response to a question about wording changes on the Tier 1 goals, Ms. Dowdell pointed out where terminology has been adjusted based on revisions to the strategic plan.

Mr. Seiler had a question about the goal related to operationalizing the Regional Risk Assessment (RRA). Ms. Schaefer explained the draft goal to the Committee and said she would set up a meeting between Atif Guzman (who is going to lead the execution of that goal) and Mr. Seiler to refine the language of the goal.

There was a discussion about goal organization and making the Tier 2 goals clearer when they are presented for consideration. Upon a motion duly made and seconded, the Tier 2 goals were approved by the Committee, subject to some language adjustments to the goal related to operationalizing the RRA.

Next Meeting – Chair Evancho noted that the next Committee meeting will occur on December 3, 2025 in Washington, DC at the NERC offices. Ms. Evancho adjourned the meeting at 10:22 a.m.

**Talent and Compensation Committee Minutes
October 23, 2025**

As approved on this XX day of December, 2025 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
Marcus Noel
Niki Schaefer
Marc Mullis (Payformance presentation only)
Rebecca Bernie (Payformance presentation only)