



Texas Reliability Entity, Inc.
Board of Directors Audit, Governance, Risk, and Finance Committee
Meeting Agenda

February 25, 2026, at 11:30 a.m. Central Time **
 8000 Metropolis Drive, Building A, Suite 300, Austin, Texas 78744

WebEx Link:

<https://texasre.webex.com/texasre/j.php?MTID=m3ef26da124501fbf116b2fe57448ae25>

Call-In: +1-855-797-9485

Item	Audit, Governance, Risk, and Finance Committee Meeting
1.	Call to Order <i>Suzanne Spaulding, Chair</i>
2.	<u>Antitrust Admonition*</u> <i>Thad Crow, Communications and Training Coordinator</i>
3.	<u>Approval of December 10, 2025, Meeting Minutes*</u> (Vote) <i>Suzanne Spaulding, Chair</i>
4.	<u>Financial Report*</u> <i>Donna Bjornson, Vice President, Chief Financial Officer</i>
5.	<u>Human Resources Report*</u> <i>Kara Murray, Director, Human Resources</i>
6.	Future Agenda Items & Other Business <i>Suzanne Spaulding, Chair</i>
7.	Approval of December 10, 2025, Executive Meeting Minutes* (Vote) <i>Suzanne Spaulding, Chair</i>
8.	Discussion of other confidential matters including ethics or personnel issues, confidential legal matters, negotiations, contracts and leases, or other business of the Committee involving confidential information <i>Suzanne Spaulding, Chair</i>
Adjourn Meeting	

* Background material may be distributed electronically prior to or at meeting.

** Start and end times may be adjusted should meetings conclude early or extend past their scheduled end time.



Antitrust Compliance Reminder

Because this event brings together market participants who may be viewed as actual or potential competitors, we must be mindful to conduct it in a manner that is consistent with the antitrust and competition laws. Participants should not disclose non-public, proprietary, or competitively sensitive information.

Attendees should exercise independent judgment and avoid even the appearance of discussions of agreements or concerted actions that may be viewed as restraining competition. For example, avoid discussions regarding current or potential vendors or suppliers that involve sensitive information like pricing or terms, or discussions involving employee wages or hiring decisions. Any company decisions that are informed by your discussions today must be made independently.

This guidance is not intended as legal advice, and each attendee is responsible for seeking their own legal advice with respect to compliance with applicable antitrust and competition laws. However, any questions on Texas RE's Antitrust Compliance Corporate Policy may be directed to Texas RE's General Counsel.



**DRAFT MINUTES OF THE
TEXAS RELIABILITY ENTITY, INC. BOARD OF DIRECTORS
AUDIT, GOVERNANCE, RISK, AND FINANCE COMMITTEE**

December 10, 2025

Committee Members

Crystal Ashby	Committee Chair, Independent Director (remote)
Jeff Corbett	Board Chair, Independent Director
Suzanne Spaulding	Board Vice Chair, Independent Director
Milton Lee	Independent Director

Other Board Member Attendees

Jim Albright, President and CEO
Curt Brockmann, Member Representatives Committee Chair
Daniela Hammons, Member Representatives Committee Vice Chair

Texas RE Attendees

Joseph Younger, Vice President and Chief Operating Officer
Derrick Davis, Vice President, General Counsel and Corporate Secretary
Donna Bjornson, Vice President and Chief Financial Officer
Kara Murray, Director, Human Resources
Paul Curtis, Deputy General Counsel and Assistant Corporate Secretary
Matt Barbour, Manager, Communications and Training

Other Attendees

Additional Texas RE Staff and other individuals attended in person or via public teleconference.

Call to Order

Pursuant to notice duly given, the meeting of the Texas Reliability Entity, Inc. (Texas RE) Board of Directors (Board) Audit, Governance, Risk, and Finance Committee (Committee) convened on December 10, 2025. Chair Ashby determined that a quorum was present and called the meeting to order at 11:02 a.m. Central Time.

Antitrust Admonition

Thad Crow reviewed the antitrust admonition and reminded attendees to abide by Texas RE's antitrust guidelines.

Approval of May 14, 2025, Audit, Governance, Risk, and Finance Committee Meeting Minutes

Suzanne Spaulding made a motion to approve the May 14, 2025, Audit, Governance, Risk, and Finance Committee meeting minutes. Milton Lee seconded the motion. The motion passed by unanimous voice vote.



Financial Report

Donna Bjornson presented the Financial report. She said Texas RE's total expenses at the end of October 2025 were approximately \$2.2 million less (12.6 percent less) than budgeted, due in part to staff vacancies and lease and building maintenance costs.

Human Resources Report

Kara Murray presented the Human Resources report. She said that for the third year in a row, Texas RE received a Top Workplaces award from the Austin American-Statesman. Ms. Murray also said that Jim Albright, President and CEO, received a Leadership Award from the newspaper. Regarding the labor report, Ms. Murray said Texas RE filled three positions in the months of August through November, 2025, and had two positions open: an O&P Compliance Engineer/Analyst and a SharePoint Architect.

Future Agenda Items & Other Business

None.

Adjournment

At 11:21 a.m., Chair Ashby closed the open portion of the meeting and convened in executive session.

Derrick Davis,
Corporate Secretary



TEXAS RE

Financial Report

**Audit, Governance, Risk, and Finance
Committee**

February 25, 2026



December 2025 – Balance Sheet (unaudited)

Public

Assets

Current Assets

Cash and Cash Equivalents	
Operating Account	\$ 10,743,801
FSA Account	10,028
Fines and Penalties	445,313
Petty Cash	250
Total Cash and Cash Equivalents	<u>11,199,392</u>

Accounts Receivable, Net	2,793
Other Current Assets	<u>494,314</u>
Total Current Assets	<u>11,696,499</u>

Long-term Assets

Property & Equipment	<u>7,207,005</u>
Total Long-term Assets	<u>7,207,005</u>

Total Assets	<u><u>\$ 18,903,504</u></u>
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Liabilities and Net Assets

Liabilities

Short-term Liabilities	
Accounts Payable	\$ 176,879
Accrued Liabilities	<u>1,419,884</u>
Total Short-term Liabilities	<u>1,596,763</u>

Long Term Liabilities	
Other Long-Term Liabilities	<u>5,872,571</u>
Total Long-Term Liabilities	<u>5,872,571</u>

Total Liabilities	<u>7,469,334</u>
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Net Assets	11,434,170
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Total Liabilities and Net Assets	<u><u>\$ 18,903,504</u></u>
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December 2025 – Statement of Activities (unaudited)

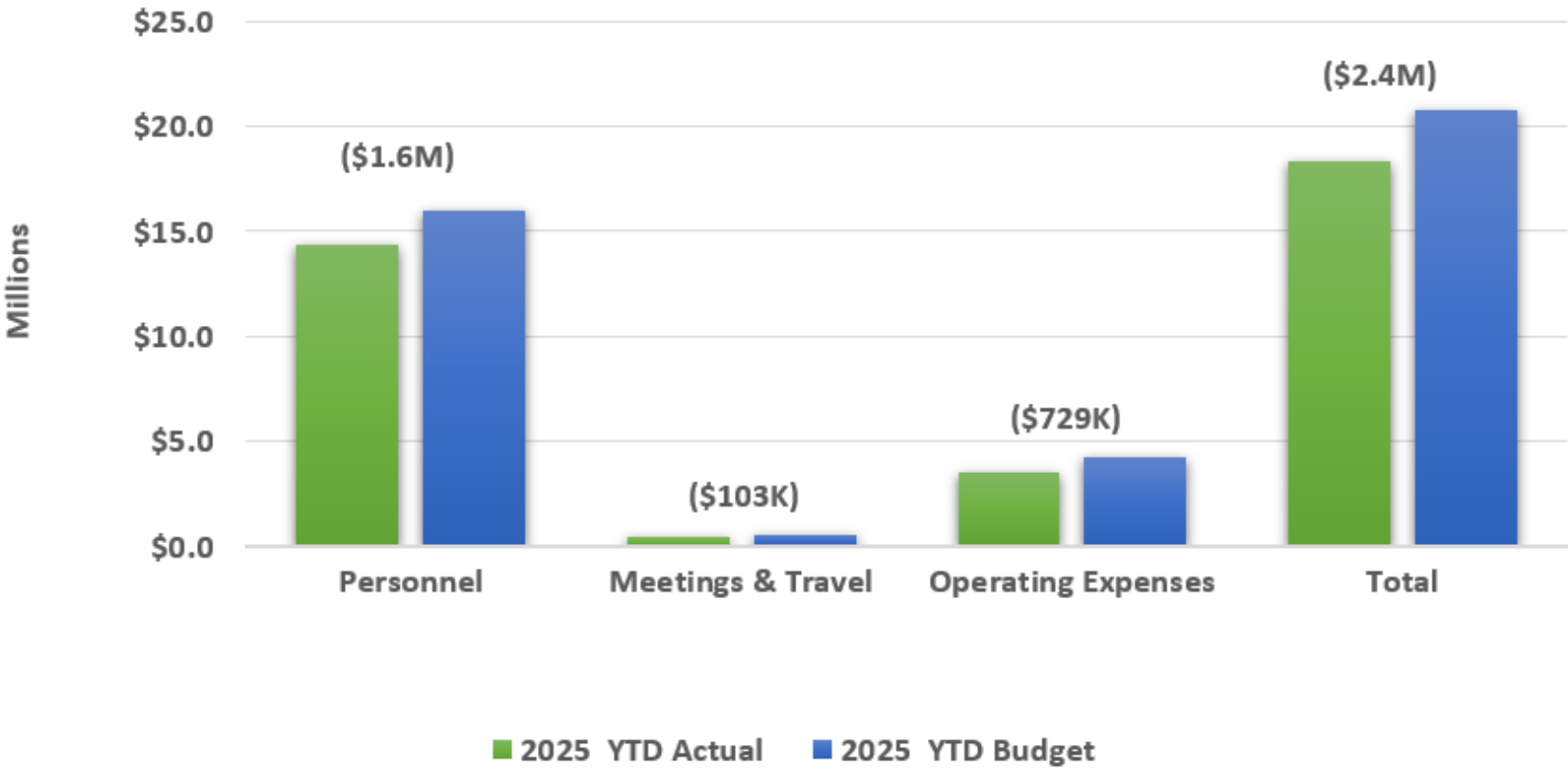
Public

	2025 YTD Actual	2025 YTD Budget	Budget Variance	% Budget Variance	2025 Budget	Budget Remaining
Revenues						
ERO Funding						
Assessments	\$ 19,261,419	\$ 19,261,419	\$ -	0.0 %	\$ 19,261,419	\$ -
Penalty Sanctions	338,463	338,463	-	0.0 %	338,463	-
Total ERO Funding	19,599,882	19,599,882	-	0.0 %	19,599,882	-
Interest Revenue	435,885	125,000	310,885	248.7 %	125,000	(310,885)
Total Revenues	20,035,767	19,724,882	310,885	1.6 %	19,724,882	(310,885)
Expenses						
Personnel Expenses						
Salaries	11,057,158	11,591,928	(534,770)	(4.6) %	11,591,928	534,770
Payroll Taxes	707,079	777,854	(70,775)	(9.1) %	777,854	70,775
Employee Benefits	1,324,966	1,969,451	(644,485)	(32.7) %	1,969,451	644,485
Savings & Retirement	1,307,071	1,643,152	(336,081)	(20.5) %	1,643,152	336,081
Total Personnel Expenses	14,396,274	15,982,385	(1,586,111)	(9.9) %	15,982,385	1,586,111
Meeting & Travel Expenses						
Meetings & Conference Calls	122,066	120,900	1,165	1.0 %	120,900	(1,165)
Travel	298,985	403,579	(104,593)	(25.9) %	403,579	104,593
Total Meeting & Travel Expenses	421,051	524,479	(103,428)	(19.7) %	524,479	103,428
Operating Expenses						
Consultants & Contracts	404,907	437,500	(32,594)	(7.4) %	437,500	32,594
Rent & Improvements	978,794	1,690,693	(711,897)	(42.1) %	1,690,693	711,897
Office Costs	929,888	872,325	57,562	6.6 %	872,325	(57,562)
Professional Services	695,955	737,500	(41,544)	(5.6) %	737,500	41,544
Total Operating Expenses	3,009,544	3,738,018	(728,473)	(19.5) %	3,738,018	728,473
Depreciation & Amortization	530,828	530,828	-	0.0 %	530,828	-
Total Expenses	18,357,697	20,775,710	(2,418,013)	(11.6) %	20,775,710	2,418,012
Total Change in Net Assets	\$ 1,678,070	\$ (1,050,828)	\$ (2,728,898)	259.7 %	\$ (1,050,828)	\$ (2,728,897)



December 2025 – Actual to Budget Variance \$

Public





December 2025 Financial Notes

Public

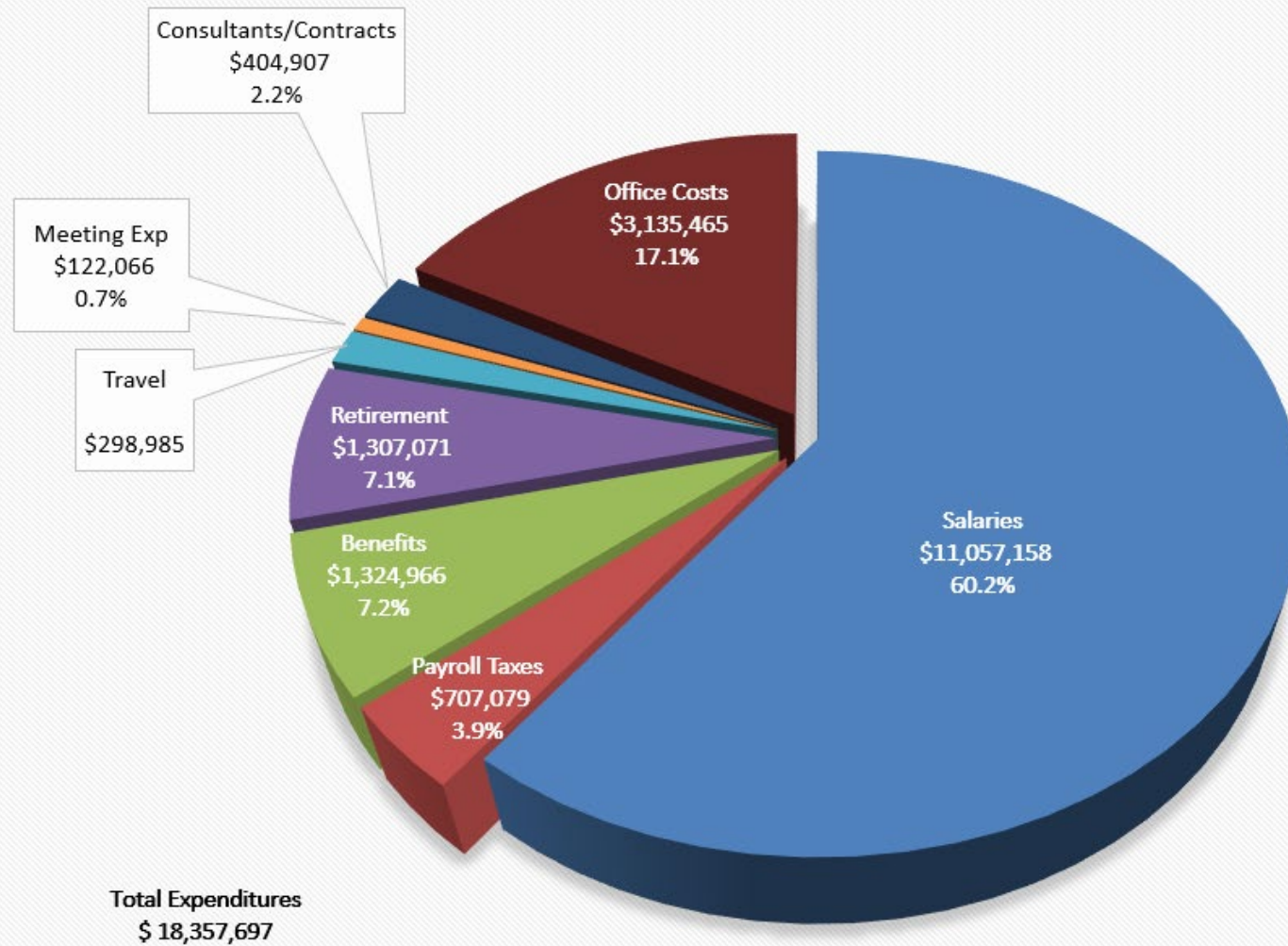
Texas RE total expenses are \$2.4M (-11.6%) less than budget

- Personnel \$1.6M (-9.9%)
 - Vacancies
 - Health Insurance and Training
 - 401K Forfeitures
- Lease and building maintenance costs \$712K (-42.1%)
 - 2024 CAM credit: \$115K
 - Recognition of lease incentives: \$192K
 - Building maintenance costs not incurred: \$393K



December 2025 – Actual Cost by Category

Public





December 2025 – Statement of Cash Flows

Public

Cash flows from Operating Activities

Change In Net Assets	\$ 1,678,070
Add Back Depreciation	530,828
Remove Penalties collected in 2024 (GAAP vs NERC Recognition)	(338,463)
Add Penalties collected in 2025 (GAAP vs NERC Recognition)	445,217
Remove ASC 842 Recognition of Lease Incentives	(192,459)
Increase/Decrease in Accounts Payable	(19,660)
Increase/Decrease in Accounts Receivable	(2,793)
Increase/Decrease in Other Liabilities	144,600
Increase/Decrease in Prepaid Expenses	<u>(29,643)</u>
Net Cash Provided by Operating Activities	<u>2,215,697</u>

Cash flows from Investing Activities

Capital Expenditures	(66,820)
Net cash used by Investing Activities	<u>(66,820)</u>

Increase (Decrease) in Cash 2,148,877

Cash, Beginning Period 9,050,515

Cash, End of Period \$ 11,199,392



2025 Operating Cash

Public



Note: Reserves are not included on this graph



Cash Reserves as of 12/31/25

Public

Restricted Contingency Reserves	\$ 2,000,000
Unrestricted Contingency Reserves	1,382,480
Assessment Stabilization Reserves	3,408,453
Penalty Reserves	445,217
Future Lease Obligation Reserve	363,108
Operating Cash	<u>3,600,134</u>
 Total Cash	 <u><u>\$ 11,199,392</u></u>



Assessment Stabilization Reserves

Public

Total Cash Balance as of 12/31/25	\$ 11,199,392
Less Penalty Reserves	(445,313)
Less Restricted Contingency Reserve	(2,000,000)
Less Unrestricted Contingency Reserve	(1,382,480)
Less Reserve for Future Lease Obligations	(363,108)
Add Other Current Assets	497,107
Subtract Current Liabilities	<u>(1,596,763)</u>
Available Assessment Stabilization as of 1/1/26	5,908,835
Assessment Stabilization applied to 2026 Budget	<u>(1,125,000)</u>
Available Assessment Stabilization after 2026	<u><u>\$ 4,783,835</u></u>



TEXAS RE

January 2026 Human Resources Report

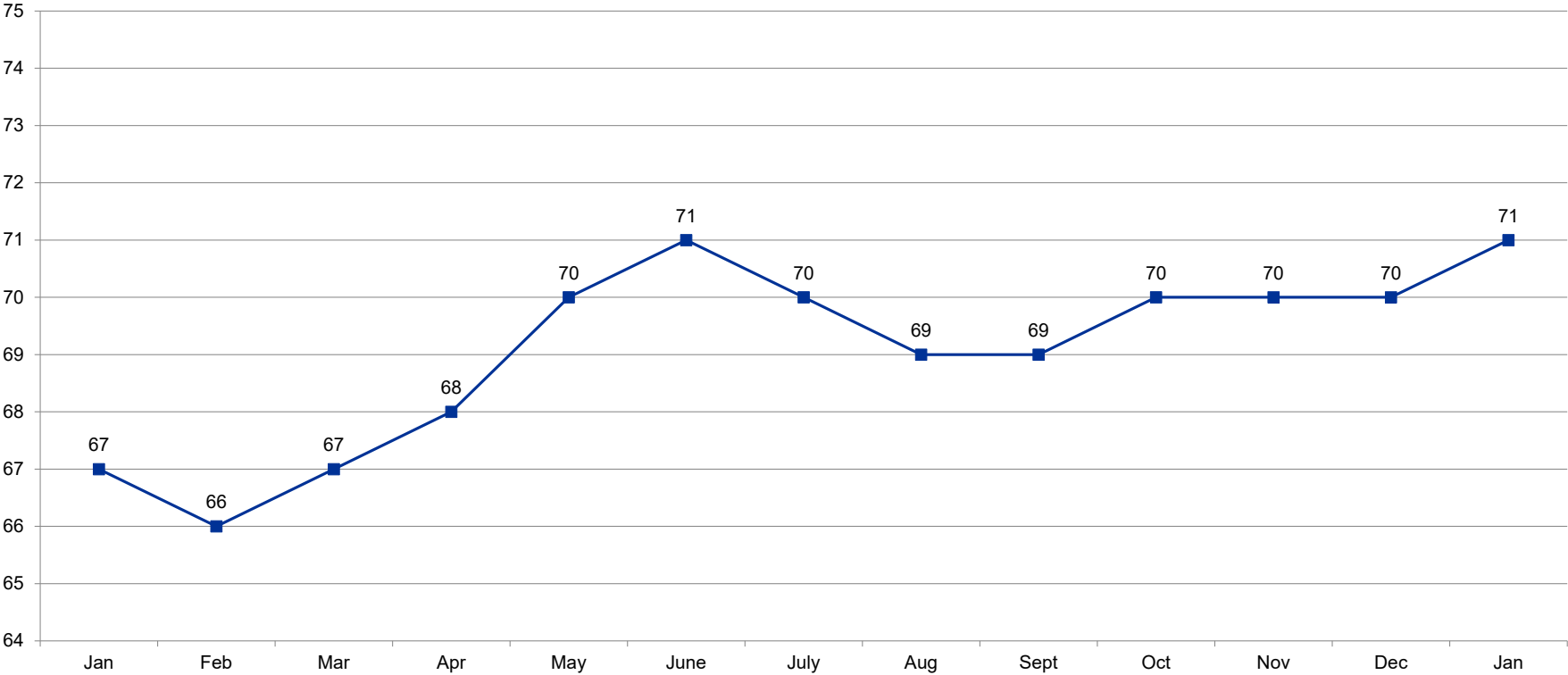
**Audit, Governance, Risk, and Finance
Committee
February 25, 2026**



January 2026 Staffing Report

Public

Texas RE 12 Month Employee Count



	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan
Net Staffing Change	-1	1	1	2	1	-1	-1	0	1	0	0	1
Month End Employee Count	66	67	68	70	71	70	69	69	70	70	70	71



January 2026 Staffing Report

Public

75 FTEs in 2026 Business Plan and Budget

New Hires (December – January)

- O&P Compliance Analyst, Sr.
- CIP Cyber & Physical Security Analyst I

Four Vacancies as of January 31, 2026

- CIP Compliance Team Lead
- Two – CIP Cyber & Physical Security Analysts
- Vice President, General Counsel & Corporate Secretary



Outstanding Workplace Culture Happenings

Public

January

- National Data Privacy Day
- E-Colors Assessment



Upcoming Events

- E-Colors Activity
- Winter Olympics
- Lunar New Year

