# Draft Minutes of the Board of Directors Meeting

## Hybrid: MRO Offices, St. Paul, MN & Webex

#### September 22, 2022, 1:00 p.m. to 2:53 p.m. Central

*Notice for this meeting was electronically posted to the MRO website on January 8, 2021. A final agenda, including advanced reading materials, was also posted on September 15, 2022.*

### 1. Call to Order, Determination of Quorum, and Introductions

MRO Board of Directors Chair Brad Cox, called the meeting of the MRO Board of Directors to order at 1:00 p.m. Central. Lisa Zell, Vice President General Counsel and Corporate Secretary, advised the chair that a quorum of the board was present. A complete list of attendees is included as [Exhibit A](#_Exhibit_A_–).

### 2. Standards of Conduct and Antitrust Guidelines

Pursuant to Policy and Procedure 4, Zell highlighted MRO’s Standards of Conduct, Conflict of Interest, and Antitrust Guidelines.

### 4. Consent Agenda

The consent agenda included draft minutes from the board meeting held on June 23, 2022.

*Upon a motion duly made and seconded, the board approved the consent agenda without objection.*

### 5. President’s Report

Sara Patrick, President and Chief Executive Officer, addressed the board. She welcomed board members, acknowledged staff for their support of MRO’s third successful hybrid board meeting, and recognized Gina March for her recent promotion to Director of Finance and Risk Management. She introduced special guests, Ken DeFontes, Chair of the NERC Board of Trustees, and Rob Lee, CEO and Co-founder of Dragos, Inc.

Patrick referenced a quote that “while electricity makes up only seven percent of the US economy, it’s the first seven percent because without it nothing else works,” emphasizing how current geopolitical tensions have highlighted the inextricable link between security and reliability.

Patrick commended industry contributors whose efforts maintained reliable power throughout a challenging summer season. She also outlined MRO activities that have helped strengthen grid security, highlighting the role of the Security Advisory Council in leading these efforts. She encouraged participants to attend MRO’s annual Security Conference on October 5, 2022, and highlighted activities of other stakeholders – from MRO staff to the ERO Enterprise.

**6. Chair’s Remarks**

Chair Cox shared remarks with the board. He welcomed all meeting participants and the special guest speakers. He commended MRO members for meeting the challenges presented during the summer weather conditions.

Chair Cox underscored the importance of broad collaboration among stakeholders in the electric industry, as well as other industries. He discussed the four risk profiles outlined within the *2021 ERO Reliability Risk Priorities Report* – grid transformation, extreme events, security risks, and critical infrastructure interdependencies. He commended the work of the NERC Reliability Issues Steering Committee in working to address these risks, but underscored that the ERO Enterprise alone does not have the ability to fully address and mitigate these risks. This heightens the need for increased broad collaboration. He cited MRO and NERC organizational groups as a key way to continue broadening collaboration.

**7. NERC Remarks**

Ken DeFontes, Chair of the NERC Board of Trustees, shared remarks with the board. He commended MRO and the entire ERO Enterprise for its collaborative and collective approach. He noted how in addition to the basic tasks of operating the electric grid, stakeholders must now also focus on addressing the challenges presented by the changing resource mix and climate-change driven extreme weather events, mitigating security risks, creating more agility in programs and processes, and investing in the ERO sustainability, security, and education. The need to continue supporting the essential basics, and appropriately focusing on these additional areas has resulted in a need for increased resources as reflected in the 2023 Business Plan and Budget.

DeFontes also explained the NERC Board of Trustees is shifting to a new phase wherein it will be required to take on more controversial standards, and to speed up the development of standards and other technical solutions while meeting the industry’s expectations of engagement and due diligence. He acknowledged the industry has been working hard to address risks, but he cautioned the work ahead will be even more challenging.

**8. The Industrial Control Systems (ICS) Cyber Threat Landscape and Trends to Watch**

Rob Lee, CEO and Co-founder of Dragos, Inc., joined the MRO Board of Directors to share a presentation regarding industrial control systems (ICS) cyber threat landscape and trends to watch.

Lee explained how amidst an increased focus on cybersecurity, and in particular cybersecurity for industrial control systems, there also comes an increase in digitization and connectedness, which in turn leads to greater cyber threat exposure. Furthermore, digitization leads to more homogenous infrastructure, which allows adversaries to scale their attacks more broadly. This realization underscores the importance of securing Operational Technology (OT) where historically nearly all resources to combat cyber threats were focused only on Information Technology (IT). Adversaries, he noted, are also becoming bolder.

Risk profiles are also evolving so rapidly that scenario planning for emerging risks cannot just be rolled into the next GridEx. Lee encouraged leaders in the electricity sector to align security investments with risk and expand capabilities to perform successful root cause analysis and scenario planning for both IT and OT infrastructure.

Lee explained that individuals used to fully understand the components they are responsible for operating, but with digitization also comes complexity such that operators now rarely fully understand all compents within their responsibility. This will expand even further as renewables and a changing resource mix increase, raising the need for more discussions about resilience.

In response to a question from a board member, Lee outlined two main biases of security professionals – the bias toward a focus on IT over OT, and a bias toward a focus on prevention versus recovery. Lee also commented on regulations and urged regulators to weigh the risk to communities more heavily than the risk to companies. He further observed that regulations are often issued once the industry was given the chance to address the issues themselves first, but failed to do so. In response to a question about the role of government offense as a means of defense, Lee cautioned that offense is not going to dissuade an adversary. He emphasized his view that the best defense is defense.

Jennifer Flandermeyer departed the meeting.

**9. Finance and Audit Committee Report**

Thomas Graham, member of the Finance and Audit Committee (FAC), shared a report on behalf of the FAC, which met for its third quarter meeting on August 4, 2022. He reported that the FAC reviewed its second quarter treasurer’s report, and that actual unaudited expenses were 5.6 percent under budget. Graham shared unanimous recommendation of the FAC for board approval of Resolution 22-003, which would allow MRO to establishment of a money fund sweep account.

*Upon a motion duly made and seconded, the board approved Resolution 22-003 to establish a money fund sweep account.*

**10. Governance and Personnel Committee Report**

Jeanne Tisinger, chair of the Governance and Personnel Committee (GPC), next provided a report on behalf of the GPC. She advised that the GPC has been reviewing proposed revisions to the Policies and Procedures, and board committee charters, and that board members should provide any feedback regarding the proposed revisions by October 7. The Policies and Procedures and the board committee charters will be presented to the board for approval in the fourth quarter.

Tisinger also highlighted the quarterly human resources report, and noted the board will receive an update on succession planning during the fourth quarter board meeting. She also confirmed there has been no activity on the whistleblower hotline, and highlighted open board seats and the timing for nominations and elections. There were no questions.

**11. Organizational Group Oversight Committee Report**

Paul Crist, chair of the Organizational Group Oversight Committee (OGOC), provided a report on behalf of the OGOC. He reported that the OGOC reviewed a draft agenda for its annual risk meeting to be held in the fourth quarter with the OGOC and chairs and vice chairs of the advisory councils. He highlighted the OGOC’s risk roundtable held in closed session the day prior, confirmed the 2022 HERO Award recipient has been selected and will be announced at the fourth quarter board meeting. He encouraged attendance at the Security Conference scheduled for October 4-5, 2022.

**13. Written Reports**

Chair Cox referred the board to written reports provided in the agenda material regarding operational activities, outreach, external affairs, and policy matters. There were no questions.

### 14. Other Business

As other business, Michael Desselle, chair of the [North American Energy Standards Board](https://www.naesb.org/) (NAESB), shared that he will be serving as a facilitator for the Gas Electric Coordination Forum.

Chair Cox highlighted the upcoming meeting dates. Patrick noted a conflict between the recently announced dates for GridEx and the fourth quarter board meeting in 2023.

**15. Adjourn**

Having no further business to discuss, the meeting was adjourned at 2:53 p.m.

**Prepared by:** Julie Peterson, Assistant Corporate Secretary and Senior Counsel

**Reviewed and Submitted by:** Sara Patrick, President and Chief Executive Officer, and Lisa Zell, Vice President General Counsel and Corporate Secretary

# Exhibit A – Meeting Attendees

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| **MRO Board of Directors Present** |
| **Name** | **Sector** |
| Brad Cox, ***Chair*** | Generator and/or Power Marketer Sector  |
| Dr. Dana Born, ***Vice Chair*** | Independent Director |
| Aaron Bloom | Generator and/or Power Marketer Sector |
| Ben Porath | Cooperative Sector |
| Chuck 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 Dhami | Canadian Utility Sector |
| Jeanne Tisinger | Independent Director |
| Jennifer Flandermeyer | Regional Director |
| JoAnn Thompson | Investor Owned Utility Sector |
| JP Brummond | Investor Owned Utility Sector |
| Lloyd Linke | Federal Power Marketing Agency Sector |
| Michael Desselle | Transmission System Operator Sector |
| Paul Crist | Municipal Utility Sector |
| Priti Patel | Cooperative Sector |
| Scott Nickels | Municipal Utility Sector |
| Stuart Lowry | Regional Director |
| Thomas Graham | Independent Director |
| Tom Finco | Transmission System Operator Sector |

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| **Other Attendees** |
| **Name** | **Title** |
| Alexis Larson | MRO IT Support Analyst |
| Bryan Clark | MRO Director of Reliability Analysis |
| Bobby Welch | MISO |
| Brad Wynes | City Utilities of Springfield, Missouri |
| Carl Stelly | Southwest Power Pool |
| Carolina Margaria | MRO Executive Assistant |
| Clayton Whitacre | Great River Energy |
| Courtney Vetter | Montana-Dakota Utilities Company |
| Cris Zimmerman | MRO Manager of Outreach and Stakeholder Engagement |
| Dan Inman | Minnkota Power Cooperative, Inc. |
| David Gadberry | MRO Principal Risk Assessment & Mitigation Engineer |
| Farid Shallal | MRO Senior Cybersecurity Specialist |
| Gina March | MRO Senior Accountant |
| Jeff Norman | MRO Director of Compliance Monitoring |
| Jessica Mitchell | MRO Director of Communications |
| Julie Peterson | MRO Assistant Corporate Secretary and Senior Counsel |
| Karla Schiller | MRO Director of Human Resources |
| Ken Burruss | Midwest Energy Inc. |
| Ken DeFontes | NERC Board of Trustees, Chair |
| Ken Gartner | MRO Director of Internal Oversight and Information Technology |
| Lam Chung | MRO Vice President and Engineer for Strategy, Innovation, and Finance |
| Larry Heckert | Alliant Energy |
| Lisa Zell | MRO Vice President General Counsel and Corporate Secretary |
| Mahmood Safi | Omaha Public Power District |
| Marc Child | Great River Energy |
| Mark Flanary | MRO Manager of Risk Assessment and Mitigation, CIP |
| Mark Tiemeier | MRO Principal Technical Advisor |
| Mary Agnes Nimis | FERC, Energy Industry Analyst |
| Max Vang | MRO IT Support Analyst |
| Michael Meason | Western Farmers Electric Cooperative |
| Michael Spangenberg | MRO CIP Risk Assessment and Mitigation Engineer III |
| Paul Mehlhaff | Sunflower Electric Power Corporation, Manager, NERC Compliance |
| Richard Burt | MRO Senior Vice President and Chief Operating Officer |
| Robert Lee | President and Co-Founder, Dragos, Inc. |
| Sara Patrick | MRO President and Chief Executive Officer |
| Steen Fjalstad | MRO Director of Security |
| Tasha Ward | MRO Director of Enforcement and External Affairs |
| Udhay Ganesan | MRO Principal RAM Engineer CIP, Risk Assessment and Mitigation |
| Vinit Gupta | ITC Great Plains, LLC / ITC Midwest LLC |
| William Steiner | MRO Director of Risk Assessment and Mitigation |

*The above list may not reflect all meeting attendees*

*as the meeting was open for observation via Webex.*