



RELIABILITY FIRST

Agenda

Board of Directors • Finance and Audit Committee

December 4, 2024 • 3:10 PM – 5:20 PM (ET)

North American Electric Reliability Corporation (NERC)

1401 H Street NW, Suite 410

Washington, DC 20005

Room: Potomac

Attire: Business

Open Agenda

1. **Call to Order** 3:10 PM
 Presenter: Jennifer Sterling, Vice Chair
2. **Appoint Secretary to Record Minutes**
 Presenter: Jennifer Sterling, Vice Chair
3. **Antitrust Statement**
 Presenter: Jennifer Sterling, Vice Chair
4. **Approve Finance and Audit Committee Meeting Minutes** 3:15 PM
 Presenter: Jennifer Sterling, Vice Chair
 Reference: [Draft Minutes for the August 21, 2024 Finance and Audit Committee](#)
 Action: **Approve Minutes**
5. **Financial Update** 3:20 PM
 Presenter: Beth Dowdell, Sr. Director, Corporate Services
 Description: Ms. Dowdell will present the 2024 3rd Quarter Statement of Activities to advise the Committee of ReliabilityFirst's financial status and effective use of funds by identifying budget to actual trends.
 Reference: a) [Presentation](#)
 b) [2024 3rd Quarter Statement of Activities](#)
 Action: Information and Discussion

- 6. Working Capital and Investment Analysis** 3:30 PM
- Presenter: Christi Klein, Manager Finance and Accounting and Glenmede Representative (call in)
- Description: Ms. Klein will present an analysis on the working capital and investment account to advise the Committee on the effective use of operating cash and reserves. A Glenmede representative will discuss Glenmede's stats and specifics regarding the performance and oversight of ReliabilityFirst's Operating Reserve Investment Portfolio.
- Reference: a) [Reserve and Investment Analysis Presentation](#)
b) [Glenmede Investment Account Analysis Presentation](#)
- Action: Information and Discussion
- 7. Finance and Audit Committee Review of 2024 Charter Performance of Duties, 2025 Charter Planner, and Committee Charter** 4:00 PM
- Presenter: Beth Dowdell, Senior Director Corporation Services
- Description: Ms. Dowdell will lead the annual evaluation of the Finance and Audit Committee's performance of its duties set out in the Charter and discuss any changes to the 2025 Planner.
- Reference: a) [Finance and Audit Committee Charter Planner and Performance of Specific Duties for 2024](#)
b) [Finance and Audit Committee Charter Planner and Performance of Specific Duties for 2025](#)
c) [Summary – Review of Committee Charter](#)
d) [Committee Charter – Clean Version](#)
e) [Committee Charter – Redline Version](#)
- Action: **Approve Performance of Specific Duties for 2024 and Revisions to the Committee Charter**
- 8. Next Regularly Scheduled Meeting** 4:05 PM
- April 30, 2025

Closed Agenda

- 9. Enterprise Risk Management Program** 4:10 PM
- Presenter: Diane Holder, Vice President, Entity Engagement and Corporate Services
- Description: Ms. Holder will discuss ReliabilityFirst's Enterprise Risk Management Program, top risks and controls identified for the upcoming year, plans to create a structured risk identification framework, and establish ERM touchpoints with the Committee.
- Reference: [Presentation](#)
- Action: Information and Discussion

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- 10. Review IRS Form 990 and Ohio Tax Filings** 4:40 PM
Presenter: Christi Klein, Manager Finance and Accounting
Description: Ms. Klein will discuss the 990 process, pre-filing review and the filing of the 2023 IRS Form 990 and Ohio tax filing.
Reference: a) [990 Tax Return-Confidential](#)
 b) [2024 RSM Audit Engagement Letter](#)
 c) [2024 RSM Planning Letter](#)
Action: Information and Discussion
- 11. Executive Session (Finance and Audit Committee and Tim Gallagher, Chief Executive Officer)** 5:00 PM
Presenter: Jennifer Sterling, Vice Chair
Description: The Committee will hold an executive session with Tim Gallagher to discuss specific questions regarding the current year activities and to understand goals for the upcoming year.
Action: Information and Discussion
- 12. Executive Session (Finance and Audit Committee Only)** 5:15 PM
Presenter: Jennifer Sterling, Vice Chair
Description: The Committee will hold an executive session to discuss confidential topics regarding the materials presented during the meeting, and other topics of concern to ensure appropriate actions are taken, and observations are discussed and noted.
Action: Information and Discussion
- 13. Adjourn** 5:20 PM

Roster • Finance and Audit Committee

Jennifer T. Sterling, **Vice Chair** • Exelon (Large LSE 2025)
Joanna Burkey • Independent (2025)
Nelson Peeler • Duke Energy (TS 2024)
Joseph Trentacosta • Southern Maryland Electric Cooperative (AL 2025)
Robert Taylor • Invenergy (AL • 2026)

Draft Minutes for the August 21, 2024 Finance and Audit Committee



RELIABILITY FIRST

DRAFT - Minutes

Board of Directors • Finance and Audit Committee

August 21, 2024

ReliabilityFirst Corporation

Open Session

Call to Order – Chair Patrick Cass called to order a duly noticed open meeting of the Finance and Audit Committee (Committee) on August 21, 2024 at 3:26 pm (ET). A quorum was present, consisting of the following members of the Committee: Chair Patrick Cass, Joanna Burkey, Nelson Peeler, Robert Taylor, 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 Niki Schaefer 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, ReliabilityFirst's (RF) Antitrust Compliance Guidelines.

Approve Minutes – Chair Cass presented the draft minutes for the June 24, 2024 meeting, which were included in the agenda package. Upon a motion duly made and seconded, the Committee approved the minutes as presented.

Financial Update – Beth Dowdell, RF's Senior Director of Corporate Services, provided a financial update to the Committee. She reported that RF is currently 5.4% under budget (\$852K) with key variances being funding (up \$157K), personnel expenses (down \$364K), meeting expenses (down \$75K), and operating expenses (down \$268K). Ms. Dowdell talked through the year-end projections, which RF anticipates will be 1% under budget with key variances being largely consistent in the areas she had just discussed. She noted that Q3 and Q4 will see more meetings and travel for RF staff.

Ms. Dowdell shared other financial updates, including an annual 401k retirement plan audit (which is now required given that RF's plan size is now over 100 participants). She noted that RF switched to KeyBank from Chase, and it has been a smooth transition. RF also switched its 457(b) plan to Fidelity, which is more user friendly and less administratively burdensome.

Working Capital and Investment Analysis – Christi Klein, Manager Accounting and Finance, presented an analysis on the working capital and investment account. Ms. Klein noted that she has reformatted the working capital and investment income slides to make the information easier to digest. As part of this effort she also spoke with NERC and the other Regions to understand how they presented this type of material to their boards, to benchmark for consistency.

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She began by discussing the definitions of the types of reserves: working capital and working capital reserve, operating reserve, and assessment stabilization reserve. She stated that going forward, this agenda item will be called *Reserve and Investment Analysis* because working capital is only a portion of the reserves. Ms. Klein showed a numerical summary of what the various reserves are, a prediction of what they may look like at year end, and she discussed the plan for releasing certain reserves. Colleen Sidford from the NERC board asked about the rationale behind releasing reserves and leaving RF's operating reserve at \$1 million, and Tim Gallagher and Mr. Cass provided an explanation.

Ms. Klein provided an update on RF's investment account performance, including highlighting additional investment income RF is earning because of better than predicted performance of RF's investment accounts. Mr. Peeler noted that the fees are approximately 5% of the total. There is going to be a meeting with Glenmede, who manages the portfolio, where Ms. Klein and Ms. Dowdell will discuss this issue. Ms. Klein noted that there were no changes to Glenmede's investment strategy.

Review of Policies – Per the Committee Charter, the Committee is required to annually review RF's financial policies to assess the adequacy of internal accounting and financial reporting controls. Ms. Klein reviewed all six financial policies together, which is a new way of approaching the review. She noted that the policies were similar to ones she reviewed at other companies. Most of her proposed changes were minor, but enhanced consistency and clarity. She also shared that she looked at the policies in the context of the Committee Charter and had some proposed minor changes based on that review. The Committee noted that they liked the new way of presenting policies. There was discussion about whether RF should have a third party review policies that involve risk to employees or finances, and Ms. Schaefer took it as an action item to review the universe of RF policies and see which ones may make sense to have a third-party review.

2024 Finance and Audit Committee Planner – Ms. Dowdell then led a discussion on the 2024 Finance and Audit Committee Planner (Planner), which is used to monitor and track the Committee's performance of the specific duties set forth in the Charter. She advised that the Committee has been fulfilling its duties and that everything is proceeding according to plan. Ms. Dowdell noted that she added the 401k audit review to the Planner since that is a new annual responsibility of the Committee.

Next Meeting – Chair Cass noted that the next Committee meeting will be on December 4, 2024 in Washington, DC.

Adjourn – Upon a motion duly made and seconded, Chair Cass adjourned the open session of the Committee meeting at 4:13 p.m. (ET). The Committee then went into a closed session and all guests that were not part of the Committee or RF employees excused themselves from the meeting.

Closed Session

Independent Accountant – Chair Cass and Ms. Klein led a discussion on the engagement of an independent account, RSM US LLP (RSM), to conduct a financial audit of RF and going forward plans. Chair Cass confirmed that there are no relationships between RF and RSM that would disqualify RSM from performing the audit. Chair Cass and Ms. Klein also reviewed the RSM Audit Arrangement Letter (item 10a in the agenda materials) and the RSM 2024 Audit Planning Letter (item 10b in the agenda materials). After discussion and upon a motion duly made and seconded, the Committee unanimously approved the letters.

Executive Session (Finance and Audit Committee and Beth Dowdell) – The Committee held an executive session with Ms. Dowdell to discuss confidential matters.

Executive Session (Finance and Audit Committee, Tim Gallagher, and Niki Schaefer) – Chair Cass and the Committee members held an executive session with Mr. Gallagher and Ms. Schaefer to discuss confidential matters.

Adjourn – Upon a motion duly made and seconded, Chair Cass adjourned the Committee meeting at 5:00 p.m. (ET).

As approved on this 4th day of December, 2024 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

Allison Archer • MISO
Mary Berkley • AEP
Beth Dowdell • ReliabilityFirst
Tim Gallagher • ReliabilityFirst
Diane Holder • ReliabilityFirst
Hue Deluca • ReliabilityFirst
Christi Klein • ReliabilityFirst
Marcus Noel • ReliabilityFirst
Niki Schaefer • ReliabilityFirst
Colleen Sidford • NERC Board of Trustees