



RELIABILITY FIRST

Agenda

Board of Directors • Finance and Audit Committee

April 26, 2023 • 3:10 PM – 5:30 PM (ET)

ReliabilityFirst Corporation
 3 Summit Park Drive, Suite 600
 Cleveland, OH 44131
 Room: 6th Floor, Ohio Conference Room
Attire: Business Casual

Open Agenda

1. **Call to Order** 3:10 PM
 Presenter: Patrick Cass, Chair
2. **Appoint Secretary to Record Minutes**
 Presenter: Patrick Cass, Chair
3. **Antitrust Statement**
 Presenter: Patrick Cass, Chair
4. **Approve Finance and Audit Committee Meeting Minutes** 3:15 PM
 Presenter: Patrick Cass, Chair
 Reference:
 - a) [Draft Minutes for the March 10, 2023 Finance and Audit Committee Meeting](#)
 - b) [Draft Minutes for the March 17, 2023 joint Finance and Audit and Compensation Committee Meeting](#)
 - c) [Draft Minutes for the April 5, 2023 Finance and Audit Committee Meeting](#)
 Action: **Approve Minutes**
5. **Financial Update** 3:20 PM
 Presenter: Carol Baskey
 Description: Ms. Baskey will present the 2022 4th Quarter Statement of Activities
 Reference: 2022 4th Quarter Statement of Activities
 Action: Information and Discussion
6. **2022 Financial Audit** 3:25 PM
 Presenter: Mandy Pittman, RSM US LLP Certified Public Accountant
 Description: Ms. Pittman will present the results of the 2022 financial audit and periodic system review report.
 Reference:
 - a) RSM US LLP – 2022 Financial Report Draft
 - b) RSM US LLP – Letter to Finance and Audit Committee
 - c) RSM US LLP – Material Weakness and Significant Deficiencies Letter
 - d) RSM US LLP – Three Year Quality Control Review
 Action: **Approve Audited Financial Statements**

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| 7. | Working Capital and Investment Analysis | 3:40 PM |
| | Presenter: Carol Baskey | |
| | Description: Ms. Baskey will present an analysis on the working capital and investment account. | |
| | Reference: Working Capital and Investment Account Analysis | |
| | Action: Information and Discussion | |
| 8. | Review of Policies | 3:50 PM |
| | Presenter: Beth Dowdell | |
| | Description: Ms. Dowdell will present policies that are currently up for review. | |
| | Reference: a) Statement of Policy and Procedure on the Working Capital and Operating Reserve
b) Whistleblower Policy | |
| | Action: Review and Discuss any Recommended Changes | |
| 9. | Finance and Audit Committee Charter Review | 3:55 PM |
| | Presenter: Niki Schaefer, Vice President and General Counsel | |
| | Description: The committee will review the charter and discuss proposed changes to the charter to enhance and further explain key components. | |
| | Reference: a) Charter Revision Overview Summary
b) Charter - Redline | |
| | Action: Information and Discussion | |
| 10. | 2023 Finance and Audit Committee Planner | 4:05 PM |
| | Presenter: Beth Dowdell | |
| | Description: Ms. Dowdell will discuss the progress of activities in the 2023 planner. | |
| | Reference: Finance and Audit Committee Charter Planner and Performance of Specific Duties for 2023 | |
| | Action: Information and Discussion | |
| 11. | Next Regularly Scheduled Meeting | 4:15 PM |
| | August 23, 2023 Independence, Ohio | |

Closed Agenda

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| 12. | 2024 Business Plan and Budget | 4:20 PM |
| | Presenter: Beth Dowdell | |
| | Description: Ms. Dowdell will present an overview of the 2024 Business Plan and Budget. | |
| | Reference: a) Presentation
b) Business Plan and Budget, First Draft | |
| | Action: Endorse first draft of the Business Plan and Budget for Board approval to submit to NERC and post for industry comment. | |
| 13. | 2023 Enterprise Risk Management Program | 4:45 PM |
| | Presenter: Diane Holder | |
| | Description: Ms. Holder will present the current state of ReliabilityFirst's Enterprise Risk Management program. | |
| | Reference: ERM Presentation | |
| | Action: Information and Discussion | |
| 14. | Executive Session (Finance and Audit Committee and Accounting Firm Representative Only) | 4:10 PM |
| | Presenter: Patrick Cass, Chair | |

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Description: The Committee will hold an executive session with a representative from RSM US LLP.

Action: Information and Discussion

15. Executive Session (Finance and Audit Committee Only) 5:20 PM

Presenter: Patrick Cass, Chair

Description: The Committee will hold an executive session to discuss confidential topics.

Action: Information and Discussion

16. Adjourn 5:30 PM

Roster • Audit Committee

Patrick Cass, **Chair** • Independent (2023)
Jennifer T. Sterling, **Vice Chair** • Exelon (Large LSE 2025)
Joanna Burkey • Independent (2025)
Scott Etnoyer • Talen Energy (AL 2023)
Nelson Peeler • Duke Energy (TS 2024)
Joseph Trentacosta • Southern Maryland Electric Cooperative (AL 2025)

**a) Draft Minutes for the March 10, 2023 Finance and
Audit Committee Meeting**



RELIABILITY FIRST

DRAFT - Minutes

Board of Directors • Finance and Audit Committee

March 10, 2023 • 9:00 am – 11:00 am (ET)

Teleconference

Closed Meeting

Call to Order – Chair Patrick Cass called to order a duly noticed open meeting of the Finance and Audit Committee (Committee) on March 10, 2023, at 9:00 am (ET). A quorum was present, consisting of the following members of the Committee: Chair Patrick Cass, Vice Chair Jennifer Sterling, Joanna Burkey, Scott Etnoyer, Nelson Peeler, and Joseph Trentacosta. A list of others present during the Committee meeting is set forth in Attachment A.

Appoint Secretary to Record Minutes – Chair Cass designated Chelsey Eppich, Managing Corporate Counsel, as the secretary to record the meeting minutes.

Antitrust Statement – Chair Cass advised those present of the need to adhere to ReliabilityFirst's (RF) Antitrust Compliance Guidelines.

2024 Budget Assumptions – Tim Gallagher, RF's President and CEO, provided opening remarks and shared the purpose of the call is to gather input and feedback on the 2024 Business Plan and Budget (BP&B) assumptions. He summarized relevant factors related to the budget assumptions, including increasing security needs, the use of overlap positions, comparisons and coordination with other Regions, and industry and economic trends. He highlighted RF's proactive activity in the areas of state outreach, tabletop exercises and cold weather visits.

Carol Baskey, RF's Treasurer and Manager of Finance & Accounting, provided additional background information, including the budget ranges for the other Regions, and unbudgeted activities. Then Ms. Baskey presented a timeline for the BP&B, and discussed the 2023 projections for the BP&B. She led a discussion on inflation and market adjustments and their impact on the BP&B, resulting a collective 3.5% increase in salary.

Ms. Baskey shared that fixed costs drive the budget numbers for both RF and the ERO, and for RF those fixed costs are primarily the lease and staff salary and benefits. The Committee discussed that even fixed costs can be changed if needed. Ms. Baskey noted the ongoing impact of inflation and travel and salary increases to remain competitive in the market. The Committee discussed their experiences with returning to in-person work, and using a hybrid approach for industry events where possible and in person events when appropriate. The Committee also discussed the Q4 Board Meeting in Washington, DC, and the lowered cost for the event due to AEP offering their facility for use. The Committee discussed the importance of continuing to explore facility options in the future to monitor costs.

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Ms. Baskey discussed additional factors impacting the BP&B, including the use of the Align tool, prioritizing security efforts, the workload impact from extreme weather events, and increased work with state policy makers and regulatory agencies. The Committee discussed the workload impact of Align from an ERO, Region and stakeholder perspective and the importance of having transparent and honest conversations regarding resources needed to implement the tool.

Ms. Baskey moved on to discuss the use and cost of contractors, which would decrease with the additional FTEs requested in the BP&B. She noted that the executives for each RF functional area will discuss the FTE's requested in their areas. Ms. Baskey stated that 9 FTEs have been requested, but one does not have a budget impact because it involves a current overlap position.

Niki Schaefer, RF's VP & General Counsel, led a discussion on the request for two CIP auditors and one O&P auditor in the Compliance Monitoring departments. She noted that the request is based almost entirely on efficiency losses resulting from the use of the Align tool and the Secure Evidence Locker (SEL), and she presented numbers to estimate the impact of the tools. She stated that while the time for engagements using Align and the SEL was 62% longer for engagements similar in size and scope, estimated process changes and gained efficiencies since then make it more realistic to estimate a 40% increase in time needed. Ms. Schaefer also presented projections regarding the impacts on the number of engagements conducted by adding all three requested FTEs vs. adding one or two of the requested FTEs. She noted that contractors were also considered and determined not to be a viable option.

Ms. Shaefer then discussed the request for an additional attorney in the Enforcement Department. She noted the drivers for this request, including growing noncompliance inventory, inefficiencies in the SEL, and other additional time constraints. She shared that despite the overall ERO Enterprise decrease in noncompliances, RF has had an increase in noncompliances with large uptick in 2022. RF has both the highest level of noncompliance processing and the highest noncompliance inventory (932 on the books compared to the next closest Regions with 500-600). She shared that the majority of these noncompliances are likely minimal risk, but they are still time consuming to process because of the need to study prior noncompliances and answer additional questions from NERC and FERC. Ms. Schaefer stated that much of the volume comes from large entities with more complex issues, and noted that future expanded entity registrations (e.g., Inverter Based Resources) could create even more volume. Additionally, RF continues to see more noncompliances from smaller entities and individual registrations owned by larger holding companies, which can also be complicated.

Mr. Craig then discussed the request for a database warehouse developer in the Data Analytics Department. He discussed the formation of the Data Analytics Department, the increasing internal and external data sources, and the increased customer demand for the group's services. He also explained the current contractor spending that could be rolled into the cost for an FTE, and the risk that the current contractor in this role could leave and the efficiency loss that could occur with rotating contractors. Mr. Craig highlighted the goal to be more predictive on reliability risks, and Mr. Gallagher added that this risk has been deferred in the past and is not unique to RF. The committee discussed the meaning of efficiency and Mr. Craig shared a recent example

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of the time savings having recent metrics available to save on administrative work. The Committee agreed to have a follow-up discussion on this topic to better understand this FTE request and discuss additional details.

Ms. Holder and Ms. Baskey discussed the request for an additional FTE in the External Affairs Department, and discussed how there is an overlap position in this Department that would be converted into a full time position, without an impact on the BP&P (overlap positions are for critical roles where the employee has mentioned retirement but without a firm date, to ensure knowledge transfer for critical roles without waiting for the next budget cycle). Ms. Holder discussed the increase in state outreach work in accordance with the RF Strategic Plan, including working with state public utility commissions and state legislatures. She shared that this activity is expected to continue growing. There was discussion on the use of overlap positions, and RF's plans to measure the efficiency of state outreach efforts going forward.

Ms. Holder discussed the request for one additional FTE in the IT Department. The purpose of this request is to improve programs and business processes across the organization. She noted that the existing IT team has a heavy workload, and a new FTE would help leverage new technologies to help automate manual tasks. Mr. Noel echoed this need for the IT person, noting that of the three FTEs requested in the support area, he believes this additional IT FTE is needed right now due to the backlog and need to do things faster.

Mr. Noel then discussed the request for two additional FTEs in the Security Department. He discussed the quick wins and progress of the Security Department so far, and the pivot to look at external activities such as the successful Ohio Tabletop. He noted the first request is to backfill a position to perform this external facing work, and the second request is for a position to systematically ensure effective internal controls processes.

The Committee discussed the priority of the different FTE requests, and Mr. Gallagher discussed the importance of the CMEP core work and security. The Committee expressed concern with the requested 10% increase in staffing, and agreed to revisit the staffing requests at a future meeting, as well as the Enterprise Risk Management meeting topic. Finally, Ms. Baskey discussed the \$1,000,000 Operating Reserve for 2024. She noted that it is intended for uncertain or unbudgeted expenditures, and it does not increase the BP&B. Upon a motion duly made and seconded, the Committee approved the \$1,000,000 Operating Reserve for 2024.

The discussion of Topic 5, Enterprise Risk Management was tabled to a later meeting.

Adjourn – Upon a motion duly made and seconded, Chair Cass adjourned the meeting at 10:54 am (ET).

As approved on this 26th day of April, 2023 by the
Finance and Audit Committee,

Niki Schaefer
*Vice President General Counsel & Corporate
Secretary*

Attachment A

Others Present During the Finance and Audit Committee Meeting

Carol Baskey • ReliabilityFirst
Jeff Craigo • ReliabilityFirst
BethAnn Dowdell • ReliabilityFirst
Diane Holder • ReliabilityFirst
Tim Gallagher • ReliabilityFirst
Marcus Noel • ReliabilityFirst
Niki Schaefer • ReliabilityFirst
Jody Tortora • ReliabilityFirst

**b) Draft Minutes for the March 17, 2023 joint Finance and
Audit and Compensation Committee Meeting**



RELIABILITY FIRST

PUBLIC

DRAFT Minutes

Board of Directors • Finance and Audit Committee and Compensation Committee

March 17, 2023 • 2:30 pm – 4:30 pm (ET)

Teleconference

Closed Meeting

Call to Order – Chair Patrick Cass called to order a duly noticed closed meeting of the Finance and Audit Committee (FAC) and Compensation Committee on March 17, 2023, at 2:34 pm. A quorum was present, consisting of the following members: Chair Patrick Cass, Vice Chair Jennifer Sterling, Joanna Burkey, Scott Etnoyer, Nelson Peeler, Joseph Trentacosta, Chair Lesley Evancho, Vice Chair Ken Seiler, and Courtney Geduldig. A list of others present during the meeting is set forth in Attachment A.

Appoint Secretary to Record Minutes – Chair Cass designated Chelsey Eppich, ReliabilityFirst's (RF) Managing Corporate Counsel, as the secretary to record the meeting minutes.

Antitrust Statement – Chair Cass advised all present that this meeting is subject to, and all attendees must adhere to, RF's Antitrust Compliance Guidelines.

Tim Gallagher, RF's President & CEO, noted that Board Chair Antonio Smyth is traveling but that he endorses what is proposed by staff for purposes of developing the budget. Mr. Gallagher shared that every year staff asks the FAC to share input and feedback during the budget process and that the FAC works with the Compensation Committee for input on staffing conditions, merit increases, and benefits. Mr. Gallagher acknowledged that the FTE ask for this year is large for an organization of our size and the purpose of the meeting is to walk through the need for the resources and what is driving them.

FTE Discussion - Beth Dowdell, Senior Director, Corporate Services, began by explaining that RF is entering the year with higher numbers, including the 4% average merit increase, a slight increase in benefits (8% medical and 3% dental and vision) and increases in travel, contracts, and security hardware and software.

Ms. Dowdell then discussed staffing needs, noting that the staffing analysis process included reviewing timecards to evaluate workload, projects, and other factors that impact time. She discussed the impact of inflation and prevailing market rates, and noted that 86% of RF's cost is staffing. There was a clarifying discussion of the role of overlap positions, and Ms. Dowdell explained they are used for critical roles to ensure knowledge transfer takes place. Ms. Dowdell then discussed the proposal to bring in nine positions, seven of which would impact the budget. She noted the areas most impacted are Data and Analytics, Enforcement and Compliance Monitoring, External Affairs, and State Outreach.

There was a general discussion on concerns with the number of positions requested, and RF staff then discussed the details behind each position requested. Mr. Gallagher began with the business case for a position in External Affairs, noting that the activities in this area are increasing, and discussing the requested overlap position. Next, Jeff Craigo, RF's SVP Reliability & Risk, discussed the business case for a position in data analytics. He shared the history of the data warehouse developer and noted that there would be a steep learning curve to have another person in this position. He explained that demand was up internally for more productivity enhancements and analytics from this department. Mr. Gallagher noted the analytics department can help identify risks and communicate those to key stakeholders. There was a discussion of the value of analytics work and potential efficiency gains from that work.

Ms. Dowdell discussed the IT position, noting the IT team has many projects on their plate and are seeking an employee to help analyze and implement automatic tools across the company to decrease manual tasks. Marcus Noel, RF's CSO, noted that a system administrator who knows how to optimize and automate processes will always be a need and that this helps to free up time for high value work. There was a discussion of future of IT roles, and creating a multiyear roadmap on how this position would alleviate work in other places.

Mr. Noel then discussed the requested position in the security department. He began by explaining the push and pull of protecting RF, and serving RF's greater mission to help educate the member utilities on security matters. He has seen a rise in opportunities for his team to do both of those things. There was a question on the metrics of the decision to add two positions and Mr. Noel explained that need is based on use of current resources, opportunities, and the desire to have an employee focused on security controls. Mr. Noel addressed a question around the balance of internal vs. external efforts and what that mix should look like.

Niki Schaefer, RF's Vice President & General Counsel, then discussed the request from the Compliance Monitoring group to add two CIP auditors and one O&P auditor, in large part due to the loss of efficiencies from Align and the Secure Evidence Locker (SEL) tools. Ms. Schaefer shared that staff ran a comparison of the hours needed using the new tools during a test audit, noting a 40% increase in the time it will take for each engagement because of having to use these tools.

There was discussion around the number of staff hours available and the planned number of compliance monitoring engagements both with and without these additional positions. Ms. Schaefer shared that even with having two of the three requested positions, the compliance monitoring plan would still be cut by 10% because of the constraints of Align and the SEL. However, she shared that this 10% would still allow RF to remain within the range of what we are used to performing from a compliance monitoring perspective. There was a discussion around how RF's audit level compares to the other regions, and a discussion on concerns with the Align and SEL tools' efficiency and security.

Ms. Schaefer then presented the case for the additional enforcement position, noting that the request is in part because of the Align and SEL tools, but also due to the unprecedented amount of violations RF is receiving. She noted RF has more violations than any other region,

with over nine hundred violations on RF's books. She explained that the universe of violations are mostly minimal risk and that RF as a region generally processes more moderate risk violations and settlements than other Regions. While the inventory is growing, the processing time of each violation is taking longer due to the difficulties of using the SEL tool (due to screensharing and copy paste limitations) and other factors. Ms. Schaefer explained that the RF footprint is made up of multiple larger entities with more complex issues, and large entities have a lot of compliance history to analyze, which makes each case more time consuming. Ms. Schaefer noted the team also receives additional questions from FERC and NERC, which are not confined to high-risk matters. She further explained that considering our complex entities and new standards coming into play, the future is unlikely to involve less violations coming in. She presented a high-level overview of the enforcement processing goals, and noted that with the nine hundred on our books, RF will likely be carrying over many into 2024, so we are looking at creating another backlog, which we just cleared over the past few years.

At the end of the presentations, the FAC and Compensation Committee requested a prioritized list of FTE positions ranked from most crucial to least crucial. Mr. Gallagher responded, noting his thoughts that the four CMEP positions, one IT position and two of the security positions were most crucial, followed by the analytics and the state outreach positions. He also agreed to provide a detailed priority ranking prior to the budget meeting. Mr. Gallagher clarified that the immediate vote is for the budget assumptions, and that the full budget will be approved by the full Board at a later meeting.

2024 FTE Budget Assumption Vote:

Chair Cass then proposed for the FAC to approve the FTE budget assumptions with the nine requested FTEs, with the additional qualification that management will consider other options to reduce the cost and personnel impact of such a sizeable addition when preparing the draft budget. Upon a motion duly made and seconded, the FAC approved the FTE portion of 2024 budget assumptions.

Next Meeting – Chair Cass noted that the next meeting will occur on April 5, 2023.

Adjourn – Upon a motion duly made and seconded, Chair Cass adjourned the meeting at 4:29 (ET).

As approved on this 26th day of April, 2023 by the
Board of Directors,

Niki Schaefer
*Vice President, General Counsel & Corporate
Secretary*

ATTACHMENT A

Others Present During the Board of Directors Meeting

Carol Baskey • ReliabilityFirst
Jeff Craigo • ReliabilityFirst
Beth Dowdell • ReliabilityFirst
Chelsey Eppich • ReliabilityFirst
Tim Gallagher • ReliabilityFirst
Marcus Noel • ReliabilityFirst
Niki Schaefer • ReliabilityFirst
Jody Tortora • ReliabilityFirst

c) Draft Minutes for the April 5, 2023 Finance and Audit Committee Meeting



RELIABILITY FIRST

DRAFT - Minutes

Board of Directors • Finance and Audit Committee

April 5, 2023 • 2:00 pm – 3:30 pm (ET)

Teleconference

Closed Meeting

Call to Order – Chair Patrick Cass called to order a duly noticed open meeting of the Finance and Audit Committee (Committee) on April 5, 2023, at 2:01 pm (ET). A quorum was present, consisting of the following members of the Committee: Chair Patrick Cass, Vice Chair Jennifer Sterling, Scott Etnoyer, Nelson Peeler, and Joseph Trentacosta. A list of others present during the Committee meeting is set forth in Attachment A.

Appoint Secretary to Record Minutes – Chair Cass designated Chelsey Eppich, Reliability First's (RF) Managing Corporate Counsel, as the secretary to record the meeting minutes.

Antitrust Statement – Chair Cass advised those present of the need to adhere to RF's Antitrust Compliance Guidelines.

Approve Minutes - Chair Cass presented the draft minutes from the December 7, 2022 meeting and the draft minutes for the March 10, 2023 meeting, which were included in the agenda package. Upon a motion duly made and seconded, the Committee approved both minutes as presented.

2024 Budget Assumptions – Beth Dowdell, RF's Senior Director Corporate Services, began by noting RF has been reviewing the budget numbers and will be presenting multiple scenarios. Ms. Dowdell began by presenting information on the other Regions budgets and their increases from renewables, pulling work in-house, and additional FTE's for CMEP functions. Tim Gallagher, RF's President & CEO, added information from a recent meeting with his peers regarding additional FTE numbers for other Regions and their plan to stagger asks.

Ms. Dowdell then spoke to growth projections, future predictions, and the budget analysis process. She proposed cutting the overlap FTE to focus on internal affairs, and she discussed the future need based on the state energy policies and timelines as well as resource sharing that requires many in the organization to build webinars and content and consider stakeholder feedback and engagement.

Ms. Dowdell moved onto the FTE outcomes, which have been discussed in other meetings, to clarify the need for the positions. On the Compliance Monitoring side RF is requesting two CIP auditors, reiterating that adding the two people will help reduce the amount of reductions in oversight for 2024. She presented a mix of oversight activities that could accomplish the reductions, indicating the plan is 20% of low-impact and 50% spot checks to accomplish an 11%

reduction. The Rules of Procedure (ROP) require RF to perform certain audits every year, which impacts our ability to touch certain lower impact entities. She shared the need is also due to the changing CIP standards and virtualization on the horizon. In 2022 due to FAC-008 we had to do more spot checks than planned. There was a question on CIP low impact engagements and a response and discussion that followed noting that the NERC 4A Audit of Regional Entity Compliance Programs does look at the touchpoints with low impact entities. There was also a discussion on self-certifications and the consideration to expand self-certifications if pressed for time and resources. The Committee expressed discomfort with the double-digit reduction in oversight and emphasized the statutory responsibility making the approval of these FTE's necessary. Ms. Dowdell also indicated there is a similar picture when looking at Operations & Planning.

Ms. Dowdell then moved onto FTE outcomes for Enforcement, explaining that if an FTE wasn't added, the inventory would continue to rise. Enforcement is currently down one attorney, which will make it challenging to hit goal numbers. She also provided an overview of how Enforcement has worked through the older inventory and the risk of not adding the FTE is watching the inventory continuing to grow. The case managers are currently working on 300 cases each and the focus is on the backlog. Ms. Dowdell discussed the alternatives, indicating they had considered outside counsel but found it made more sense to use other lawyers on staff given the cost and training involved in hiring outside counsel.

Ms. Dowdell moved onto Information Technology, noting how the role will drive optimization and the outcome of not having it would not allow for as many projects aligned with RF's strategic vision. She covered the consideration of an IT alternative, perhaps using a contractor, but shared it was not only cost prohibitive, but the need is for someone to have to all systems and understand the knowledge of the team and the projects.

Next, Ms. Dowdell discussed RF's data analytics strategy, indicating the initiative was started in 2019 to fill a gap and continues to allow predictions for risks to occur. She shared that data analytics helps others in the organization make data driven decisions and helps create IRA's. An additional role request for data team would be to help support and grow data warehouse, support existing data, and identify anomalies. She shared the consideration of alternatives and their reasons for not continuing with an outsourced contractor and the expectation that this type of work will not slow down.

Ms. Dowdell then presented the budget scenarios with various FTE counts and then shared other budget cuts that were taken into account, including travel, removing a CIP lab project, and realistically staggering start dates over Q1. Ms. Dowdell moved onto the budget recommendations, indicating the recommendation to the FAC Committee is to add 8 FTE's and RF can use reserves to keep assessment as low as possible. She noted the minimal decrease in budget dollars in moving from 8 to 6 and the similar increases in other regions. Chair Cass said it was a reasonable approach, mentioning leadership was looking for Committee feedback on direction. There was clarification that the recommendation included the 8 FTE's for an overall 12.6% budget increase and the additional budget reductions projected and also that this meeting was to provide the Committee reasoning and numbers to build the budget so that at the FAC meeting on April 26th the Committee is prepared to approve it. Ms. Schaefer explained RF is

Finance and Audit Committee Minutes
April 5, 2023

looking directionally to the Committee to see which way we should build the budget, whether it is built with 8 or the 6, deferring two of the FTE's until 2025. There was substantial committee discussion on the number of FTE's and ensuring that RF can still meet its mission. Members raised various scenarios and priorities. Ultimately, on a motion duly made and seconded, the committee supported adding 7 FTE's with the agreement they would defer the second security role to 2025. Chair Cass reiterated that they would approve 7 FTE employees now, which includes the enforcement FTE, and the outward facing second security person is endorsed for 2025. Mr. Gallagher thanked the Committee for its confidence and trust, indicating RF would make the 7 FTE's work. He also thanked them for the multiple rounds of discussion and analysis and confirmed that the 7 FTE's will make the organization stronger and healthier.

Adjourn – Upon a motion duly made and seconded, Chair Cass adjourned the meeting at 3:17 p.m. (ET).

As approved on this 26th day of April, 2023 by the
Finance and Audit Committee,

Niki Schaefer
*Vice President General Counsel & Corporate
Secretary*

Attachment A

Others Present During the Finance and Audit Committee Meeting

Carol Baskey • ReliabilityFirst
Jeff Craigo • ReliabilityFirst
BethAnn Dowdell • ReliabilityFirst
Chelsey Eppich • ReliabilityFirst
Tim Gallagher • ReliabilityFirst
Diane Holder • ReliabilityFirst
Marcus Noel • ReliabilityFirst
Niki Schaefer • ReliabilityFirst
Jody Tortora • ReliabilityFirst