RELIABILITY FIRST

Agenda
Board of Directors • Finance and Audit Committee
August 26, 2026 • 3:10 PM – 5:10 PM (ET)

Inn Walden
1119 Aurora Hudson Rd
Aurora, Ohio 44202

Room: Jodhpurs Lounge
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
Presenter: Joanna Burkey, Chair
Reference: Draft Minutes for the April 29, 2026 Finance and Audit Committee Meeting
Action: Approve Minutes

5. Financial Update 3:15 PM
Presenter: Christi Klein, Senior Manager, Finance & Accounting and Treasurer
Description: Ms. Klein will present the 2026 2nd 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) 2026 2nd Quarter Financial Update Presentation
b) 2026 2nd Quarter Statement of Activities
Action: Information and Discussion

6. 401(k) Plan Audit and Form 5500 3:30 PM
Presenter: Christi Klein, Senior Manager, Finance & Accounting and Treasurer
Description: Ms. Klein will review the results of the 2025 401(k) Plan financial audit.
Reference:
a) 401(k) Plan Audit Presentation
b) DoerenMayhew 401(k) Plan AU-C 260 Audit Letter
c) DoerenMayhew 401(k) Plan Management Comment Letter
d) ReliabilityFirst Corporation 401(k) Plan Financial Statements
Action: Information and Discussion

7. Working Capital and Investment Analysis 3:45 PM

Presenter: Christi Klein, Senior Manager, Finance & Accounting and Treasurer
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.
Reference: Working Capital and Investment Account Analysis
Action: Information and Discussion

8. Review of Policies 3:55 PM

Presenter: Christi Klein, Senior Manager, Finance & Accounting and Treasurer
Description: Ms. Klein will review all the financial policies and provide updates for any recommended changes. According to the Finance and Audit Committee Charter guidelines, the Committee is required to annually review all financial policies. This is important to ensure that the policies keep pace with the current business environment and reflect any changes that have occurred throughout the year.
Reference:
a) Summary
b) Whistleblower Policy
c) Fraud Policy and Procedure
d) Policy on Investment of Corporate Funds
e) Code of Conduct
f) Policy on Personnel Conflicts Related to Entity Employment and Certain Financial Interest in Entities
g) Policy and Procedure on the Working Capital and Operating Reserve

Action: Review and Discuss any Recommended Changes

9. Appendix

Reference:
a) Finance and Audit Committee Charter Planner and Performance of Specific Duties for 2026

10. Future Meetings 4:00 PM

December 2, 2026 • Washington D.C.• NERC Offices

Closed Agenda

11. Corporate Insurance Program Review 4:05 PM

Presenter: Austin Bennett, Risk Advisor, Taylor Oswald
Description: Mr. Bennett will review ReliabilityFirst’s corporate insurance program to inform the Committee of the types of corporate policies held by ReliabilityFirst and trends in the insurance industry.
Reference: Corporate Insurance Policy Presentation
Action: Information and Discussion

12. Independent Accountant 4:25 PM
Presenter: Christi Klein, Senior Manager, Finance & Accounting and Treasurer
Description: Ms. Klein will discuss the 2026 independent public accountant audit arrangement and planning letters.
Reference:
a) 2026 Audit Plan Presentation
b) RSM US LLP – 2026 Audit Engagement Letter
c) RSM US LLP – 2026 Planning Letter
Action: Approve Letters

13. Pan-ERO Financial Update 4:30 PM
Presenter: Tim Gallagher, President & CEO
Description: Mr. Gallagher will provide an ERO-centric financial update.
Action: Information and Discussion

14. Executive Session (Finance and Audit Committee and Christi Klein, Senior Manager, Finance & Accounting and Treasurer) 4:40 PM
Presenter: Joanna Burkey, Chair
Description: The Committee will hold an executive session with Ms. Klein to discuss specific questions regarding the current year's activities.
Action: Information and Discussion

15. Executive Session (Finance and Audit Committee and Tim Gallagher, President and CEO) 4:50 PM
Presenter: Joanna Burkey, Chair
Description: The Committee will hold an executive session with Mr. Gallagher to discuss specific questions regarding the current year's activities.
Action: Information and Discussion

16. 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 matters.
Action: Information and Discussion

17. 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 • 2026)

RELIABILITY FIRST

Minutes
Board of Directors • Finance and Audit Committee
April 29, 2026

ReliabilityFirst Corporation • Cleveland, OH

Open Session

Call to Order – Chair Joanna Burkey called to order a duly noticed open meeting of the Finance and Audit Committee (Committee) on April 29, 2026 at 3:10 pm (ET). A quorum was present, consisting of the following members of the Committee: Chair Joanna Burkey; Vice Chair Robert Taylor; Doug Cannon; Craig Creamean; Nelson Peeler; Ken Seiler; and Paul Spicer. A list of others present during the Committee meeting is set forth in Attachment A.

Appoint Secretary to Record Minutes – Chair Burkey designated Kristen Senk 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 December 3, 2025 and March 17, 2026 meetings, which were included in the agenda package. Upon a motion duly made and seconded, the Committee approved the minutes as presented.

AI Strategy and Update – Atif Usman, Director Analytics and Risk, provided an update on AI strategy and activities. He started with the vision for the use of AI at RF, which includes enhancing operational efficiency, risk management, and compliance through AI insights and automation. Mr. Usman then discussed three key strategies, including a business-driven AI portfolio, a strong data and technology foundation to ensure data is appropriately protected, and responsible adoption and ERO-aligned governance and training.

There was then a discussion regarding tracking adoption of AI, and Mr. Usman noted that this is something RF is doing at the use-case level. Regarding data protection, there was a discussion on security controls relating to labeling and confidential data. Marcus Noel, RF's Vice President and Chief Security Officer, explained the technical controls to ensure the information classification policy is followed, including reporting and enforcing labeling, and technical controls to prevent confidential data from going into Copilot.

Mr. Usman then discussed multiple phases of AI use cases and noted that future use cases involve using sensitive data and are therefore currently on hold.

Financial Update – Christi Klein, Finance and Accounting Manager and Treasurer, provided an update on Q1 2026 financials, noting that RF is currently 2.7% under budget. She shared that some variances where RF is under budget for meetings, travel, and operating expenses are due to the timing of planned activities. Ms. Klein noted that for funding, RF is very close to budget, and for full-year projections, RF is expected to be 0.73% under budget.

She then discussed 2025 financials, noting that RF was 0.8% under budget, largely due to tightening projections and RF's Finance and Accounting Department working closely with managers to better develop a true forecast. In 2025, RF was slightly under budget on personnel (-0.8%), and over on meetings and travel (6.6%), mostly due to increased cost of hotels and airfare. Ms. Klein reported that RF is also projecting to be slightly over budget in 2026 on travel costs, but was able to save some money in the 2026 budget by accelerating the purchase of computers in 2025 (budgeted for 2026).

There was a discussion about other at-risk areas, including medical, but Ms. Klein noted that RF budgeted for a large increase in 2026 based on early discussions with RF's broker. Ms. Burkey shared that the Compensation Committee received a thorough presentation from RF's medical broker regarding increased costs. Finally, on funding for 2025, RF received more funding from interest than budgeted.

Ms. Klein concluded by sharing Q1 2026 highlights, which included completing the 2025 financial statement audit, completing the 2027 Business Plan and Budget draft, and preparing for the 2025 401k plan audit, which will occur in Q2 2026.

Mr. Cannon asked whether it is possible to consolidate medical benefits with the other Regions and NERC. Mr. Gallagher noted that this possibility has been discussed but has not made progress. Ms. Klein also noted that RF is part of the ERC network, which is not the same as consolidating across the ERO, but does help.

2025 Financial Audit – Lori Kalic, Partner, and Hallie Pallante, Senior Manager, from RSM US LLP Certified Public Accountants, presented the results of the 2025 audit to the Committee. Ms. Kalic noted that it was a clean audit. She noted that there was some communication regarding significant risks and that revenue recognition is inherently a significant risk given its complexity, and not because of a lack of controls.

Ms. Kalic reviewed the Letter to the Finance and Audit Committee (included in the agenda package) and the auditors' conclusion that there were no material weaknesses. Ms. Pallante then discussed the audit report, noting some of the changes from the prior year in cash, investments, and total liability. She reviewed the statement of activities, again noting some changes from the prior year, including that increased headcount drove an increase in expenses.

There was then a discussion regarding overall satisfaction with RF's audit preparations, and Ms. Kalic noted that her firm was able to sufficiently perform the audit and prepare the report without issue.

Upon a motion duly made and seconded, the Committee approved the audited financial statements.

Working Capital and Investment Analysis – Ms. Klein shared a graph showing the summary of reserves, with projected decreases in Working Capital and Working Capital Reserves. She noted that RF has been using some Working Capital Reserves to offset the budget. Ms. Klein then discussed changes in Working Capital due to funding being slightly higher than expenses in the first quarter. She then discussed the investment portfolio and noted the dip in the investment portfolio that was consistent with the market, and reported that the investment allocation has not changed. She noted that RF liquidated $1.5M in Q4 2025 to cover one-time cash expenditures in Q1 2026.

Ms. Burkey noted that she appreciated how the information was presented, particularly the visualization of cash flow.

2026 Finance and Audit Committee Planner – Ms. Burkey referenced the pre-read material relating to the progress of Committee activities in 2026.

Next Meeting – Chair Burkey noted that the next Committee meeting will be on August 26, 2026 in Cleveland at the RF offices.

Adjourn – Chair Burkey adjourned the open session of the Committee meeting at 4:13 p.m. (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

Working Capital Strategy Guidelines – Ms. Burkey discussed the history of the Working Capital Reserve. Ms. Klein then led a discussion with the Committee regarding RF's Working Capital Strategy Guidelines. She shared best practices for nonprofits and regulated organizations in this area to ensure cash flow continuity during unexpected revenue delays, economic downturns, or emergency expenditures.

Ms. Klein then discussed the recommendation to, at a minimum, keep a combined Working Capital and Operating Reserve of 45-60 days of cash requirements, equivalent to 12-16% of RF's annual budget, and maintain an Operating Reserve minimum of $1 million. This would maintain total reserves at a level sufficient for RF to continue as a going concern, ensuring the organization could meet its financial obligations for at least the next 12 months. She shared that compared to other Regions, RF is currently the lowest in terms of Working Capital and Operating Reserve, and that RF will re-evaluate reserve levels at least annually. Ms. Klein noted the proposal is conservative and RF could potentially support a proposal for a larger reserve, but the proposal of 45-60 days of cash requirements is appropriate given the risks and other variables. The Committee agreed that the proposal was appropriate.

There was then a discussion regarding the impact of assessments on the budget, and the history of leveling assessments for predictability.

2027 Business Plan and Budget – Ms. Klein presented an overview of the 2027 Business Plan and Budget. She began by discussing the previously approved budget assumptions. She reported that the 2027 budget is a 5.4% increase over 2026, with a 14% assessment increase over 2026. Ms. Klein noted that fixed costs (staffing, salary, benefits, and the lease) drive approximately 87% of the budget, and discussed key budget drivers such as direct salaries, medical insurance, travel, Align and SEL enhancements, increased state outreach and winterization visits, and software and hardware for ongoing modeling studies. She discussed 2028 and 2029 budget projections and the assumptions associated with each projection level.

Ms. Klein then discussed an asset stabilization analysis. She noted that since 2015, RF has used the Working Capital Reserve to help stabilize assessments, but this caused a reduction in the Working Capital Reserve. As a result, RF is proposing to increase assessments for 2027 to help fund the reserve and continue stabilizing assessments. The Committee then discussed other potential approaches to determining assessment amounts, including setting assessments equal to the budget and handling penalties separately, or reducing assessments pursuant to collected penalty amounts as opposed to attempting to level assessments over time. The Committee determined that they would not make changes to the strategy for the 2027 budget and would continue the discussion of potential future changes at the next Committee meeting.

Upon a motion duly made and seconded, the Committee endorsed the First Draft Business Plan and Budget for full Board approval.

Executive Session (Finance and Audit Committee and Accounting Firm Representative)
The Committee held an executive session with Lori Kalic from RSM to discuss the financial audit in more detail.

Executive Session (Finance and Audit Committee and Tim Gallager) – Chair Burkey and the Committee members determined that an executive session with the Committee and Mr. Gallagher was not necessary for this meeting.

Executive Session (Finance and Audit Committee Only) – Chair Burkey and the Committee members held an executive session to discuss confidential matters.

Adjourn – Upon a motion duly made and seconded, Chair Burkey adjourned the Committee meeting at 5:35 p.m. (ET).

As approved on this 26th day of August, 2026 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
Tim Gallagher • ReliabilityFirst
Diane Holder • ReliabilityFirst
Christi Klein • ReliabilityFirst
Marcus Noel • ReliabilityFirst
Kristen Senk • ReliabilityFirst
Atif Usman • ReliabilityFirst