



RELIABILITY FIRST

## Agenda

### Board of Directors • Finance and Audit Committee

April 30, 2025 • 3:10 PM – 5:10 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: Joanna Burkey, Chair
2. **Appoint Secretary to Record Minutes**  
Presenter: Joanna Burkey, Chair
3. **Antitrust Statement**  
Presenter: Joanna Burkey, Chair
4. **Approve Finance and Audit Committee Meeting Minutes** 3:15 PM  
Presenter: Joanna Burkey, Chair  
Reference: a) [Draft Minutes for the December 4, 2024 Finance and Audit Committee Meeting](#)  
b) [Draft Minutes for the March 20, 2025 Finance and Audit Committee Meeting](#)  
Action: **Approve Minutes**
5. **Financial Update** 3:20 PM  
Presenter: Beth Dowdell, Sr. Director Corporate Services  
Description: Ms. Dowdell will provide a 1<sup>st</sup> Quarter Financial Update presentation and review recent Statements of Activities and last year's cost to budget comparison.  
Reference: a) [Q1 Financial Update Presentation](#)  
b) [2025 1<sup>st</sup> Quarter Statement of Activities](#)  
c) [2024 4<sup>th</sup> Quarter Statement of Activities](#)  
d) [2024 Actual Cost to Budget Comparison](#)  
Action: Information and Discussion
6. **2024 Financial Audit** 3:30 PM  
Presenter: Mandy Pittman, RSM US LLP Certified Public Accountant  
Description: Ms. Pittman will present the results of the 2024 financial audit and periodic system review report.  
Reference: a) [RSM US LLP – 2024 Financial Report Draft](#)  
b) [RSM US LLP – Letter to Finance and Audit Committee](#)  
c) [RSM US LLP – Material Weakness and Significant Deficiencies Letter](#)  
Action: **Approve Audited Financial Statements**

**Finance and Audit Committee • Agenda  
April 30, 2025**

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| <b>7.</b>  | <b>Working Capital and Investment Analysis</b><br>Presenter: Christi Klein, Manager, Finance and Accounting<br>Description: Ms. Klein will present an analysis on the working capital and investment account.<br>Reference: <a href="#">Working Capital and Investment Account Analysis</a><br>Action: Information and Discussion  | 3:50 PM |
| <b>8.</b>  | <b>2025 Finance and Audit Committee Planner</b><br>Presenter: Beth Dowdell<br>Description: Ms. Dowdell will discuss the progress of activities in the 2025 planner.<br>Reference: <a href="#">Finance and Audit Committee Charter Planner and Performance of Specific Duties for 2025</a><br>Action: Information and Discussion  | 4:00 PM |
| <b>9.</b>  | <b>AI Strategy and Update</b><br>Presenter: Marcus Noel, VP and Chief Security Officer and Jeff Craigo, Sr. VP of Operations & Risk<br>Description: Mr. Noel and Mr. Craigo will provide the Committee with an update on how RF has been developing an AI strategy and on progress towards implementing AI solutions.<br>Reference: <a href="#">Presentation</a><br>Action: Information and Discussion | 4:05 PM |
| <b>10.</b> | <b>Next Regularly Scheduled Meeting</b><br>August 27, 2025 • Nemaocolin, PA  | 4:20 PM |

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**Closed Agenda**

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| <b>11.</b> | <b>2026 Business Plan and Budget</b><br>Presenter: Beth Dowdell<br>Description: Ms. Dowdell will present an overview of the 2026 Business Plan and Budget.<br>Reference: a) <a href="#">Presentation</a><br>b) <a href="#">2026 Business Plan and Budget, First Draft</a><br>Action: <b>Endorse the first draft 2026 Business Plan and Budget for Board approval.</b> | 4:25 PM |
| <b>12.</b> | <b>Investment Strategy</b><br>Presenter: Christi Klein<br>Description: Ms. Klein will lead a discussion with the Committee regarding RF's investment strategy for the working capital funds held at Glenmede.<br>Reference: <a href="#">Presentation</a><br>Action: Information and Discussion  | 4:40 PM |
| <b>13.</b> | <b>Executive Session (Finance and Audit Committee and Accounting Firm Representative Only)</b><br>Presenter: Joanna Burkey, Chair<br>Description: The Committee will hold an executive session with a representative from RSM US LLP.<br>Action: Information and Discussion   | 4:55 PM |
| <b>14.</b> | <b>Executive Session (Finance and Audit Committee Only)</b><br>Presenter: Joanna Burkey, Chair<br>Description: The Committee will hold an executive session to discuss confidential topics.<br>Action: Information and Discussion   | 5:05 PM |
| <b>15.</b> | <b>Adjourn</b>  | 5:10 PM |

## Roster • Finance and Audit Committee

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Joanna Burkey, **Chair** • Lead Independent (2025)  
Craig Creamean, Exelon (L-LSE • 2027)  
Nelson Peeler, Duke Energy (T • 2027)  
Ken Seiler, Independent (2026)  
Robert Taylor, Invenergy (AL • 2026)  
Joseph Trentacosta, Southern Maryland Electric Cooperative (AL • 2025)

**a) Draft Minutes for the December 4, 2024 Finance and  
Audit Committee Meeting**



RELIABILITY FIRST

## **DRAFT - Minutes**

### **Board of Directors • Finance and Audit Committee**

December 4, 2024

North American Electric Reliability (NERC) Offices  
1401 H St NW, Suite 410  
Washington, DC 20005

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#### **Open Session**

**Call to Order** – Vice Chair Jennifer Sterling called to order a duly noticed open meeting of the Finance and Audit Committee (Committee) on December 4, 2024 at 3:11 pm (ET). A quorum was present, consisting of the following members of the Committee: Vice Chair Jennifer Sterling, 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** – Vice Chair Sterling designated Hue DeLuca as the secretary to record the meeting minutes.

**Antitrust Statement** – Vice Chair Sterling advised all present that this meeting is subject to, and all attendees must adhere to, ReliabilityFirst's (RF) Antitrust Compliance Guidelines.

**Approve Minutes** – Vice Chair Sterling presented the draft minutes for the August 21, 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 presented the Third Quarter financials, sharing that RF is approximately \$1.07M (4.53%) under budget and that investments are performing well (with \$15K-\$25K/month coming from investments). Ms. Dowdell reported that RF is projecting to be ~\$553K (1.8%) under budget by year end. She also shared that the 2024 pre-work for the financial audit has been completed so the audit team can complete their field work more quickly in January. She also discussed that RF's transitioned its credit card program from JP Morgan Chase to Keybank, which is providing more flexibility and transparency to the administrators and the card holders.

**Working Capital and Investment Analysis** – Christi Klein, RF's Manager Accounting and Finance, presented an analysis on the working capital and investment account. Ms. Klein discussed the three types of reserves: the working capital reserve (to satisfy projected cash flow for daily operations), the operating reserve (intended for uncertain or unbudgeted expenditures), and the assessment stabilization reserve (penalties collected to stabilize future annual assessments). She provided a summary of the levels of each of these reserves, and reported

that the 2024 year end projection for total working capital is approximately \$10M. Chris Jeannot and David Joyce from Glenmede then joined the Committee meeting. Mr. Joyce, who oversees the account management, and Mr. Jeannot, the account representative, discussed the investment account performance and stated that it is earning as much yield as possible with low risk. Tim Gallagher, RF's President and CEO, requested that the Committee revisit the formal investment policy and guiding principles. Mr. Jeannot and Mr. Joyce from Glenmede requested for the Committee keep them informed of any changes to the investment strategy so they can execute the Committee's plan.

**Finance and Audit Committee Review of 2024 Charter Performance of Duties, 2025 Charter Planner, and Committee Charter** – Ms. Dowdell presented the draft Committee Charter Performance of Specific Duties, sharing that the Committee completed everything required in the Committee Charter for 2024. She presented a revision to the Committee Charter to edit a reference to the review of the line of credit (because RF has not had a line of credit in several years), and the Committee approved that revision. The Committee then discussed the 2025 Charter Planner and added a discussion of the 2025 investment strategy to the April 2025 meeting. Once the Committee discusses the investment strategy in April, it will determine how often this discussion should take place in the future.

**Next Meeting** – Vice Chair Sterling noted that the next Committee meeting will be on April 30, 2025, in Cleveland, OH.

**Adjourn** – Upon a motion duly made and seconded, Vice Chair Sterling adjourned the open session of the Committee meeting at 3:52 PM (ET). The Committee then went into closed session and all guests that were not part of the Committee or RF employees excused themselves from the meeting.

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## Closed Session

**Enterprise Risk Management Program** – Diane Holder, RF's Vice President, Entity Engagement and Corporate Services, discussed RF's Enterprise Risk Management (ERM) program and provided a summary of the 2024 activities that took place under the program. Ms. Holder introduced Marcus Noel, RF's Vice President and Chief Security Officer, and he discussed the Security team's method of identifying security risks in a new way. She shared that this new model will be used in 2025 for the other risk categories. Ms. Holder reported RF's top risks are now in Security, and shared additional information regarding those risks and mitigation strategies. She shared that the top risks outside of security are execution, staffing and organizational culture, and governance and independence. The Committee discussed whether cybersecurity risks should be broken out further within its own category to better understand the granularity of each risk. Ms. Holder noted that Ms. Klein has enhanced the approach to risks and controls and is now validating the level of detail. Vice Chair Sterling asked about the effectiveness of the controls under the top risks, and in response, Mr. Noel discussed further how RF evaluated risks and controls. Vice Chair Sterling guided the conversation, suggesting a shift in focus from inherent risk to residual risk. Ms. Holder concluded that corporate and industry

**Finance and Audit Committee Minutes**  
**December 4, 2024**

risks are separate at RF, but suggested that both inherent and residual risks can be reviewed during Committee ERM discussions.

**Review IRS Form 990 and Ohio Tax Filings** – Ms. Klein led a discussion of the 2023 Form 990 and Ohio tax filing and mentioned that former Chair Cass reviewed the filing with Ms. Klein before it was submitted. Materials were provided to the Committee for review and confirmation that the necessary filings were made.

**Executive Session** (Committee members and Mr. Gallagher) – The Committee held an executive session with Mr. Gallagher to discuss confidential matters.

**Executive Session** (Committee) – Vice Chair Sterling and the Committee members held an executive session to discuss confidential matters.

**Adjourn** – Upon a motion duly made and seconded, Vice Chair Sterling adjourned the Committee meeting at 5:15 p.m. (ET).

As approved on this 30<sup>th</sup> day of April, 2025 by the  
Finance and Audit Committee,

Niki Schaefer  
*Vice President General Counsel & Corporate  
Secretary*

## Attachment A

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### Others Present During the Finance and Audit Committee Meeting

Beth Dowdell • ReliabilityFirst  
Tim Gallagher • ReliabilityFirst  
Diane Holder • ReliabilityFirst  
Hue Deluca • ReliabilityFirst  
Christi Klein • ReliabilityFirst  
Marcus Noel ReliabilityFirst

**b) Draft Minutes for the March 20, 2025 Finance and  
Audit Committee Meeting**



RELIABILITY FIRST

PUBLIC

## **DRAFT - Minutes**

# **Board of Directors • Finance and Audit Committee**

## **Teleconference**

March 20, 2025

ReliabilityFirst Corporation • Cleveland, OH

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### **Open Session**

**Call to Order** – Chair Joanna Burkey called to order a duly noticed closed meeting of the Finance & Audit Committee (Committee) on March 20, 2025, at 1:00 p.m. (ET). A quorum was present, consisting of the following members of the Committee: Chair Joanna Burkey; Craig Creamean; 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 Burkey designated Niki Schaefer, ReliabilityFirst's (RF) Vice President & General Counsel, as secretary to record the meeting minutes.

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

**2026 Budget Assumptions and Operating Reserve** – Beth Dowdell, Senior Director Corporate Services, led a discussion on the 2026 budget assumptions and operating reserve. She opened by noting that in the appendix of the slide deck are the strategic plan and SWOT analysis that formed the basis of the budget assumptions. She then presented the 2026 budget timeline with the different steps of review and approval.

Next, she discussed the prior year's budget projections for 2026 and flagged some differences in medical benefits costs. Ms. Dowdell then shared some key initiatives that RF is working on in furtherance of its strategic plan, including cloud computing and migration, AI optimization and exploration, and grid monitoring, analysis, and reporting. Mr. Peeler shared that he is most interested in the financial impact on RF of these initiatives. Ms. Dowdell responded that the cloud-related initiatives are the result of end of life for some of RF's existing technology. She stated that AI initiatives will at first require more resources and will then result in efficiency gains; and that the monitoring, analysis and reporting initiative will require additional staff.

Ms. Dowdell then moved on to the next slide of initiatives related to energy policy, external outreach with stakeholders, and FERC Orders/Standard requirements, noting that existing

staff can perform some of this work. Mr. Taylor noted that it would be helpful to hear more about the plan to roll out Microsoft Copilot to all staff. Mr. Noel described RF's plan and discussed the low cost given the non-profit pricing RF was given. Ms. Dowdell noted that RF has a technology champion team to make sure RF employees are using Microsoft Copilot to realize efficiency gains.

Ms. Burkey asked how NERC and the Regions are handling the pressure associated with increased demands and balancing those demands with the work necessary to meet the core regulatory mandates. Ms. Dowdell answered by first describing the "start, stop, continue" exercise that RF executives engage in every year to look at the organization holistically and determine what new work can replace old work. Ms. Dowdell also shared that RF's headcount requests are consistent with other Regions.

The discussion then moved to budget composition, and Ms. Dowdell shared that 87% of the RF budget is driven by fixed costs such as salary and benefits. Ms. Dowdell then highlighted the key budget drivers, including employee merit increases, medical insurance increases, increasing meetings/travel, continued tabletop exercises, modernization of SharePoint and Azure to cloud solutions, and ongoing modeling studies.

Ms. Dowdell reported that RF realized \$300k of savings in 2025 when it switched to the current 18-month benefit plan, however there are a few large claims pending and the last medical insurance increase was only 10%, so RF is likely looking at a significant increase in medical costs. Mr. Gallagher noted that RF is too small to self-insure. Mr. Taylor asked if there was an opportunity to join forces with other Regions to get more competitive pricing and a discussion ensued about the challenges that that could present.

Ms. Burkey noted that the data she has been seeing for merit increases is between 0-3%. She asked if the 18% estimate is likely to stick, and Ms. Dowdell explained that it is hard to predict and that RF will receive a 2% discount on renewal. Mr. Gallagher explained that for the last few years, RF has enjoyed a significant reduction in the cost of benefits. Mr. Peeler asked if RF could translate the percentages into actual dollar amounts. Mr. Taylor asked about benchmarking benefit costs and Ms. Dowdell explained how the Talent and Compensation Committee benchmarks benefit costs. Mr. Trentacosta shared that he has seen data for 1-4% merit increases and medical insurance increases of 5-8%. Mr. Taylor shared that he has seen data for merit increases of 3.5-5%. Ms. Dowdell then discussed how meeting and travel expenses have remained flat for the past few years and that RF believes these costs will increase slightly in 2026. She also discussed software that the Regions had to purchase to do required modeling studies.

Ms. Dowdell then described the FTE due diligence process and the analysis that takes place that leads to an FTE request. She explained how that process led to 4 FTE requests for 2026, which includes an engineer, a communications specialist, a process coordinator, and a business analyst. She also walked the Committee through the overlap position that RF would like to convert to its official headcount.

Mr. Taylor asked what the communications specialist role will do, and Ms. Holder explained that this position is necessary due to increasing in-reach in the state outreach space and interested stakeholders beyond the traditional audience of the state outreach team (such as Chambers of Commerce). She also explained that given the increase in studies and modeling, there is a need to communicate that work with the public and RF needs additional resources to do that work.

Ms. Dowdell discussed budget risks and shared that in evaluating risks to the budget, RF prepared a budget that reflects the work RF needs to do regardless of the uncertainty of current actions of the administration. Mr. Gallagher asked for the Committee's thoughts on that approach and the Committee agreed that RF needs to identify, with a lean view, what needs to be done to achieve the mission. Mr. Gallagher noted that FERC must approve the budget.

Ms. Dowdell then discussed the early budget numbers which come in at \$35,889,331 for 2026, a 7.5% increase over 2025. That increase is made up of personnel expenses, operating expenses, travel and meetings, and fixed assets. She described the work the RF finance team performed to trim the budget, such as removing contract dollars and software purchases. There was then discussion about the right level of detail to provide to the Committee about the work behind the request for each of the FTEs.

Upon a motion duly made and seconded, the Committee unanimously approved the 2026 budget assumptions. Ms. Dowdell then discussed the operating reserve, and upon a motion duly made and seconded, the Committee unanimously approved the \$1 million operating reserve.

**Next Meeting** – Chair Burkey noted that the next Committee meeting will occur on April 30, 2025, in Cleveland, OH.

**Adjourn** – Upon a motion duly made and seconded, Chair Burkey adjourned the Committee meeting at 2:00 p.m. (ET).

As approved on this 30<sup>th</sup> day of April, 2025 by the  
Finance and Audit Committee,

Niki Schaefer  
*Vice President General Counsel & Corporate  
Secretary*

## Attachment A

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### Others Present at Nominating and Governance Committee Meeting

Tim Gallagher • ReliabilityFirst  
Niki Schaefer • ReliabilityFirst  
Diane Holder • ReliabilityFirst  
Jeff Craig • ReliabilityFirst  
Beth Dowdell • ReliabilityFirst  
Marcus Noel • ReliabilityFirst  
Christi Klein • ReliabilityFirst