

Meeting Agenda

Q1 Board of Directors

April 13, 2022

12:30 p.m. to 3:30 p.m. Central

Hybrid Meeting: St. Paul, MN & Webex



**MIDWEST
RELIABILITY
ORGANIZATION**

380 St. Peter St, Suite 800
Saint Paul, MN 55102

651-855-1760

www.MRO.net

NOTICE REQUIREMENTS

Pursuant to the Midwest Reliability Organization's ("MRO") Bylaws, section 7.7, the Secretary is required to publish the schedule of regular board meetings to all members. This meeting is a regularly scheduled meeting of the Midwest Reliability Organization Board of Directors. Notice of this meeting was proper and the date was made available to all members in 2022 by posting the 2023 regularly scheduled board meeting dates on the [MRO Events](#) page.

The location, precise time of the meeting, and draft agenda of items to be discussed was properly noticed to members on March 14, 2023, 30 days prior to the scheduled meeting, and was published on the [MRO website](#).

VIDEO AND AUDIO RECORDING

Please note that Midwest Reliability Organization (MRO) may make a video and/or an audio recording of this board of directors meeting for the purposes of making this information available to board members, members, stakeholders and the general public who are unable to attend the meeting.

By attending this meeting, I grant MRO:

1. Permission to video and/or audio record the board meeting including me; and
2. The right to edit, use, and publish the video and/or audio recording.
3. I understand that neither I, nor my employer, has any right to be compensated in connection with the video and/or audio recording or the granting of this consent.

In-Person Best Practices

- **Connect to Webex without Audio and mute device(s)**
 - Follow the printout for directions or ask Carolina for help
- **Question or Comment?**
 - Raise your hand either by physically raising your hand, or flipping your name card
 - Wait until the speaker calls on you to speak
 - Turn on your microphone (green is live)
 - ** Identify yourself before speaking **
 - Turn off your microphone (red is off)
- **Be mindful of extraneous noises (e.g., papers, typing, side conversations, etc.)**
- **Honor start times**



Webex Best Practices

- Mute unless speaking.
- Question or Comment?
 - Raise your hand via the Webex hand raise feature. To raise your hand, select the hand icon at the bottom of your Webex interface.
 - The Host will alert the speaker that your hand is raised.
 - The speaker will call on you.
 - Unmute your microphone.
 - Identify yourself before speaking.
 - Return to mute.
 - Lower your Webex hand once you no longer have a comment/question. To lower your hand, select the hand icon again.
- If you have audio issues, please let the Host know ASAP.





AGENDA

Agenda Item	Time
1. <u>Call to Order and Determination of Quorum</u> <i>Brad Cox, Board Chair</i>	12:30 p.m.
2. <u>Standards of Conduct and Antitrust Guidelines</u> <i>Julie Peterson, Vice President General Counsel and Corporate Secretary</i>	---
3. <u>Consent Agenda</u> <i>Julie Peterson, Vice President General Counsel and Corporate Secretary</i>	---
4. <u>President's Report</u> <i>Sara Patrick, President and CEO</i>	12:35 p.m.
5. <u>Chair's Remarks</u> <i>Brad Cox, Board Chair</i>	12:45 p.m.
6. <u>FBI Cyber Briefing & Critical Infrastructure Threat Landscape</u> <i>Joel Max, Federal Bureau of Investigation, Cyber Division, Industrial Control Systems Lead</i>	12:55 p.m.
Break	1:55 p.m.
7. <u>Independent Auditor Report</u> <i>Jeff Gendreau, Partner, Baker Tilly</i>	2:05 p.m.
8. <u>Finance and Audit Committee Report</u> <i>Dr. Dana Born, FAC Chair</i>	2:35 p.m.
9. <u>Organizational Group Oversight Committee Report</u> <i>JoAnn Thompson, OGOC Chair</i>	2:45 p.m.
10. <u>Governance and Personnel Committee Report</u> <i>Thomas Graham, GPC Chair</i>	2:55 p.m.
11. <u>External Affairs Report</u> <i>Tasha Ward, Director of Enforcement and External Affairs</i>	3:05 p.m.
Written Reports	3:25 p.m.
12. <u>MRO Operational Activities (Written Report)</u> <i>Richard Burt, Senior Vice President and Chief Operating Officer</i>	---
13. <u>MRO Outreach Report (Written Report)</u> <i>Cris Zimmerman, Manager of Outreach and Stakeholder Engagement</i>	---
14. <u>Other Business and Adjourn</u> <i>Brad Cox, Board Chair</i>	3:30 p.m.

Call to Order and Determination of Quorum

Brad Cox, Chair

2023 MRO Board of Directors

Name	Sector	Term
Brad Cox, Chair	Generator and/or Power Marketer	12/31/2025
Dr. Dana Born, Vice Chair	Independent Director	12/31/2023
Ben Porath	Cooperative	12/31/2024
Charles Marshall	Transmission System Operator	12/31/2023
Darcy Neigum	Investor Owned Utility	12/31/2023
Daryl Maxwell	Canadian Utility	12/31/2024
Dehn Stevens	Investor Owned Utility	12/31/2025
Eric Schmitt	Independent Director	12/31/2024
Iqbal Dhami	Canadian Utility	12/31/2023
Jeanne Tisinger	Independent Director	12/31/2024
Jennifer Flandermeyer	Regional Director	12/31/2024
JoAnn Thompson	Investor Owned Utility	12/31/2025
John Rhea	Generator and/or Power Marketer	12/31/2024
JP Brummond	Investor Owned Utility	12/31/2025
Keri Glitch	Transmission System Operator	12/31/2025
Lloyd Linke	Federal Power Marketing Agency	12/31/2024
Maurice Moss	Municipal Utility	12/31/2025
Michael Lamb	Investor Owned Utility	12/31/2023
Priti Patel	Cooperative	12/31/2025
Scott Nickels	Municipal Utility	12/31/2023
Open	Regional Director	12/31/2024
Thomas Graham	Independent Director	12/31/2023
Tom Finco	Transmission System Operator	12/31/2024

Standards of Conduct and Antitrust Guidelines
Julie Peterson, Vice President General Counsel and Corporate Secretary

Standards of Conduct Reminder:

Standards of Conduct prohibit MRO staff, committee, subcommittee, and task force members from sharing non-public transmission sensitive information with anyone who is either an affiliate merchant or could be a conduit of information to an affiliate merchant.

Antitrust Reminder:

Participants in Midwest Reliability Organization meeting activities must refrain from the following when acting in their capacity as participants in Midwest Reliability Organization activities (i.e. meetings, conference calls, and informal discussions):

- Discussions involving pricing information; and
- Discussions of a participants marketing strategies; and
- Discussions regarding how customers and geographical areas are to be divided among competitors; and
- Discussions concerning the exclusion of competitors from markets; and
- Discussions concerning boycotting or group refusals to deal with competitors, vendors, or suppliers.

Consent Agenda

Julie Peterson, Vice President General Counsel and Corporate Secretary

Action

Review and approve the consent agenda, which includes the draft minutes from the open annual member and board meeting and annual board meeting held on December 1, 2022.

Report

The draft minutes from the [annual member and board meeting](#) and [annual board meeting](#) held on December 1, 2022, are available for your review on MRO's website. Please provide any edits or comments to julie.peterson@mro.net.

President's Report
Sara Patrick, President and CEO

Action

Discussion

Report

I will provide an oral report at the meeting.

RESOLUTION 23-001
MIDWEST RELIABILITY ORGANIZATION, INC.
BOARD OF DIRECTORS
Resolution Regarding Appointment of Corporate Secretary

WHEREAS, Lisa Zell was the previously appointed Corporate Secretary for Midwest Reliability Organization (MRO);

WHEREAS, Lisa Zell concluded her employment with MRO effective November 23, 2022;

WHEREAS, Julie Peterson was appointed Assistant Corporate Secretary effective March 25, 2021;

WHEREAS, Julie Peterson was promoted to Vice President General Counsel and Corporate Secretary effective December 12, 2022;

NOW, THEREFORE, BE IT RESOLVED that Julie Peterson be appointed Corporate Secretary for MRO effective April 13, 2023.

MIDWEST RELIABILITY ORGANIZATION, INC.

Sara E. Patrick, President and CEO

Julie Peterson, Corporate Secretary

Corporate Secretary Signature

Dated

RESOLUTION 23-002
MIDWEST RELIABILITY ORGANIZATION, INC.
BOARD OF DIRECTORS
Resolution Regarding Appointment of Corporate Secretary

WHEREAS, Julie Peterson was appointed as the Assistant Corporate Secretary for Midwest Reliability Organization (MRO) on March 26, 2021;

WHEREAS, Julie Peterson was promoted to Vice President General Counsel and Corporate Secretary effective December 12, 2022;

WHEREAS, Carolina Margaría was promoted to Assistant Corporate Secretary and Governance Administrator effective April 10, 2023;

NOW, THEREFORE, BE IT RESOLVED that Carolina Margaría be appointed Assistant Corporate Secretary for MRO effective April 13, 2023.

MIDWEST RELIABILITY ORGANIZATION, INC.

Sara E. Patrick, President and CEO

Julie Peterson, Corporate Secretary

Corporate Secretary Signature

Dated

Chair's Remarks
Brad Cox, Board Chair

Action

Discussion

Report

I will provide an oral report at the meeting.

FBI Cyber Briefing & Critical Infrastructure Threat Landscape

Joel Max, Federal Bureau of Investigation, Cyber Division, Industrial Control Systems Lead

Action

Discussion

Report



Joel Max is an Intelligence Analyst in the FBI's Cyber Division and lead for threats to Industrial Control Systems. In his capacity at FBI HQ, Joel works closely with FBI Field Offices, the Intelligence Community, and the Private Sector to address cyber threats to ICS. Joel also represents the FBI on the White House National Security Council (NSC) Industrial Control Systems Working Group. Joel routinely develops and delivers briefings to various levels of representatives from private companies, public organizations, and government and military organizations, to include the heads of agencies and departments as well as other senior executives both within the US government and from other foreign governments. Prior to joining the FBI, Joel was an emergency manager and earned his B.A. International Studies from Colorado State University.

Independent Auditor Report
Jeff Gendreau, Partner, Baker Tilly

Action

Discussion

Report

Jeff Gendreau from the audit firm Baker Tilly will provide a draft report on MRO's audited 2022 financial statements. The [draft report](#) and a [presentation](#) from Baker Tilly are available for review.

Finance and Audit Committee Report
Dr. Dana Born, Finance and Audit Committee Chair

Action

Accept the draft independent audit report of MRO's 2022 financials as presented by Baker Tilly, subject to no material changes in the final report.

Report

The Finance and Audit Committee (FAC) met on February 23, 2023. The following is a summary of items discussed and actions taken by the committee at this meeting. The full meeting agenda is on Boardvantage [here](#).

Review Year-to-Date Financials

MRO staff reviewed the 2022 Treasurer's Report with the committee. Initial unaudited expenses were reported to NERC as 1.8 percent under budget, and the highlighted various factors impacting expenditures, included reduced spending in meetings, travel, and operating expenses due to the hybrid approach of conducting meetings. Fixed Assets were over budget due to several factors: a budgeted AV project in 2021 was completed in 2022 due to supply chain issues. Similarly, IT network equipment originally slated to be purchased in 2023 was advanced into 2022 to mitigate supply chain delays. Finally, an unbudgeted replacement of carpet was also completed in 2022. Subsequent to preparation of the fourth quarter treasurer's report, the results of the postretirement plan actuarial assessment were added to year-end financial statements, which resulted in an overall under budget performance of 2.7 percent.

Staff also informed the committee, that due to an oversight, a voluntary contribution of approximately \$90k to the Retiree Medical Plan trust was not made in 2022. The contribution would have reduced the underspend by 0.4 percent. Staff confirmed that there were no compliance issues associated with the missed contribution, that a catch up contribution will be made in 2023, and that mitigation steps have been established to prevent recurrence of the oversight.

[Click here to view the 2022 Unaudited Statement of Activities.](#)

Independent Financial Audit

MRO staff reviewed with the committee the timeline for completion of Baker Tilly's independent financial audit. Staff also shared a presentation prepared by Deloitte of the actuarial review of the postretirement medical plan, the results of which are included in the audit report. The auditors completed their fieldwork on February 10, 2023 and the results show a clean audit opinion. The audit report is addressed separately in the board agenda. The FAC is recommending acceptance by the board of the 2022 audited financial statements.

[Click here to view the Baker Tilly Audit Presentation to the MRO Board.](#)

[Click here to view the Draft 2022 Audited Financial Statements.](#)

2024 Business Plan and Budget Schedule

MRO staff has received the 2024 Business Plan and Budget schedule from NERC. Incorporated into the schedule are target dates to prepare MRO's 2024 Business Plan and Budget. MRO staff reviewed the draft

MRO 2024 Business Plan and Budget with the FAC during its March 30, 2023 meeting. Following that call, there will be a board call on the 2024 Business Plan and Budget hosted by the FAC on April 6.

MRO Investment Committees' Annual Reports

Retiree Medical Plan

Patrick reviewed a report on behalf of the MRO Retiree Medical Plan Investment Committee. Patrick noted the plan funds are held in trust by MRO and the trust is overseen by an internal MRO committee, of which she is the chair. She reported that the committee monitors the investment performance on a quarterly basis, reviewed the associated fees, and evaluated the financial advisor. She reported that the advisor performance met expectations.

[Click here to view the annual performance report of the Retiree Medical Plan.](#)

Thrift Savings Plan

Patrick provided a report on behalf of the MRO Thrift Savings Plan Investment Committee. The committee is chaired by Patrick and comprised of the MRO executive team. Patrick reported the committee recently met with representatives of Vanguard Financial. This meeting was requested after a market comparison of record keepers was presented to the committee and staff shared concerns with responsiveness of the current provider.

[Click here to view the annual performance report of the Thrift Savings Plan.](#)

457(b) Plan

MRO provides a 457(b) plan to eligible participants. The 457(b) plan is approved by the President and CEO as well as the organization's Board of Directors.

[Click here to view the annual performance report on the assets of the 457\(b\) plan.](#)

Quarterly Governance Task List Status Report

MRO staff reviewed the Governance Task List with the committee. The key tasks of the first quarter were the independent audit review addressed earlier in this report, the annual report of the MRO Retiree Medical Plan Investment Committee, review of the MRO thrift savings plan, and review of the 457(b) plan. The committee received a full list of all tasks to be completed this year, and was informed that all tasks are up to date.

[Click here to view the FAC governance task list.](#)

FAC Members

For your reference, the FAC consists of the following board members:

- Dr. Dana Born (Chair), Independent Director
- Jennifer Flandermeyer, Regional Director Sector
- JP Brummond, Investor Owned Utility Sector
- Lloyd Linke, Federal Power Marketing Agency Sector
- Priti Patel, Cooperative Sector

- Scott Nickels, Municipal Utility Sector
- Thomas Graham, Independent Director

Organizational Group Oversight Committee Report
JoAnn Thompson, Organizational Group Oversight Committee Chair

Action

Information

Report

The Organizational Group Oversight Committee (OGOC) will hold a hybrid meeting on April 12, 2023, the day before this board meeting. Topics on the agenda for this meeting include:

- Review of Fourth Quarter Annual Risk Meeting with Advisory Councils
- HERO Award Process Changes
- Reports from the Advisory Councils (i.e., CMEPAC, RAC, SAC)
- Review and approval of new MRO organizational group members
- Quarterly Report on NERC Organizational Groups
- Organizational Group Membership Openings

I will provide an oral report on the recent activities of the OGOC at the board meeting.

For your reference, the OGOC consists of the following board members:

- JoAnn Thompson (Chair), Investor Owned Utility Sector
- Ben Porath, Cooperative Sector
- Charles Marshall, Transmission System Operator Sector
- Darcy Neigum, Investor Owned Utility Sector
- Daryl Maxwell, Canadian Utility Sector
- Dehn Stevens, Investor Owned Utility Sector
- Eric Schmitt, Independent Director
- Iqbal Dhani, Canadian Sector
- Jeanne Tisinger, Independent Director
- Keri Glitch, Transmission System Operator Sector
- Maurice Moss, Municipal Utility Sector

Governance and Personnel Committee Report
Thomas Graham, Governance and Personnel Committee Chair

Action

- Approve changes to Policy and Procedure 7: Whistleblowing Hotline
- Approve 2024 Independent Director Compensation
- Approve recommendation of the regional director nominee to the MRO Membership

Report

The Governance and Personnel Committee (GPC) held its quarterly meeting via Webex on March 9, 2023. The following is a summary of the items discussed and actions taken by the committee during the meeting. Board members may review the full meeting agenda on Boardvantage [here](#).

Quarterly Human Resources Report

Near the end of fiscal year 2022, the management team had the opportunity to announce MRO's People First Philosophy to staff. The philosophy intentionally highlights the wide range of benefits that are already available to current employees, and introduces an expanded benefits package with increased flexibility, enhanced compensation, and strengthened career progression components. To reflect this increased flexibility and increase consistency and accessibility, MRO staff reviewed and updated all policies within the Employee Handbook, with the intent to distribute the new document effective March 31, 2023.

The Employee Engagement Survey, which was last performed in March of 2021, led MRO to make several changes, including an update to MRO's employee recognition program; roll out of quarterly performance conversations, which replaced annual reviews; and the implementation of individual development plans, succession planning, and leadership training. MRO is currently partnering with MRA, a local independent HR services organization, to assist with the creation, distribution, and analysis of the 2023 Employee Engagement Survey, with the goal of gaining updated data related to employee morale, satisfaction, and engagement in a post-pandemic environment. The survey is targeted to be released to staff in April 2023, with the results of the survey reportable in the second quarter of 2023. The results of the survey will be utilized to further expand growth and development initiatives that continue to be a focus within retention and recruitment.

MRO is evaluating proposals from outside organizations in order to perform a formal review of MRO's current pay philosophy and a dedicated review of overall market compensation of MRO's positions. The selected vendor will interview members of the leadership team and HR staff to gain a clear understanding of why the current philosophy was adopted. The intended outcome is to enhance the expectation, direction, and clarity of future compensation decisions. The selected vendor will also be expected to provide MRO an understanding of best compensation practices and challenges in a continuously challenging recruitment and retention environment. The goal of the project is to ensure that MRO remains competitive and that the philosophy aids in the attraction and retention of top talent to and within MRO.

MRO Policies and Procedures

Policy and Procedure 7: Whistleblowing Hotline

As a part of the 2022 annual review and approval of MRO Policy and Procedures, the GPC recommended, and the board approved, the removal of Policy and Procedure 7: Whistleblower and Policy (PP7) as a board policy and its replacement as an internal employee policy (Ethics Hotline) provided in the revised

Employee Handbook. Such removal was to be triggered effectively immediately upon the effective date of the Employee Handbook (March 31, 2023).

Upon further consideration, the GPC voted to revise this recommendation. While a policy related to the third-party hotline will be added to the updated Employee Handbook to ensure proper staff awareness, there nonetheless remains a continued need to keep the board-approved policy as well. A redline version of PP7, including a title change from “Whistleblower” to “Ethics” Hotline is included for the boards review, [here](#).

The GPC recommends the MRO rescind its prior recommendations regarding the removal of PP7, and recommends the board approve the continuation of PP7, with a minor title changes.

Update Regarding Policy and Procedure 11 and 11.1

After the MRO Board of Director’s approval of the MRO Board of Policies on December 2, 2022, staff noticed that the document titled “Policy and Procedure 11: Executive Compensation – 2022 (Redline)” was not Policy and Procedure 11: Executive Compensation (PP11), but rather the redline Policy and Procedure 11.1: Executive Officer Employment Agreements (PP11.1). This error was consistent in the materials that were presented to both the GPC and the board in the third and fourth quarters. No changes were ever proposed to PP11, but a minor non-substantive change was proposed to PP11.1.

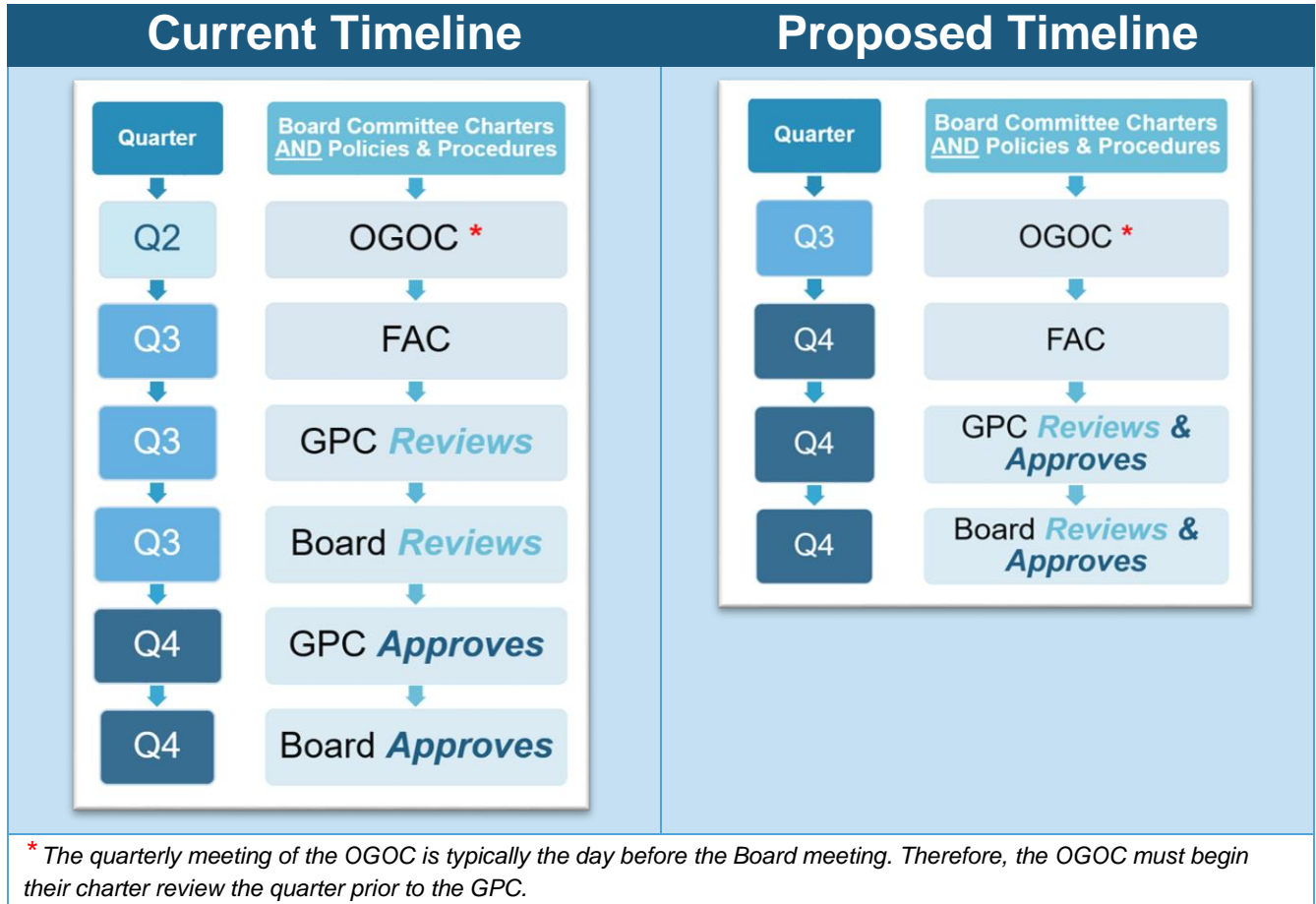
Within the written reports to the GPC and later to the board regarding these documents, staff indicated that no changes were proposed to PP11.1, and only minor changes were proposed for PP11. This was incorrect; instead the reverse was true. In order to resolve this inadvertent error, the GPC made a new recommendation to the MRO Board of Directors for the approval of no changes to PP11, except approval date, and minor changes to PP11.1, via electronic approval through Boardvantage.

The electronic approval and instructions were sent to all board members on February 2, 2023. Board members had the option to approve, not approve, abstain, or defer the matter to be discussed at the next board meeting. The board unanimously approved PP11 and PP11.1 effective February, 24, 2023.

Policy and Procedure and Board Committee Charter Approval Process and Timeline

The GPC has approved a revised timeline for the approval of Board committee charters and Policies and Procedures. The previous timeline for this review and the newly approved timeline are illustrated in Figure 1. The newly approved timeline is compliant with all governance documents and provides more flexibility and efficiency to both staff and the board. In order to provide the board with as much time as possible for their review under the new timeline staff would share the materials as soon as recommendations were available, instead of providing the proposed changes in the agenda materials as has been the practice.

This proposal strikes a balance between streamlining the overall approval timeline, and allowing as much time for review for both the GPC and board to review as possible.



Regional Director Nominee

The currently open Regional Director seat, vacated by Stuart Lowry effective December 31, 2022, has a term expiration of December 31, 2024. The process for filling a vacancy in a regional director seat is addressed in the GPC charter, Policy and Procedure 1, and in the Board Composition Task Force Memo approved by the Board in 2021, provisions from each of which are outlined below.

The relevant excerpt from Policy and Procedure 1: MRO Board of Directors (PP1) provides the process and timeline for filling a regional director vacancy, as follows:

Director Type	Step 1	Step 2	Step 3	Step 4
Regional Director ("RD")	GPC Chair calls a special meeting to be held within 30 days of MRO being notified that directorship has been or will be formally vacated.	GPC identifies desired geographic region with a view of the MRO Corporate Region and defines skill set required. GPC will establish timeline to identify and interview candidates.	GPC will present identified candidate(s) to Board to nominate one of these candidate(s) to the MRO members.	If the Board does not nominate a candidate recommended by the GPC, the Board will provide the GPC guidance on identifying and nomination of a RD candidate.

As outlined in PP1, upon board approval of a revised Regional Director Position Description and Nomination Form, staff solicits nominations from all MRO Members during a 14-day period. At the close of the nomination period, the nominations are provided to the GPC for their review. The GPC then recommends one candidate to the MRO Board of Directors. The Board will then be asked to approve the candidate for recommendation to the MRO Membership, and the membership will vote to approve the Regional Director Candidate through each sector's voting representatives.

A timeline of this process is included below:

Event	Process	Date
GPC Special Meeting	Approved revisions to Regional Director Position Description	January 20
Nomination Period	Nomination Form and Position Description are sent to the MRO Membership	Feb 13 – Feb 27
GPC Selection of Nominees	The GPC will evaluate all nominations and recommend a candidate to the MRO Board of Directors	March 9 (Q1 GPC Meeting)
Board Approval of Candidate	The board will either approve the GPC's recommended candidate, or select from one of the other nominees, and recommend a candidate to the MRO Membership for election	April 13 (Q1 Board Meeting)
Ballot Period	A ballot requesting MRO Membership vote to approve the Board's recommended candidate is sent to all sector voting representatives	April 27 – May 11
New Regional Director is Seated	Immediately following the close of the ballot period, assuming the candidate was approved, staff will notify the new MRO Regional Director and invite them to the Q2 board meeting	May 12
Q2 Board of Directors Meeting		June 15

A notice announcing the nomination process was sent out to all members and subscribers to MRO's newsletter on February 13, 2023, with a deadline of February 27, 2023. A reminder was sent on February 21, 2023.

At the close of the nomination period, staff received three nominations, and those, along with any attached bios or resumes, were included in the closed Executive Session MRO Board of Director's agenda for the board's discussion. The GPC will make its formal recommendation during the open meeting for board approval.

The GPC recommends a nominee as a Regional Director with term ending December 31, 2024, to the MRO Board of Directors for its nomination of a candidate to be elected by all Members.

Quarterly Report on Whistleblower Hotline Activity

Lighthouse provides third-party hotline services for anonymous reports related to the investigation of suspected violations of law, MRO's policies and procedures, and external regulations. The Chief

Compliance Officer receives monthly reports on any use of the hotline as well as any actions taken on any reported issues and reports them quarterly to the GPC. As of today's report, there has been no activity.

MRO New Director Orientation

The MRO New Director Orientation was held on Wednesday, February 1, 2023. The meeting served as an opportunity for executive staff to answer questions and welcome new directors to the MRO Board.

The presentation of the 2023 MRO Board New Director Orientation is available on Boardvantage, [here](#).

Due to file size limitations on Boardvantage, a lower resolution recording of the Webex meeting is available via the board's confidential site, [here](#), however staff can provide a full resolution copy directly to board members upon request.

MRO Independent Director Compensation

Process and Rebuttable Presumption

MRO is currently preparing its 2024 Business Plan and Budget which includes its budget for Independent Director Compensation. Pursuant to Section 2.h. of the Governance and Personnel Committee (GPC) charter, the GPC is responsible for the following:

With staff, annually evaluate the compensation for independent Board members, following the IRS procedures in order to secure the benefit of a rebuttable presumption the compensation is reasonable. Consider the NERC Board of Trustee compensation study and the compensation for other Regional Entity Independent Directors. If advisable, set the compensation for MRO Independent Directors as a percent of the NERC Board of Trustee. Any adjustment to compensation shall occur in the following year.

The Independent Compensation discussion is typically held in the first quarter of each calendar year so it may be incorporated into the budget appropriately.

As a matter of process, information on this topic is presented to the entire Board of Directors and Independent Directors may respond to questions. The Independent Directors then recuse themselves from the meeting for the discussion and vote on the recommendation to the MRO Board of Directors. Only the Regional and Industry Sector Directors, who are not compensated, and therefore considered disinterested by the IRS, discuss the issue and vote. The GPC follows a similar process.

This process is followed because, as a tax exempt non-profit, MRO must ensure that the compensation paid to Independent Directors is reasonable. If MRO takes certain steps specified by Treasury Regulations, the Independent Director compensation enjoys a rebuttable presumption that the compensation is reasonable. The GPC has historically followed the process below to secure the rebuttable presumption:

1. The compensation arrangement is approved in advance by an authorized body of the applicable tax-exempt organization composed entirely of individuals who do not have a direct [interest](#) with respect to the compensation arrangement;
2. The authorized body obtained and relied upon appropriate data as to comparability prior to making its determination; and
3. The authorized body adequately documented the basis for its determination concurrently with making that determination.

The rebuttable presumption means that if challenged, the IRS would need to prove that the compensation was not reasonable as opposed to MRO having to prove the compensation is reasonable.

2024 Compensation Discussion

2023 MRO Independent Director Compensation		
Board Member Annual Retainer	\$85,150	65% of NERC BOT Fees
Board Chair Annual Retainer ¹	\$10,000	
Committee Chair Annual Retainer	\$8,000	
Compensation Parameters	Maintain pay within a competitive range of (+/-10%) of RE median compensation, that is MRO Independent Director compensation would be capped at the top end of RE competitive range irrespective of the compensation for NERC trustees.	

NERC Board of Trustees Compensation			
	2022	2023	2024
Trustee Retainer	\$127,500	\$131,000	\$135,000
Board Chair Retainer	\$47,500	\$47,500	\$47,500
Committee Retainer	\$10,000	\$10,000	\$10,000

The GPC considered current 2023 Independent Director Compensation, NERC Board of Trustee Compensation, and Independent Directors' requirements and workload. After careful consideration of all these factors, the GPC industry sector members voted to recommend compensation for MRO Independent Directors be set to 65 percent of NERC Trustee Compensation for 2024, which no changes to the chair and committee chair fees. The board will discuss this recommendation during closed Executive Session and the GPC will make its recommendation during the open meeting for board approval.

The GPC recommends that the board approve the 2024 MRO Independent Director compensation be set to equal \$87,750, which is 65 percent of NERC Trustee compensation and within the guardrail of maintaining pay of (+/-10 percent) of regional entity median compensation, and for the compensation for serving as the board chair or as a committee chair to remain the same at \$10,000 and \$8,000 annually respectively.

GPC Roster

For your reference, the GPC consists of the following board members:

- Thomas Graham (Chair), Independent Director

¹ There is currently no fee for serving as MRO Board of Directors Vice Chair.

- Dr. Dana Born, Independent Director
- Eric Schmitt, Independent Director
- Jeanne Tisinger, Independent Director
- John Rhea, Generator Power Marketer Sector
- Michael Lamb, Investor Owned Utility Sector
- Thomas Finco, Transmission System Operator Sector



Policy and Procedure 7: Ethics HotlineWhistleblowing

1. Objective

The objective of this policy and procedure is to set forth the Midwest Reliability Organization (MRO) policies and procedures regarding whistleblowing—reporting reasonably suspected violations of MRO policies or any laws or regulations that govern MRO's operations.

2. Policy

Any MRO director, officer, employee, agent or member and its representative who serves on any MRO organizational group (“covered persons”) or other interested person who reasonably believes that there has been a violation of a Reliability Standard or of an MRO Policy and Procedure can report it using the procedures described below.

3. Responsibilities

- Any covered person who in good faith reports a suspected violation of a Reliability Standard or MRO's Policies and Procedures under this Ethics HotlineWhistleblowing Policy will be protected from threats of retaliation, discharge, or other types of discrimination. A covered person may not make a statement knowing it is false or in reckless disregard of the truth.
- Reports of suspected violations of a Reliability Standard or MRO's Policies and Procedures can be made to MRO's Chief Compliance Officer or third party “Hotline” provider. Suspected violations of a Reliability Standard may also be made pursuant to the North American Electric Reliability Corporation's (NERC's) Compliance Hotline Procedure, see <https://www.nerc.net/hotline>. The identity of a person making a report shall not be disclosed if such person requests anonymity. Reports of suspected violations of a Reliability Standard or MRO's Policies and Procedures can be made to:

Corporate Compliance Officer, Midwest Reliability Organization

Mr. Lam Chung
380 St. Peter Street
Saint Paul, Minnesota 55102
Tel: (651) 256-5187
Fax: (651) 855-1712
Lam.Chung@mro.net

Hotlines

MRO's Third Party Hotline, Lighthouse Services
reports@lighthouse-service.com (Reference MRO)
(877) 472-2110

NERC's Compliance Hotline (suspected violations of Reliability Standards)
hotline@nerc.net
(609) 524-7029

- Reports should include as much specific information as possible such as names, dates, places, and a description of the event that took place; the person's belief of why the incident(s) is a suspected



violation of a Reliability Standard or MRO's Policies and Procedures; and the action the person recommends be taken.

- Upon receipt of a report of suspected violation directly or through one of the hotlines, the Chief Compliance Officer will determine whether to initiate an investigation. The Chief Compliance Officer will direct the investigation, if any, of the allegations in the report or designate MRO staff and/or third parties to conduct the investigation or refer the matter to NERC for investigation.
- Responses to a report will be made within 20 working days or as soon as practicable thereafter either directly to the person making the report if he or she has disclosed his or her identity. If the person makes the report anonymously through MRO's third party hotline or NERC's Compliance Hotline, the response will be provided to the person through the same hotline. If the person makes the report anonymously to MRO's Compliance Officer in such a manner that the person can be contacted, an account will be established on MRO's third party hotline and the anonymous person will be provided access information and the response will be provided through the third party hotline. If a person makes the report anonymously to MRO's Compliance Officer and MRO is not able to contact the person, MRO will complete its response and maintain it pursuant to its normal record retention policies.
- If MRO determines that a Compliance Violation Investigation is not warranted, it will document its supporting reasons and notify the interested person, NERC, and the Registered Entity involved that no further action will be taken.
- The Chief Compliance Officer will provide a quarterly report to the Governance and Personnel Committee of any complaints made pursuant to MRO's Policy and Procedure 7: [Ethics HotlineWhistleblowing](#).

External Affairs Report

Tasha Ward, Director of Enforcement and External Affairs

Action

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Report

Webinars, Conferences, and Industry Engagement

On January 25, 2023, Sara Patrick, President and CEO, Richard Burt, Senior Vice President and Chief Operating Officer, and Mark Tiemeier, Principal Technical Advisor, attended the Reliability Leadership Summit in Washington D.C. The North American Electric Reliability Corporation (NERC) and the Reliability Issues Steering Committee (RISC) hosted the summit. The purpose was for industry attendees to look at efforts and ways to identify, assess, and manage reliability priorities. Attendees included industry leaders, state utility regulators, federal officials, ISO/RTO officials, and NERC and Regional Entity senior leadership.

On February 28, 2023, Patrick, with regional CEOs from Reliability First and TexasRE, met with American Electric Power's (AEP) new CEO, Julie Sloate, in Columbus, OH. On March 20, 2023, Patrick met with Alliant Energy's CEO, John Larson, in Madison, WI.

On March 29, 2023, Patrick, Karla Schiller, Director of Human Resources, and I presented on the topics, Women's Diversity Equity Inclusion (Patrick), Opportunities Within the Industry (Schiller), and Legal Professionals in Grid Reliability (Ward), at TexasRE's virtual "Women's Leadership in Grid Reliability and Security Conference." The conference was dedicated to highlighting the impact of women in the electric reliability industry.

ERO Enterprise State Outreach Initiative

The ERO Enterprise State Outreach Initiative continues to strengthen relationships and become a valuable and trusted resource for state and federal regulatory agencies. MRO continues to communicate and meet with state regulators to provide education on MRO and ERO reports, and provide information about outreach opportunities. On February 28, 2023, Bryan Clark, Director of Reliability Analysis, Tiemeier, and I presented to the Kansas Corporation Commission on Resource Adequacy in the MRO Region and the 2023 Regional Risk Assessment. In addition, on March 14, 2023, Clark, Tiemeier, and I presented to the Iowa Utilities Board in Des Moines, IA, on the Long Term Reliability Assessment and 2023 Regional Risk Assessment. I also participated in Reliability First led introduction calls with commission staff from Wisconsin, Michigan, and the Illinois Commerce Commission.

Looking ahead, on April 4, 2023, Patrick, and Mark Lauby, NERC's Senior Vice President and Chief Engineer, will present an education session on grid reliability and security to the Minnesota Public Utilities Commission. Additionally, in May, Clark, Tiemeier, and I will present an education session to the Nebraska Power Review Board on resource adequacy and regional risk.

MRO will continue to communicate MRO and ERO reports and outreach opportunities to state commissioners and commission staff. MRO continues to coordinate with Reliability First, SERC Reliability Corporation, and the WECC, on outreach opportunities in states within multiple regional footprints. Updates will be provided in quarterly board reports and periodically in the Midwest Reliability Matters newsletter.

Canadian Affairs

During the past quarter, MRO continued to identify opportunities to meet with Canadian regulators to provide information and education similar to the state outreach initiative. Looking ahead, Sara Patrick and I will attend the Canada's Energy and Utility Regulators (CAMPUT) annual conference, May 7-10 in Toronto, Ontario.

2022 Year in Review

In 2022, MRO's External Affairs Department continued to strengthen relationships and become a valued and trusted resource for other federal and state regulatory agencies through intentional communications and outreach. External affairs staff met with state regulators within the MRO footprint to share information on the Electric Reliability Organization's (ERO) Enterprise Long Term Reliability Assessment, Summer Reliability Assessment, NERC's State of Reliability Report, ERO Reliability Risk Priorities Report, and MRO's 2022 Regional Risk Assessment and seasonal assessments. These meetings were coordinated with other Regional Entities within the states where our regional borders intersect to ensure consistent messaging.

MRO external affairs staff also attended a number of regional meetings, including the Mid-American Regulatory Conference annual meeting and, along with MRO's President and CEO Sara Patrick, the Southwest Power Pool Regional State Committee annual meeting. Importantly, state regulator staff began reaching out to MRO in 2022 to request educational sessions on the work of the ERO Enterprise and MRO, which is one of the goals of this state outreach initiative. In 2022, MRO staff continued to play an important role in external affairs by presenting at industry events on topics such as MRO's Winter Reliability Assessment, the results of the NERC/FERC Cold Weather Inquiry on winter storm Uri, and MRO's Regional Risk Assessment. MRO staff presented at the annual MIPSYCON conference, the SPP Regional State Committee annual meeting, and at various states and registered entities upon request. MRO's technical staff and executives attended National Association of Regulatory Utility Commissioners (NARUC) Electricity Committee, MIPSYCON, FERC technical conferences, and ERO Enterprise events and conferences.

As part of ongoing work to foster strong relationships with our Canadian partners, MRO staff attended Canada's Energy and Utility Regulators (CAMPUT) annual conference. MRO staff also presented at the October Saskatchewan Electric Reliability Authority (SERA) meeting on the importance of HEROs and building an internal compliance program that has the characteristics of HEROs.

MRO Operational Activities Report
Richard Burt, Senior Vice President and Chief Operating Officer

Action

Information (Written Report)

Report

To begin 2023, MRO has been largely focused on implementing, and preparing registered entities for, the complete transition to Align from webCDMS, making process improvements to address NERC oversight observations, developing and delivering outreach, participating on the ERO/FERC Inquiry into Winter Storm Elliot, and supporting the rest of the ERO Enterprise in addressing FERC Orders such as the [November 17, 2022 Order on Inverter Based Resources](#).

On February 6, 2023 MRO released its [2023 Regional Risk Assessment](#) (RRA). MRO staff presented the findings of this annual MRO product that exists to identify and prioritize risks across the region at a [webinar on March 8, 2023](#). During the first quarter of 2023, MRO utilized the RRA to identify and prioritize projects and initiatives specifically focused on the highest risks for the region. Some of the projects that are currently being planned in response to the 2023 MRO RRA, while supporting [MRO's Strategic Plan](#), include:

- Providing resources to ERO teams that are developing a new registered function for distributed power resources, as well as a new model verification working group being established under ERAG (Eastern Interconnection Reliability Assessment Group) focusing on the accuracy of models in the Eastern Interconnection.
- Continued follow-up with key registered entities regarding recommendations from the ERO/FERC Inquiry on Winter Storm Uri, focused on changes being made to calculate Planning Reserve Margins.
- Taking a leadership role on an ERO project focused on developing future energy assessments, while supporting industry's efforts in developing mandatory standards for this new type of analysis.
- Providing resources to an ERO/FERC team that is evaluating Blackstart capability today and into the future given the changing generation mix and analysis of recent events that have led to unavailability of generation resources during extreme weather, when Blackstart resources would be most likely to be called upon.
- Working with industry volunteers to develop a benchmark insider threat document for registered entities to assess their current programs against best practices.
- Conducting outreach on Facility Ratings best practices.
- Issuing guided self-certifications to registered entities who have not had recent oversight of their Facility Ratings programs, and providing resources to an ERO team that is updating guidance for best practices related to monitoring Facility Ratings.
- Providing outreach to smaller entities on tactics related to receiving information from the E-ISAC, as well as NERC Alerts, and how to manage that information with limited resources.
- Researching and providing outreach on systems in use at utilities that are not part of the Operational Technology (OT) network, but could have a direct operational impact on the utility leading to reliability issues. This effort will be specifically focused on raising awareness of the operational impact of non-OT systems, and sharing best practices in managing supply chain risks, regardless of NERC standard applicability.

Outreach Report
Cris Zimmerman, Manager of Outreach and Stakeholder Engagement

Action

Information (Written Report)

Report

One of MRO's long-term strategic objectives is to "be a trusted leader in providing premier and cutting edge outreach to our stakeholders." This report highlights work done in Q1 2023 to improve and expand MRO's outreach and stakeholder engagement efforts and plans for the remainder of the year.

Key outreach department highlights for this quarter include:

- A four- to five-year outreach strategy has been developed to guide MRO's efforts in this area and will be implemented beginning in Q2 2023.
- The effectiveness of MRO's outreach program is intrinsically tied to the organization's mission to identify, prioritize and assure effective and efficient mitigation of risks to the reliability and security of the North American bulk power system by promoting HEROs. Measuring progress towards this mission is challenging in that tangible results are hard to quantify. The outreach team will work with the Outreach Advisory Committee (OAC) to develop both short- and long-term metrics that include the following:
 - Stakeholder reach (number of participants)
 - Accessibility (number of outreach events and method of delivery)
 - Participant experience (event ratings, virtual behavioral analytics)
 - Content value (feedback forms, stakeholder surveys)
 - Effectiveness of tools (technical errors, downtime)
 - Awareness of regional risk (alignment with the RRA)
- Lauren McClary accepted the permanent position of Meeting Administrator in late January and on boarding is in progress.
- The approved Outreach Coordinator position is posted and MRO is interviewing candidates.
- MRO staff continues to collaborate and participate on the ERO Enterprise Outreach and Training Collaboration Group, which is focused on sharing information and lessons learned related to outreach events. This group is currently collaborating on an ERO-wide Facility Ratings Change Management webinar that is scheduled on May 24, 2023. Jeff Norman will represent MRO as part of a panel discussion during the webinar.

Summary of Q1 2023 Outreach Events:

- A [Long-term Reliability Assessment Webinar](#) was held on January 26 to provide information to registered entities and stakeholders that are involved in resource and transmission planning and operation of the bulk power system in MRO's region. There were approximately 277 attendees.
- MRO held two separate webinars on [Utilizing Align for Audits](#) on February 16 and February 27 to provide information to registered entities and stakeholders that are involved in audits in MRO's region. The one-hour webinars included a presentation about audit notifications, handling Requests For Information, and audit reports. A total of 136 people participated.
- The Reliability Advisory Council sponsored a [Regional Risk Assessment \(RRA\)](#) Webinar on March 8 that was developed with input from industry experts and was focused on risk identification, prioritization, and mitigation within MRO's region. The webinar had approximately 211 attendees.

- The CMEPAC continues to host [monthly calls](#) with an average of 63 attendees per call. This forum allows registered entities to share best practices, discuss compliance issues, and provide input to outreach opportunities that would best assist entities in the MRO footprint.
- MRO hosted a [Risk Assessment and Mitigation \(RAM\) Hybrid Conference](#) at our Saint Paul facility and by Webex on March 22 with 55 in-person attendees and 292 virtual attendees.
- The [MRO Security Advisory Council Threat Forum \(SACTF\)](#) continues its weekly threat calls, completing 12 thus far in 2023 with an average of 65 attendees.
- The Outreach Department is working closely with staff to plan MRO's [Annual Reliability Hybrid Conference](#) (sponsored by the Reliability Advisory Council) on May 17, 2023, at MRO's office and by Webex. This one-day conference will focus on reliability topics across the industry and specific to the MRO region. Registration information located [here](#).

Other Business and Adjourn

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Future meetings of the MRO Board of Directors are listed below.

2023 Board Meeting Dates

- June 14-15, 2023 Q2 MRO Board of Director & OGOC Meetings
- Sept 13-14, 2023 Q3 MRO Board of Director & OGOC Meetings
- Dec 13-14, 2023 Q4 MRO Board of Director & OGOC Meetings

2024 Board Meeting Dates

- January 23, 2024 Board Orientation (Webex Only)
- February 7-8, 2024 Q1 MRO Board of Director & OGOC Meetings (Webex Only)
- April 11, 2024 Business Plan & Budget Review Meeting (Webex Only)
- May 22-23, 2024 Q2 MRO Board of Director & OGOC Meetings (Hybrid)
- June 20, 2024 Final Budget Meeting (Webex Only)
- August 21-22, 2024 Q3 MRO Board of Director & OGOC Meetings (Hybrid)
- November 6-7, 2024 Q4 MRO Board of Director & OGOC Meetings (Hybrid)
- TBD Strategic Planning Meeting