

## Minutes

### Board of Directors • Finance and Audit Committee

August 27, 2025

Nemacolin • Farmington, PA

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#### Open Session

**Call to Order** – Chair Joanna Burkey called to order a duly noticed open meeting of the Finance and Audit Committee (Committee) on August 27, 2025, at 3:15 pm (ET). A quorum was present, consisting of the following members of the Committee: Chair Joanna Burkey; Robert Taylor, Vice Chair; Bob Bradish; Craig Creamean; Nelson Peeler; Ken Seiler; 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 as the secretary to record the meeting minutes.

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

**Approve Minutes** – Chair Burkey presented the draft minutes for the April 30, 2025 and June 26, 2025 meetings, which were included in the agenda package. Upon a motion duly made and seconded, the Committee approved the minutes as presented, with the caveat to fill in the approval date.

**AI Rollout Progress Update** – Ms. Burkey began by explaining that given the decision to have AI Oversight fall under the purview of the Committee, and the desire for Melika Carroll to participate in those discussions given her background, going forward the Committee meetings will begin with an AI update in which Ms. Carroll will participate, and the Nominating and Governance Committee meeting will start later.

Ms. Burkey then handed the floor to Atif Usman, Director Analytics and Risk, who discussed his background in data analytics, AI, and machine learning. He discussed the AI principles that NERC and the Regions agreed upon to govern their use of AI, which are based on the NIST standards. Mr. Usman discussed key concepts in the AI principles, which include conducting risk assessments of AI systems, developing AI training, and maintaining appropriate human oversight. He went on to discuss Retrieval-Augmented Generation (RAG), which would be necessary for RF to be able to use outside data combined with internal data in a secure environment. The next steps related to RAG are to set up a temporary RAG environment using only public information, establish connections with internal knowledge bases, and test security and natural language questions and answers. Ms. Burkey asked how RF intends to test the efficacy of the tool. Mr. Trentacosta asked about air gapping and how RF intends to manage internal visibility into information. A discussion ensued about confidentiality and the importance

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of addressing data classification, specifically around what is confidential versus what is not, and maturing data classifications across the ERO. Ms. Carroll noted the importance of having control over permissions and making sure only people who require access have it.

**Financial Update** – Beth Dowdell, RF's Senior Director of Corporate Services, provided a financial update to the Committee. She reported that RF is \$792K (4.77%) under budget through June 30, 2025. Ms. Dowdell noted key variances in funding, personnel expenses, meeting expenses, and operating expenses. The end of year projection is that RF will be approximately 1% under budget, with key variances tied to funding (trending up), personnel expenses (trending down), meeting expenses (trending up), and operating expenses (trending down). She noted that budgeted travel expenses were flat in 2025 but in reality, those costs are rising, which is reflected in the 2026 budget. Ms. Dowdell shared that RF completed its 401k audit with no material deficiencies and that the Form 990 preparation is underway with a filing deadline of November 15. Ms. Burkey noted that RF now must do a 401k audit because it exceeds 100 plan participants.

**Working Capital and Investment Analysis** – Christi Klein, Manager Accounting and Finance, presented an analysis of RF's reserve and investment accounts. Ms. Klein discussed the different types of reserves that RF has, showing charts that illustrate the change in working capital over time. She explained that all penalties are received and recognized at the beginning of the year and that the lower use of working capital has also been helped by unplanned additional investment income. Ms. Klein also noted that \$500K of working capital was used at the beginning of the year, which is typical usage compared to prior years. The cyclical nature of RF's expenses is consistent with past years and is projected to continue. Ms. Klein explained that several significant expenditures, such as the Gartner subscription, are due at the beginning of the year.

**Review of Policies** – Ms. Klein led the yearly review of financial policies, noting minor grammatical changes to certain policies and the addition of Ms. Burkey's contact information to the Whistleblower Policy. Ms. Klein noted that there is employee training that takes place for the Fraud Policy. Ms. Schaefer discussed changes to RF's Antitrust Policy that the Regional general counsels and NERC's general counsel have been working on. The revisions mostly involve antitrust as it relates to employee hiring, wages and benefits. The revisions to the Antitrust Policy articulate parameters around discussing that information amongst the Regions, NERC, and registered entities, as well as some other miscellaneous edits. Ms. Schaefer shared that once the revisions are approved, she will deploy training to RF staff on the revisions and antitrust risk and mitigation in general. Ms. Burkey asked if the Board should have this training as well, and the Committee decided that this should occur and be added to the fiduciary duty training. A motion was made to approve the revised Antitrust Policy, which was unanimously approved.

**Next Meeting** – Chair Burkey noted that the next Committee meeting will be on December 3, 2025 in Washington, DC at the NERC offices.

**Adjourn** – Upon a motion duly made and seconded, Chair Burkey adjourned the open session of the Committee meeting at 4:00 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

**Independent Accountant RFP** – Ms. Burkey began by noting that Ms. Klein suggested a periodic audit and tax services RFP as a best practice in financial governance. Ms. Klein presented an overview of the RF RFP process and the ultimate decision to remain with RF's existing auditor RSM, but with a new partner within the firm for a fresh set of eyes. The prior partner will remain as the relationship partner to help transition the new partner. Ms. Klein shared details about next steps with the new partner at RSM. There was discussion about the cadence of the reviews and a decision that they should be considered every 5 years, with an RFP at least every 10 years.

**Cash Reserves and Investment Strategy** – Ms. Klein provided a summary of RF's corporate investment policy, and discussed RF's investment summary and allocation, which errs on the conservative side while also creating investment income. Over six years, RF has generated \$723K of interest income. Ms. Klein showed a chart predicting increased use of working capital followed by a decrease, while the operating reserve should remain at \$1 million. She discussed the assessment stabilization forecast, which shows a significant spike for 2026, but the percentage increase should decrease after that. She also noted projected budget increases and the trend of decreased penalties. There was discussion about the sufficiency of RF's operating reserve, which has never been used. Mr. Peeler asked what the right amount of working capital is. Ms. Klein shared that she thinks \$2 million should be a minimum, and the Committee shared thoughts on the appropriate working capital level. Mr. Peeler asked how working capital is used and how it fluctuates month to month. The Committee requested an analysis and proposal on how to approach working capital for the next meeting.

**Executive Session** (Finance and Audit Committee and Christi Klein) – The Committee held an executive session with Ms. Klein to discuss various items.

**Executive Session** (Finance and Audit Committee and Tim Gallagher and Niki Schaefer) – The Committee held an executive session to discuss confidential matters with Mr. Gallagher and Ms. Schaefer.

**Adjourn** – Upon a motion duly made and seconded, Chair Burkey adjourned the Committee meeting at 5:10 p.m. (ET).

As approved on this 3rd day of December 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

Jeff Craigo • ReliabilityFirst  
Beth Dowdell • ReliabilityFirst  
Tim Gallagher • ReliabilityFirst  
Diane Holder • ReliabilityFirst  
Christi Klein • ReliabilityFirst  
Niki Schaefer • ReliabilityFirst  
Atif Usman • ReliabilityFirst  
Tom Scanlon • ReliabilityFirst  
Matt Thomas • ReliabilityFirst  
Melika Carroll • Independent Board Member  
Becky Webb • Exelon  
Allison Archer • MISO  
Joan Soller • Wabash Valley Power Association