

Midwest Reliability Organization
Policy and Procedure 1: Board Administration

Objective

The objective of this Policy and Procedure is to set forth the Midwest Reliability Organization (“MRO”) Policy Procedure regarding board administration.

Policy

Pursuant to Section 7.3 of the MRO bylaws, a governing board of nineteen (19) members, representing nine (9) sectors, shall be elected by the sectors. The Directors will serve three-year, staggered terms.

Responsibilities

- a. The duties of the board will include, but will not be limited to the following:
 1. govern the Corporation and oversee all of its activities;
 2. establish and oversee all organizational groups;
 3. oversee accomplishment of all functions set forth in any delegation or other agreement with NERC or any governmental entity related to development, monitoring and enforcement of Reliability Standards and related matters;
 4. approve, revise, and enforce Organizational Standards, Member data and information requirements and related confidentiality requirements;
 5. establish compliance monitoring procedures and requirements, and penalties and sanctions for non-compliance for Organizational Standards;
 6. impose penalties and sanctions for violation of Organizational Standards consistent with the Bylaws and the procedures approved by the board;
 7. establish and approve an annual budget;
 8. represent the corporation in legal and regulatory proceedings; and
 9. hire the President.
- b. The Board of Directors shall select a Chair and Vice-Chair from among the members of the board. The board may establish board committees as appropriate.
- c. The chair is the presiding officer of the board and Member meetings. When the chair is unavailable, the vice-chair assumes the chair duties. The chair and vice-chair are elected by the board following the annual member meetings. The chair and vice-chair serve one-year terms and may serve no more than two consecutive terms.

Composition of the Board of Directors

The board of directors shall consist of nineteen (19) board members elected by the Sectors as follows:

- (a). Three (3) directors from the Transmission System Operator Sector;
- (b). Two (2) directors from the Generator and/or Power Marketers Sector;
- (c). Five (5) directors from the Investor Owned Utility Sector;
 - (1). Two (2) directors must be from utilities with less than 3,000 megawatts of end-use load.
 - (2). Three (3) directors must be from utilities with greater than 3,000 megawatts or greater of end-use load.

- (d). Two (2) directors from the Cooperative Sector;
- (e). Two (2) directors from the Municipal Utilities Sector;
- (f). One (1) director from the Federal Power Marketing Agencies;
- (g). Two (2) directors from the Canadian Utilities Sector provided that both directors are not residents of the same Canadian Province;
- (h). One (1) director from the Large End-Use Electricity Customers Sector; and
- (i). One (1) director from the Small End-Use Electricity Customers Sector.

Provisions

1. Meetings

- a. An annual meeting of the board of directors shall be held without notice immediately following the annual meeting of the Members to elect the chair and vice-chair for the next year. In addition, regular meetings may be held at such time or times as fixed by the board of directors. Schedules of regular meetings of the board of directors shall be published by the secretary and provided to all Members.
- b. Special meetings of the board of directors may be called by the President or by three directors and shall be held at the principal office of the Corporation, or such other place within the Corporate Region as determined by the president after consultation with the board. Notice of the date, time, and place of a special meeting shall be given by the secretary not less than seven (7) days prior to the meeting by mail, telegram, or electronic communication to each director and Member.
- c. Two-thirds (2/3) of the directors currently holding office is a quorum for the transaction of business. In the absence of a quorum, a majority of the directors present may adjourn a meeting from time to time until a quorum is present.
- d. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by law or the Bylaws.
- e. If two (2) board members attend a board meeting from the same organization, the seated board member has privilege over an alternate.
- f. Conduct of meetings is in accordance with *Robert's Rules of Order (Modern Edition)* unless otherwise specified in the Corporate Bylaws or Articles of Incorporation.
- g. Except as necessary to discuss personnel issues, litigation, or similar sensitive or confidential matters, all meetings of the board of directors shall be open to Members and other interested persons.
- h. Generally, personal attendance is required for all board meetings unless the meeting is specified as an electronic or conference call meeting. A director may be removed by the board of directors for non-attendance of three consecutive board meetings.

- i. If a director resigns, dies, changes corporate affiliation, or is removed during the term of office for which elected, the directorship shall thereupon be vacant and shall be filled by the Members of the respective sector, by written or electronic ballot, in accordance with the procedures and requirements. The successor director elected by the Members of the sector shall hold office for the unexpired term of the director replaced. Any director may be removed at any time by an affirmative vote of two-thirds (2/3) of the Members of the sector selecting such director.

2. Officers

- a. The officers of the Corporation shall include a president, a secretary, a treasurer, and any other officers as may be elected or appointed.
- b. The officers of the Corporation shall be elected by the board of directors.
- c. Any officer elected or appointed by the board of directors may be removed by the affirmative vote of two-thirds (2/3) of the entire board of directors.
- d. The president shall be, in the discretion of the board of directors, either an employee of, or contractor to, the Corporation and shall be the principal executive and operating officer of the Corporation; sign certificates of membership, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the board of directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the board of directors or the Bylaws to some other officer or agent of the Corporation; and perform all duties incident to the office of president, including hiring and directing staff, and such other duties as may be prescribed by the board of directors from time to time.
- e. The Secretary shall ensure that the minutes of the meetings of the Members and board of directors are recorded; all required notices are duly given in accordance with the Bylaws and as required by law; a register of the current names and addresses of all Members is maintained; a complete copy of the articles of incorporation and Bylaws of the Corporation containing all amendments thereto are kept on file at all times; and perform all duties incident to the office of secretary and such other duties as may be prescribed by the board of directors from time to time.
- f. The treasurer shall maintain custody of all funds and securities of the Corporation; receipt of and the issuance of receipts for all monies due and payable to the Corporation and for deposit of all such monies in the name of the Corporation in such bank or banks or financial institutions as shall be selected by the board of directors; and perform all duties incident to the office of treasurer and such other duties as may be prescribed by the board of directors from time to time.

3. Organizational Groups of the Board

- a. The board of directors shall establish such organizational groups, consisting of committees, subcommittees, task forces, and working groups of Members, as are necessary and appropriate to accomplish the purposes of the Corporation.
- b. All organizational groups shall be subject to the direction and control of the board.

- c. The membership of the organizational groups shall be determined based upon experience, expertise, and geographic diversity and to the extent practicable shall include balanced representation of the sectors unless otherwise specified in the Bylaws or by law.
 - d. The board shall conduct a review of all organizational groups of the Corporation on an annual basis to ensure that the business of the Corporation is conducted in an efficient, cost-effective manner and shall include a statement of its conclusions and resulting actions in the board's report to Members at the annual meeting.
4. Administration
- a. The Corporation shall keep at its registered office correct and complete copies of its minutes of meetings for the board of directors. Draft minutes will be reviewed by the chair, vice chair, president and secretary prior to distribution to the entire board. Draft minutes will be available to the board within seven (7) working days after any scheduled board meeting. After five (5) days of board review, the draft minutes will be posted to the MRO website for access. Approved meeting minutes will be available via the MRO website within seven (7) working days of being approved by the board.