



RELIABILITY FIRST

Agenda

Board of Directors • Finance and Audit Committee

April 29, 2026 • 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** 3:12 PM
Presenter: Joanna Burkey, Chair
Reference: a) [Draft Minutes for the December 3, 2025 Finance and Audit Committee Meeting](#)
b) [Draft Minutes for the March 17, 2026 Finance and Audit Committee Meeting](#)
Action: **Approve Minutes**
5. **AI Strategy and Rollout Update** 3:15 PM
Presenter: Atif Usman, Director Analytics and Risk
Description: Mr. Usman will provide an update on the AI Principles adoption and AI rollout at ReliabilityFirst.
Reference: AI Strategy and Rollout Presentation
Action: Information and Discussion
6. **Financial Update** 3:30 PM
Presenter: Christi Klein, Finance & Accounting Manager and Treasurer
Description: Ms. Klein will present the 2025 FY and 2026 1st Quarter Statement of Activities.
Reference: a) 2026 SOA Presentation
b) 2026 1st Quarter Statement of Activities
c) 2025 4th Quarter Statement of Activities
d) 2025 Actual Cost to Budget Comparison
Action: Information and Discussion
7. **2025 Financial Audit** 3:35 PM
Presenter: Lori Kalic, RSM US LLP Certified Public Accountant
Description: Ms. Kalic will present the results of the 2025 financial audit and periodic system review report.
Reference: a) RSM US LLP – 2025 Financial Report Draft
b) RSM US LLP – Letter to Finance and Audit Committee; RSM US LLP –Material Weakness and Significant Deficiencies Letter; RSM US LLP –Three-year Quality Control Review
Action: **Approve Audited Financial Statements**

**Finance and Audit Committee • Agenda
April 29, 2026**

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| 8. | Working Capital and Investment Analysis | 3:55 PM |
| | Presenter: Christi Klein, Finance & Accounting Manager and Treasurer | |
| | Description: Ms. Klein will present an analysis on the working capital and investment account. | |
| | Reference: Working Capital and Investment Account Analysis | |
| | Action: Information and Discussion | |
| 9. | 2026 Finance and Audit Committee Planner | 4:05 PM |
| | Presenter: Christi Klein, Finance & Accounting Manager and Treasurer | |
| | Description: Ms. Klein will discuss the progress of activities in the 2026 planner. | |
| | Reference: Finance and Audit Committee Charter Planner and Performance of Specific Duties for 2026 | |
| | Action: Pre-read information only | |
| 10. | Next Regularly Scheduled Meeting | 4:05 PM |
| | August 26, 2026 • RF Offices | |

Closed Agenda

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| 11. | Reserve Strategy Guidelines | 4:10 PM |
| | Presenter: Christi Klein, Finance & Accounting Manager and Treasurer | |
| | Description: Ms. Klein will lead a discussion with the committee regarding RF's proposed working capital strategy guidelines. | |
| | Reference: Strategy Guidelines | |
| | Action: Information and Discussion | |
| 12. | 2027 Business Plan and Budget | 4:20 PM |
| | Presenter: Christi Klein, Finance & Accounting Manager and Treasurer | |
| | Description: Ms. Klein will present an overview of the 2027 Business Plan and Budget. | |
| | Reference: a) Presentation
b) Business Plan and Budget, First Draft | |
| | Action: Endorse the First Draft Business Plan and Budget for Board approval. | |
| 13. | Executive Session (Finance and Audit Committee and Accounting Firm Representative Only) | 4:50 PM |
| | Presenter: Joanna Burkey, Chair | |
| | Description: The Committee will hold an executive session with a representative from RSM US LLP. | |
| | Action: Information and Discussion | |
| 14. | Executive Session (Finance and Audit Committee and Tim Gallagher, Chief Executive Officer) | 4:55 PM |
| | Presenter: Joanna Burkey, Chair | |
| | Description: The Committee will hold an executive session with Tim Gallagher to discuss specific questions regarding current year activities. | |
| | Action: Information and Discussion | |
| 15. | Executive Session (Finance and Audit Committee Only) | 5:00 PM |
| | Presenter: Joanna Burkey, Chair | |
| | Description: The Committee will hold an executive session to discuss confidential topics. | |
| | Action: Information and Discussion | |
| 16. | Adjourn | 5:10 PM |

Roster • Finance and Audit Committee

Joanna Burkey, **Chair** • Lead Independent (2028)
Robert Taylor, **Vice Chair** • Invenergy (AL • 2026)
Doug Cannon • AEP Transmission (S • 2026)
Craig Creamean • Exelon (L-LSE • 2027)
Nelson Peeler • Duke Energy (T • 2027)
Ken Seiler • Independent (2026)
Paul Spicer • Wisconsin Electric Power Company (S • 2027)

Draft Minutes for the December 3, 2025 Finance and Audit Committee Meeting



RELIABILITY FIRST

PUBLIC

DRAFT - Minutes

Board of Directors • Finance and Audit Committee

December 3, 2025
Washington, DC

Open Session

Call to Order – Chair Joanna Burkey called to order a duly noticed open meeting of the Finance and Audit Committee (Committee) on December 3, 2025, at 3:10 pm (ET). A quorum was present, consisting of the following members of the Committee: Chair Joanna Burkey; Robert Taylor, Vice Chair; 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 Beth Dowdell 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 August 27, 2025, meeting, which were included in the agenda package. Upon a motion duly made and seconded, the Committee approved the minutes as presented.

AI Rollout Progress Update – Mr. Usman provided an update on current AI initiatives, including progress on the AI principles and focused AI pilot programs. He reported that RF is working closely with NERC and the other regions to refine and implement the AI principles and ensure consistency across the ERO Enterprise. Mr. Usman also discussed a recent pilot of the Copilot tool, where Copilot responded to questions on limited disclosure data with approximately 70% accuracy and quickly summarized documents. However, Copilot struggled when handling spreadsheets and complex data formats, highlighting the need for improved prompt engineering and potential use of specialized AI agents or cloud-based models. Mr. Usman also discussed a second pilot using Microsoft Fabric and Power BI, which performed impressively with structured data.

He concluded by sharing next steps in the AI space, including changes to data storage formats and potentially training AI models on internal data while maintaining data privacy restrictions. Questions and discussion followed regarding data storage and AI adoption.

Financial Update – Beth Dowdell, RF's Senior Director of Corporate Services, provided a financial update to the Committee. She reported that as of September 30th, RF was 3.2% (\$810K) under budget. Key budget variances included stronger-than-expected investment and checking

Finance and Audit Committee Minutes
December 3, 2025

account performance resulting in additional interest income, and lower personnel costs due to reduced healthcare expenses and the timing of new hires and training initiatives. Increased travel costs led to an increase in meeting expenses, and lower operating expenses reflect the timing of scheduled projects and savings from performing more work internally rather than contracting.

Ms. Dowdell shared that travel costs are being analyzed for future budgets, with plans to separate audit-related travel from other travel to improve budget forecasting. She then covered the year end projections, sharing that RF projects to be about 1% (\$331K) under budget, with continued increased funding, lower personnel costs, and higher meeting expenses.

RF made the strategic decision to complete the laptop refresh in 2025, incurring the full cost this year and resulting in approximately \$100,000 in savings for 2026. Ms. Dowdell concluded by sharing that the annual audit process began early to reduce field work in January, and the 2027 budget cycle is now underway.

Working Capital and Investment Analysis – Christi Klein, Manager Accounting and Finance, provided an update on working capital and the investment portfolio, joined by representatives from Glenmede, RF's investment advisors. She discussed how RF's reserves are projected to remain strong through the end of the year, with allocations for both operating needs and restricted purposes. The change in working capital (total funding less total budget) is expected to exceed budgeted levels, primarily due to higher investment income and cost savings realized during the current year. Related to the investment portfolio, Ms. Klein reported that no additional portfolio liquidations have occurred since the first quarter, and routine liquidation is anticipated in the first quarter of 2026 to cover annual cash outflows. Operating cash flow has remained consistent over the past five quarters, with higher deposits and withdrawals occurring in the first quarter due to the transfer of unrestricted penalties and one-time cash outflows.

Frank Aoli, William Keane, and David Joyce joined from Glenmede to provide an annual overview of the investment portfolio performance. They confirmed that RF's investment strategy prioritizes safety, liquidity for periodic distributions, and competitive returns. The RF portfolio has achieved a 4% return over the past year, in line with short-term bond benchmarks. The RF portfolio is structured to maintain liquidity, with maturities aligned to anticipated cash needs. The Glenmede team discussed how the current approach limits bond maturities to three years to balance yield and risk. As interest rates are expected to decline, future returns may be lower. The Glenmede team will continue to monitor cash flow needs and adjust the RF portfolio, as necessary. The Committee expressed appreciation for Glenmede's stewardship and partnership with RF.

Annual Review of Charter and Performance of Activities for 2025 – The Committee conducted its annual review of the Committee Charter and the Committee Charter Planner (Planner), to confirm the Committee met all responsibilities and requirements for the year. Ms. Dowdell highlighted one minor change to Section 5 of the Committee Charter to update the executive session contact to reflect the new reporting structure, replacing Diane Holder's title with Jeff Craigo's.

The Committee reviewed the Planner and confirmed it was complete for the year, with all assigned tasks accomplished. Items not required this year will be addressed in the next annual cycle. A motion to approve the Planner was made, seconded, and unanimously carried. The draft 2026 Planner was then introduced for future use.

Next Meeting – Chair Burkey noted that the next Committee meeting will be on April 29, 2026, at the RF offices.

Closed Session

Enterprise Risk Management Program – Jeff Craig, Senior Vice President, Operations and Risk provided an update on Enterprise Risk Management (ERM), a key Committee oversight responsibility. He discussed RF's four ERM risk categories: Security & Confidentiality, Staffing & Organizational Culture, Execution, and Governance, and how RF restructured its risk teams to enhance expertise and leadership development. Mr. Craig also noted that RF has updated all risk registers to reflect new and emerging threats, trends, mitigating activities, and whether additional resources were needed. On November 13, an annual ERM review session took place where risk owners presented their top risks, discussed any significant changes to risks, and evaluated residual risk levels. Mr. Craig reported that positive trends were observed in workforce engagement, technology adoption, and operational improvements. The ERM team continues to monitor emerging issues and is implementing actions to address new and evolving risks as needed.

Mr. Craig presented a heat map of risks that showed no significant changes in inherent risk between 2024 and 2025, and a decrease in overall residual risk, particularly in security. The Committee agreed to continue annual ERM review sessions and regular updates to risk registers. Directors were encouraged to periodically assess risk appetite and residual risk levels. No major concerns were identified, and the Committee will maintain its current approach, with openness to future suggestions for highlighting significant risks and mitigation actions.

Cash Reserves and Investment Strategy – Ms. Klein presented on RF's cash reserves, and shared that penalty funds available to offset the budget have declined over time, and the organization does not rely on penalties for financial planning. She shared that the current reserve policy requires maintaining either 10% of the budgeted year's expenses or a minimum of \$1 million in operating reserves, and historically, a \$1 million reserve has been maintained. The working capital is managed to meet projected cash flow needs, and RF's reserves are among the lowest, as a percentage of budget, compared to other regional entities.

Ms. Klein discussed two budget scenarios, one using working capital reserves and one without showing the impact on the budget and assessment increases, along with cash reserves. She shared that maintaining three to four months of reserves aligns with industry best practice and provides a buffer for emergencies, as external funding requests can take up to 90 days for approval. The Committee agreed that a flexible guideline, rather than a rigid policy, should be developed to manage reserve levels, balancing financial stability with stakeholder impact.

Finance and Audit Committee Minutes
December 3, 2025

Further analysis will be conducted as new budget data becomes available, and a draft guideline will be presented to the Committee for review in the coming months.

No major changes to reserve levels were recommended at this time. The Committee expressed appreciation for the analysis and will continue to monitor and adjust as needed.

Review of IRS Form 990, Ohio Tax Filings, and 2025 Audit Planning – Ms. Klein reported that the 2024 Form 990 and Ohio tax filings were successfully completed and filed in early November, and that there were no significant changes from prior years. The Committee reviewed the confidential version of the Form 990 (a public version will be released later). The filing process included a thorough review by Ms. Klein, RSM, and Committee leadership.

Executive Session (Finance and Audit Committee and Tim Gallagher) – The Committee held an executive session with Mr. Gallagher to discuss various items.

Executive Session (Finance and Audit Committee Only) – The Committee held an executive session to discuss confidential matters.

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

As approved on this 29th day of April 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

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

Draft Minutes for the March 17, 2026 Finance and Audit Committee Meeting



RELIABILITY FIRST

PUBLIC

Minutes

Board of Directors • Finance and Audit Committee

Teleconference

March 17, 2026

ReliabilityFirst Corporation • Cleveland, OH

Open Session

Call to Order – Chair Joanna Burkey called to order a duly noticed closed meeting of the Finance & Audit Committee (Committee) on March 17, 2026, at 10:00 a.m. (ET). A quorum was present, consisting of the following members of the Committee: Chair Joanna Burkey; Vice Chair Robert Taylor; Doug Cannon; Craig Creamean; and Nelson Peeler. 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.

2027 Budget Assumptions and Operating Reserve – Jeff Craigo, SVP Operations and Risk, and Christi Klein, Finance and Accounting Manager and Treasurer, presented the 2027 budget assumptions. Mr. Craigo began by discussing key processes that inform RF’s budget. He first described the FTE analysis performed by RF, given that staff is the largest cost driver. He also described the “start, stop, continue” exercise performed by leadership, which he described as more of a “stop, stop, stop” this year to trim the budget.

Mr. Taylor asked if there was any focus on things to start that could result in budget savings, and Mr. Craigo and Mr. Gallagher said that there is investigation of technology deployment that could result in further cuts to the budget due to efficiency gains from usage of that technology. Ms. Burkey asked about repurposing existing employees or not backfilling existing roles. Mr. Craigo responded that an open Senior Director role is being repurposed, a communication manager role is not being pursued, and a legislative aide role will be assumed by an existing employee. Mr. Craigo then discussed eliminating the intern program in 2027 for over \$100k in company savings.

Mr. Creamean asked about cross-functional work and how RF leverages skillsets across the organization, and Mr. Craigo and Mr. Gallagher described the necessity of doing so at a

small company. Mr. Taylor asked about contingency plans since the budget cuts are eroding organizational margins. Mr. Craigo discussed employee development and Mr. Gallagher discussed that this is a known risk in a lean organization.

Mr. Craigo then moved on to initiatives that are affecting RF's budget: cloud computing/migration, AI optimization/exploration, Align/SEL work, energy policy work, external outreach activities, and impactful FERC orders and NERC standards.

Mr. Cannon asked about the need for additional cyber protections, and Mr. Noel answered by discussing RF's defense-in-depth strategies, penetration testing, and following general best practices around security. He explained that cybersecurity excellence is core to RF's work, and Ms. Burkey mentioned that the fact that Mr. Noel reports directly to Mr. Gallagher as CSO is evidence of that. Mr. Gallagher added that security is central in consideration of the use of AI in ERO work.

Mr. Peeler queried whether RF's listed initiatives align with NERC's, and whether certain low risk work can be eliminated in the name of embracing mitigation of emerging risks. Mr. Gallagher answered that RF's initiatives are fully aligned with NERC's, and that some of RF's priorities have become NERC priorities, such as cold weather visits and state tabletop exercises (now requested by NARUC). Mr. Gallagher discussed NERC's willingness to streamline certain processes, particularly in the enforcement areas. He also mentioned efforts to improve reporting and reliability assessments. Mr. Gallagher suggested that this topic be brought up at the ERO board leadership meeting, and Ms. Burkey and Mr. Peeler agreed to meet again on this topic.

Mr. Craigo then discussed key budget reductions, such as no new FTEs and hosting more meetings onsite. Following that, he spoke about risks to the budget such as hurdles presented by tools like Align and the SEL, complexity of IBR registrations, and the unavoidable rise of medical costs.

Ms. Klein then transitioned to RF's budget composition, noting that fixed costs such as staff and RF's building lease drive 87% of the budget. She noted that RF owns minimal assets and does not have a line of credit because it is unnecessary.

For the assumed employee merit increase, Ms. Klein explained why RF budgeted 4.5% (4% merit increase; .5% for market adjustments). Mr. Creamean asked about how RF arrived at 4% and Ms. Klein explained that number is inclusive of planned promotions, and that without the promotions it is closer to 3.2%. Mr. Gallagher noted that some people at RF may be below market in their pay and therefore will need to be adjusted through this budget line item.

Ms. Klein then noted that RF budgeted 25% for medical insurance increases given the signals from the market and because RF employees' usage of medical benefits is not favorable to discounted rates. She also discussed an assumed 25% increase in travel costs (partially offset by increasing the number of meetings held at RF). Mr. Cannon asked about

opportunities to reduce travel costs and whether RF has considered reducing the number of people going to conferences. Ms. Klein explained that RF is reducing the number of people attending events but also needs to right size travel budgets that were too low in prior years. She explained that for years the travel budget was flat during a time period when actual costs jumped significantly, a sentiment echoed by Ms. Burkey. Mr. Gallagher noted that the August board meeting is being held at RF and that the RF management meeting is no longer held offsite.

Mr. Peeler asked for dollar numbers and the percentage of budget associated with the increases being discussed so that the Committee has more context for the numbers, which Ms. Klein said she would provide.

Ms. Klein then moved to a slide showing that preliminary budget numbers have a 5.4% increase over 2026 which equates to approximately \$1.9 million, with \$1.5 million of that related to personnel expenses. The total budget for 2027 would be \$37,786,218.

Ms. Klein then showed a slide which captured the entirety of the discussed budget assumptions for approval. The budget assumptions are: (1) merit, promotions and market adjustments increase of 4.5%, (2) medical cost increase of 25%, (3) increases in travel and overall inflation costs, (4) continued use of contractors and consultants to assist with work overflow, (5) funding of NERC-led Align and SEL enhancement project of \$100,000, and (6) increases in computer software costs and continued investment in cloud initiatives and AI.

Mr. Cannon asked about the medical cost increase of 25% and whether that was set in stone. Mr. Gallagher noted that this is the best estimate RF has right now and may change by a percentage or two. A motion to approve the budget assumptions was made, seconded and unanimously approved.

Ms. Klein then noted that RF is continuing to review the assessment strategy and will have a recommendation in the next few weeks.

Ms. Klein then discussed RF's operating reserve and the circumstances and approvals required to utilize it. She noted the recommendation of the \$1 million operating reserve, which has never been accessed. A motion to approve the \$1 million operating reserve was made, seconded and unanimously approved.

Ms. Burkey then walked the Committee through the timeline for RF's budget.

Next Meeting – Chair Burkey noted that the next Committee meeting will occur on April 29, 2026, in Cleveland, OH.

Adjourn – Upon a motion duly made and seconded, Chair Burkey adjourned the Committee meeting at 11 a.m. (ET).

**Finance and Audit Committee Minutes
March 17, 2026**

As approved on this 29th day of April, 2026 by the
Finance and Audit Committee,

Niki Schaefer
*Vice President General Counsel & Corporate
Secretary*

Attachment A

Others Present at Nominating and Governance Committee Meeting

Tim Gallagher • ReliabilityFirst
Niki Schaefer • ReliabilityFirst
Diane Holder • ReliabilityFirst
Jeff Craigo • ReliabilityFirst
Christi Klein • ReliabilityFirst
Marcus Noel • ReliabilityFirst