

RAILBELT RELIABILITY COUNCIL – CHARTER	CHARTER NO.: <b>CH-01</b>
<b>TITLE: GOVERNANCE COMMITTEE CHARTER</b>	REVISION No.: 01
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## GOVERNANCE COMMITTEE CHARTER

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**1.0 PURPOSE**

The RRC Governance Committee (Committee) will assist the Board in fulfilling its responsibilities regarding matters that relate to governing the organization and recommending director candidates to the Board.

**2.0 DEFINITIONS**

Term	Definition
Board	RRC Board of Directors
CEO	Chief Executive Officer
RRC	Railbelt Reliability Council
TAC	Technical Advisory Council

**3.0 COMMITTEE MEMBERSHIP**

Consistent with the requirements of section 2.5.3 of the RRC Bylaws (Bylaws) the Committee shall be composed of at least five (5) members, including the immediate past chair of the Committee, if available. The Board chair will serve as a nonvoting, ex-officio member. In accordance with Bylaws section 2.4.1, the Committee members and chair shall be appointed by the Board chair and approved by the Board at the regular meeting following each annual meeting.

**4.0 DELEGATION**

The Committee may, by unanimous consent, delegate a portion of its authority to act upon specific matters to the Committee chair or to a subcommittee consisting of one (1) or more members of the Committee or any other director, alternate, RRC staff, or other expert resources as it deems appropriate, unless prohibited by applicable law, regulation, or other RRC policies and procedures. Any such subcommittee shall update the full Committee at the next Committee meeting.

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## 5.0 KEY RESPONSIBILITIES

The Committee is to assist the Board with performing the duties listed in the Bylaws, duties listed in Table 1, and other duties assigned by the Board.

**Table 1 Key Responsibilities of the Governance Committee**

<b>Item</b>	<b>General Purposes</b>	<b>Specific Purposes</b>
(i)	Manage CEO recruitment and candidate screening, recommend CEO compensation and benefits packages, and lead annual CEO performance evaluations	<ol style="list-style-type: none"> <li>1. In accordance with Bylaws section 3.1.1 and any other applicable Bylaw provisions, implement the CEO recruitment and screening process: <ol style="list-style-type: none"> <li>a. With Board input, develop and issue CEO solicitations.</li> <li>b. Screen and interview CEO candidates.</li> <li>c. Recommend leading candidate(s) to the Board.</li> <li>d. Research comparable CEO compensation and benefits and negotiate and recommend compensation package(s) to the Board.</li> </ol> </li> <li>2. Evaluate CEO performance and recommend changes to compensation and benefits packages: <ol style="list-style-type: none"> <li>a. Lead annual evaluation of CEO performance and solicit and consider input from entire Board.</li> <li>b. Recommend to the Board appropriate changes to compensation and benefits for the CEO based on annual evaluation and Board input.</li> </ol> </li> </ol>
(ii)	Ensure appropriate governance of the RRC	<ol style="list-style-type: none"> <li>1. Annually review the criteria for balance, diversity, and independence of the Board and committees as set out in Bylaws section 2.5.3 and any other applicable Bylaw provisions; RRC rules on file with the Regulatory Commission of Alaska (RCA); statute(s), and regulations; and recommend changes to the Board as appropriate: <ol style="list-style-type: none"> <li>a. Advise the Board about operational strategies to strengthen the organization and empower the Board to meet its obligations related to good governance.</li> <li>b. Conduct Board and committee assessments.</li> <li>c. Review the structure of the other Board committees and, together with chairs of other Board committees, review the mandate of each committee and recommend changes to the Board as appropriate.</li> </ol> </li> </ol>

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Item	General Purposes	Specific Purposes
(iii)	Develop, maintain, and recommend changes to RRC governance documents	<ol style="list-style-type: none"> <li>1. In compliance with Article 8 of Bylaws and any other applicable Bylaw provisions, conduct a review of the Bylaws, governance policies, and RRC rules to identify areas that can be improved or should be supplemented, including those needed to ensure the requirements of regulations in 3 AAC 46.060(b)(4), and as amended, continue to be satisfied as relevant stakeholder classifications and interests change, and bring recommendations to the Board. This will include a review of Technical Advisory Council (TAC) independence and any potential undue influence or lack of influence of directors serving on TAC working groups.</li> </ol>
(iv)	Recommend changes to director meeting fees	<ol style="list-style-type: none"> <li>1. In accordance with Bylaws sections 2.1.3.1, 2.1.3.3, and any other applicable Bylaw provisions, annually review the meeting fee structure for directors and Board Committee members and propose changes through review and analysis of third-party data.</li> </ol>
(v)	Oversee director and officer appointments, nominations, and election processes	<ol style="list-style-type: none"> <li>1. In accordance with Bylaws section 2.1.2.3 and any other applicable Bylaw provisions, initiate the process to fill a Board seat vacancy when needed: <ol style="list-style-type: none"> <li>a. Determine the appointing group and oversee the appointment and seating of directors and alternates for Board seats J through L.</li> <li>b. In accordance with Bylaws section 2.1.2.8, notify the group identified to appoint an individual to any director or alternate’s seat when the seat has become vacant.</li> <li>c. In accordance with Bylaws section 2.1.2.10, recruit and nominate qualified candidates to the Board for Board Seat M, the Independent Seat.</li> <li>d. Ensure that all directors and alternates meet the qualifications listed in Bylaws section 2.1.2.6.</li> <li>e. Consider all directors’ competencies against the current and future needs of the organization and make ameliorative recommendations.</li> </ol> </li> <li>2. Oversee Board officer nominations and elections.</li> </ol>
(vi)	Oversee the corporation’s policies and practices regarding risk management	<ol style="list-style-type: none"> <li>1. Oversee risk management related to assigned risk areas and submit an annual report to the Board.</li> </ol>

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Item	General Purposes	Specific Purposes
(vii)	Conduct Board development	<ol style="list-style-type: none"> <li>1. Develop onboarding materials for newly appointed directors. Provide support to the Executive Committee in conducting board member orientation.</li> <li>2. Identify Board development and training and forward to the Executive Committee to execute.</li> </ol>
(viii)	Oversee and monitor internal investigations	<ol style="list-style-type: none"> <li>1. Authorize, oversee, and monitor investigations into any matters within the Committee’s scope as defined in ER12 the Conduct Compliance Rule, and P-01 the RRC Discrimination and Harassment Policy and recommend action to the Board. <ol style="list-style-type: none"> <li>a. Actively monitor the <a href="mailto:Governance@akrrc.org">Governance@akrrc.org</a> email address; receive complaints and determine whether to investigate, how to investigate and who should lead the investigation.</li> <li>b. If an investigation is initiated, appoint and monitor a compliance officer(s).</li> <li>c. Immediately notify the Finance and Audit Committee of any complaints regarding corporate accounting practices, internal controls, or auditing.</li> <li>d. Recommend sanctions for confirmed violations.</li> <li>e. Provide an annual report to the RRC Board and Finance and Audit Committee regarding any alleged activity that falls into the criteria listed in section 5 of ER12, the Conduct Compliance Rule.</li> </ol> </li> </ol>
(ix)	Monitor changes in directors’ circumstances	<ol style="list-style-type: none"> <li>1. In accordance with Bylaws section 2.1.2.9 and any other applicable Bylaw provisions, consider any resignation offered by a director who changed employment or the major responsibilities held in their principal occupation when they joined the Board and recommend to the Board whether to accept such offers of resignation.</li> <li>2. Review each director’s eligibility for continued service as a director when the director’s term expires or when the director has a significant change in status, including but not limited to an employment change, and recommend whether or not the director should be renominated or reappointed.</li> </ol>
(x)	Perform additional duties as directed by the Board or this charter as modified	

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## **6.0 MEETINGS**

The Committee will meet at least quarterly and hold additional meetings as needed to fulfill its responsibilities. Meetings may occur in conjunction with regular Board meetings or as determined by the Committee members, using the same meeting procedures established for the Board and in RRC rules.

The Committee may request that any directors, officers, employees of the RRC, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide pertinent information.

The Committee shall appoint a person, who need not be a Committee member, to act as secretary and record the Committee proceedings. Those records will be retained in accordance with RRC rules. The agenda for each Committee meeting will be prepared and circulated to each Committee member by the secretary prior to each meeting. As soon as practicable following each of its meetings, the Committee shall deliver a report on the meeting to the Board, including a summary of actions taken by the Committee at the meeting.

## **7.0 QUORUM & VOTING**

A quorum of the Committee shall be defined in accordance with Bylaws section 2.4.3.3. Participation in a meeting held by telephone or video conference shall constitute presence of the Committee member at the meeting. Any action of the Committee must be approved by an affirmative vote of four (4) voting members of the Committee.

## **8.0 SEATING DIRECTORS**

Prior to the end of the term of any director or upon the resignation or removal of a director, the Committee shall recommend to the Board a candidate or candidates to fill the vacancy consistent with the process outlined below.

### **8.1 Appointment (Seats A – I)**

With regard to director seats A – I, the Committee will:

1. Notify the appointing entity and request notice of primary and alternate director designees; and
2. Verify that the appointee(s) meets director qualification requirements as defined in Bylaws Section 2.1.2.6 – Qualifications.

### **8.2 Nomination (Seats J – L)**

With regard to director Seats J – L, the Committee will:

1. Identify potential members of and select the appointing group as described in Bylaws Section 2.1.2.3 – Director Seat Allocation;

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2. Notify the appointing group and request notice of primary and alternate director designees;
3. Verify that the appointee(s) meets director qualification requirements as defined in Bylaws Section 2.1.2.6 – Qualifications; and
4. Provide assistance as necessary to facilitate candidate nominations.

### **8.3 Director Election Oversight (Seat M)**

The Committee shall have the following responsibilities with respect to Seat M:

1. Identify individuals qualified to fill Seat M, consistent with the Board’s criteria for selecting new directors. The Committee shall also consider any independence requirements imposed by regulations and Bylaws.
2. Establish procedures for evaluating the suitability of candidates proposed by directors and the public.
3. Ensure that candidates are aware of Board service responsibilities and are willing and able to accept appointment prior to proposing candidates to the Board.
4. In accordance with Bylaws section 2.1.2.10, nominate to the Board no fewer than two (2) and no more than five (5) director candidates for election to Seat M and provide the Board with relevant background information on the candidates.
5. Conduct the election process and report the results to the Board.