





For the industry sector board seats, MRO Members are encouraged to select individuals who hold senior management or officer positions within their organizations. These positions are voluntary and do not receive compensation.

Four members are Independent Directors who have senior management expertise and experience that will be relevant to the reliable operation of the bulk power system in North America and the governance of MRO. Independent Directors are nominated by the MRO Board of Directors and are elected by all members. Independent Directors may or may not have worked in the electric industry.

Seventeen board members are elected by MRO's Industry Sector Members as follows:

- Three directors from the Transmission System Operator Sector;
- Two directors from the Generator and/or Power Marketer Sector;
- Five directors from the Investor Owned Utility Sector;
- Two directors from the Cooperative Sector;
- Two directors from the Municipal Utility Sector;
- One director from the Federal Power Marketing Agency Sector; and
- Two directors from the Canadian Utility Sector with each province represented.

Two board members are Regional Directors who are employees of MRO Members and meet the qualifications for directors elected by MRO's Industry Sectors. Regional Directors are nominated by the MRO Board of Directors and elected by all members.

All directors must agree to follow MRO's [policies and procedures](#), including its Conflict of Interest and Confidentiality policies. All directors receive reimbursement of reasonable out-of-pocket expenses incurred in traveling to MRO and NERC meetings.

### **Purpose and Responsibilities**

The purpose of the MRO Board of Directors is to advise, govern, oversee policy and strategic direction, and assist with the leadership and general promotion of MRO to support the organization's mission and needs. The board of directors has approved Guiding Principles as follows:

Highly effective and reliable board members:

1. Support the MRO mission and its values, and understand the role of the board.
2. Exercise their fiduciary duty of care by preparing for, attending, and participating in board and assigned committee meetings. Absent compelling and stated reasons, directors should be present at meetings.
3. Are objective decision makers and avoid participation in board issues that are self-serving or may be perceived as a conflict of interest.
4. Read the materials before board meetings and come prepared with questions.
5. Advocate why MRO is important and why it needs our support.
6. Take leadership roles by chairing a committee and knowing what the committee's responsibilities are, and take initiative as necessary.
7. Respect the different roles of staff and the board.
8. Collaborate and cooperate with other board members.

Approved by the MRO GPC on May 21, 2021



Specific responsibilities of the board and individual board members include the following:

- Govern the corporation and oversee all of its activities;
- Establish and oversee all organizational groups;
- Oversee the accomplishment of all functions set forth in any delegation, or other agreement, with NERC or any government entity related to development, monitoring, and enforcement of Reliability Standards and related matters;
- Approve, revise, and enforce MRO Member data and information requirements and related confidentiality requirements;
- Establish and approve an annual budget and annual audit reports;
- Represent the corporation in legal and regulatory proceedings;
- Hire and annually review the performance of the president and CEO;
- Consider the recommendation of the Governance and Personnel Committee in setting the compensation for the president and CEO, remanding to the Governance and Personnel Committee for further consideration and recommendation as needed so that the board is able to accept the recommendation of the Governance and Personnel Committee;
- Establish reasonable compensation for the Independent Directors following IRS rebuttable presumption procedures after considering the recommendation from the Governance and Personnel Committee's directors who are not compensated;
- Participate actively in organizational strategic planning;
- Serve as a resource of knowledge and counsel to the executive staff, committees, and other board members;
- Represent the organization at NERC and industry events;
- Serve on at least one, and no more than two, board committees;
- Chair committees as appointed;
- Exercise their fiduciary duty of care by preparing for, attending, and participating in board and assigned committee meetings. Absent compelling and stated reasons, directors should be present at meetings; and
- Complete the board self-assessment.

### **Board Meeting Schedule**

Regular meetings of the board of directors are publicly posted on MRO's website at [Board Meeting Dates](#). The board currently has three committees: the [Finance and Audit Committee \(FAC\)](#), the [Governance and Personnel Committee \(GPC\)](#), and the [Organizational Group Oversight Committee \(OGOC\)](#). Independent Directors are expected to serve on two board committees and all other board members are expected to serve on one board committee. The OGOC typically meets on the day before the board's executive session and open session meetings. The FAC and GPC meet virtually on a quarterly basis. Meetings are held at MRO's headquarters in Saint Paul, Minnesota. Board members may also serve on NERC committees as an MRO representative.

Additionally, the FAC hosts a board call in April to review the proposed budget for the following year prior to the board's approval of the budget in June. The board periodically holds strategic planning meetings. Board committees may meet by conference call between regularly scheduled meetings if necessary.

Information about board meetings can be found on the [MRO website](#).

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## **Regional Director Candidate Profile**

The role of Industry Sector and Regional Directors on the MRO Board of Directors is critical given the self-regulatory model contemplated in the Energy Policy Act of 2005 because of their requisite industry technical expertise. In filling Regional Director Positions, the board is aware of persuasive current governance literature demonstrating that companies with diverse boards, including both men and women, outperform other companies.

Cybersecurity is and will continue to be a critical issue for industry; therefore, candidates who hold senior cybersecurity positions in their organizations or relevant cybersecurity policy experience add to the existing expertise of the MRO Board.

MRO's footprint reflects a changing resource mix with significant amounts of renewable energy being generated in the Region. Candidates with a strong understanding of wind, solar, battery storage, and/or distributed energy would add to the expertise of our board.

MRO has a complex governance structure; both its Industry Sector and Regional Directors are employees of the member entities MRO regulates. In addition, MRO is simultaneously an independent corporation and part of the ERO Enterprise (NERC and the six Regional Entities). Ultimately, MRO must have the approval of both NERC and FERC for matters such as budget, bylaw changes, and renewal of its Delegation Agreement. Directors must meet their fiduciary duties within this organizational structure. Therefore, Regional Director Candidates who have CEO or governance experience working within the ERO or in organizations with comparable complexity would provide valuable expertise to the MRO Board. In addition, candidates who have senior level human resource experience would provide valuable expertise to the MRO Board of Directors.

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