



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

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.

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

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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 30th day of April, 2025 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

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