



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

February 21, 2024, at 11:15 a.m. Central Time**
 8000 Metropolis Drive, Building A, Suite 300, Austin, Texas 78744

WebEx Link:

<https://texasre.webex.com/texasre/j.php?MTID=m78e7d7902420125c7c865b3beb5f7c92>

Meeting Number: 2551 496 2771

Password: 6UhMQYkNp63

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

Item	Audit, Governance, Risk, and Finance Committee Meeting
1.	Call to Order <i>Milton Lee, Chair</i>
2.	Antitrust Admonition* <i>Thad Crow, Communications and Training Coordinator</i>
3.	Approval of December 13, 2023, Meeting Minutes* (Vote) <i>Milton Lee, Chair</i>
4.	Financial Report* <i>Donna Bjornson, Vice President, Chief Financial Officer</i>
5.	Human Resources Report* <i>Kara Murray, Director, Human Resources</i>
6.	Future Agenda Items & Other Business <i>Milton Lee, Chair</i>
Executive Session Agenda Items	
7.	Approval of December 13, 2023, Executive Meeting Minutes* (Vote) <i>Milton Lee, 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>Milton Lee, 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 ADMONITION

Texas Reliability Entity, Inc. (Texas RE) strictly prohibits persons participating in Texas RE activities from using their participation as a forum for engaging in practices or communications that violate antitrust laws. Texas RE has approved antitrust guidelines available on its website. If you believe that antitrust laws have been violated at a Texas RE meeting, or if you have any questions about the antitrust guidelines, please contact the Texas RE General Counsel.

PUBLIC MEETING

Notice of this meeting was posted on the Texas RE website and the open portion of this meeting is being held in public. Participants should keep in mind that the listening audience may include members of the press, representatives from various governmental authorities, and industry stakeholders.



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

December 13, 2023

Committee Members

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

Other Board Member Attendees

Jim Albright, President and CEO
Curt D. Brockmann, Member Representatives Committee Chair
Daniela Hammons, Member Representatives Committee Vice Chair
Courtney Hjaltman, Chief Executive and Public Counsel, Office of Public Utility Counsel, *Ex Officio* Director (remote)

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 of 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, and Finance Committee (Committee) convened on December 13, 2023. Chair Corbett determined that a quorum was present and called the meeting to order at 11:20 a.m. Central Time.

Antitrust Admonition

At Chair Corbett's request, Thad Crow reviewed the antitrust admonition and reminded attendees to abide by Texas RE's antitrust guidelines.

Approval of May 17, 2023, Audit, Governance, and Finance Committee Meeting Minutes

Suzanne Spaulding made a motion to approve the May 17, 2023, Audit, Governance, and Finance Committee meeting minutes. Crystal Ashby 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 2023 were approximately \$13.1 million or 11.4 percent less than budgeted, due in part to staff vacancies, lower than budgeted health insurance costs, reduced business travel, and lower operating expenses.

Human Resources Report

Kara Murray presented the Human Resources report. She said Texas RE filled two positions from August through November 2023 and had eight vacancies as of November 30, 2023. She announced that Texas RE received the Top Workplaces honor from the Austin American Stateman. Ms. Murray also reported that more than 30 Texas RE employees volunteered at the Central Texas Food Bank, where they packed 14,000 pounds of food or enough for 11,000 meals.

Future Agenda Items & Other Business

None.

Adjournment

At 11:43 a.m., Chair Corbett closed the open portion of the meeting and convened in executive session.

Derrick Davis,
Corporate Secretary



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December 2023 Financial Report

**Audit, Governance, Risk, and
Finance Committee
February 21, 2024**

December 2023 – Balance Sheet (unaudited)

Assets	
Current Assets	
Cash and Cash Equivalents	
Operating Account	\$ 5,278,179
FSA Account	5,498
Fines and Penalties	760,902
Petty Cash	250
Total Cash and Cash Equivalents	<u>6,044,829</u>
Accounts Receivable, Net	2,303
Other Current Assets	<u>490,584</u>
Total Current Assets	<u>6,537,716</u>
Long-term Assets	
Property & Equipment	<u>9,272,257</u>
Total Long-term Assets	<u>9,272,257</u>
Total Assets	<u>\$ 15,809,973</u>
Liabilities and Net Assets	
Liabilities	
Short-term Liabilities	
Accounts Payable	\$ 45,698
Accrued Liabilities	<u>1,163,000</u>
Total Short-term Liabilities	<u>1,208,698</u>
Long Term Liabilities	
Other Long-term Liabilities	<u>7,373,864</u>
Total Long Term Liabilities	<u>7,373,864</u>
Total Liabilities	<u>8,582,562</u>
Net Assets	7,227,411
Total Liabilities and Net Assets	<u>\$ 15,809,973</u>

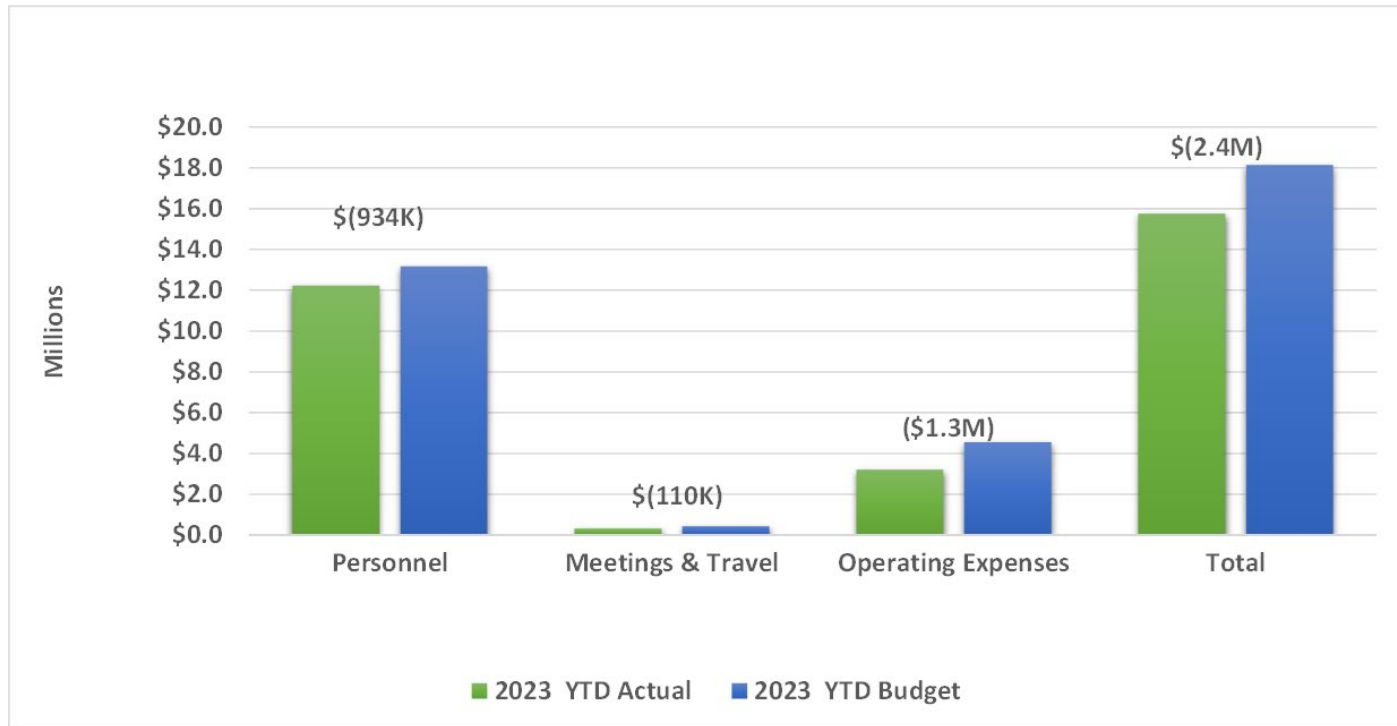


December 2023 – Statement of Activities (unaudited)

	2023 YTD Actual	2023 YTD Budget	Budget Variance	% Budget Variance	2023 Budget	Budget Remaining
Revenues						
ERO Funding						
Assessments	\$ 17,155,278	\$ 17,155,278	\$ -	0.0 %	\$ 17,155,278	\$ -
Penalty Sanctions	576,188	576,188	-	0.0 %	576,188	-
Total ERO Funding	17,731,466	17,731,466	-	0.0 %	17,731,466	-
Interest Revenue	266,328	2,000	264,328	13,216.4 %	2,000	(264,328)
Total Revenues	17,855,469	17,733,466	122,003	0.7 %	17,733,466	(264,328)
Expenses						
Personnel Expenses						
Salaries	9,272,194	9,528,202	(256,009)	(2.7) %	9,528,202	256,009
Payroll Taxes	602,323	658,636	(56,312)	(8.5) %	658,636	56,312
Employee Benefits	1,180,650	1,606,372	(425,723)	(26.5) %	1,606,372	425,723
Savings & Retirement	1,179,485	1,375,439	(195,953)	(14.2) %	1,375,439	195,953
Total Personnel Expenses	12,234,652	13,168,649	(933,997)	(7.1) %	13,168,649	933,997
Meeting & Travel Expenses						
Meetings & Conference Calls	88,576	56,900	31,676	55.7 %	56,900	(31,676)
Travel	235,595	376,736	(141,141)	(37.5) %	376,736	141,141
Total Meeting & Travel Expenses	324,171	433,636	(109,465)	(25.2) %	433,636	109,465
Operating Expenses						
Consultants & Contracts	175,058	407,700	(232,642)	(57.1) %	407,700	232,642
Rent & Improvements	1,096,057	2,151,709	(1,055,652)	(49.1) %	2,151,709	1,055,652
Office Costs	829,738	791,248	38,490	4.9 %	791,248	(38,490)
Professional Services	588,581	680,525	(91,944)	(13.5) %	680,525	91,944
Total Operating Expenses	2,689,434	4,031,182	(1,341,748)	(33.3) %	4,031,182	1,341,748
Depreciation	513,296	513,296	-	0.0 %	513,296	-
Total Expenses	15,761,553	18,146,763	(2,385,210)	(13.1) %	18,146,763	2,385,210
Total Change in Net Assets	\$ 2,093,916	\$ (413,297)	\$ 2,507,213	(606.6) %	\$ (413,297)	\$ (2,507,213)



December 2023 – Actual to Budget Variance \$



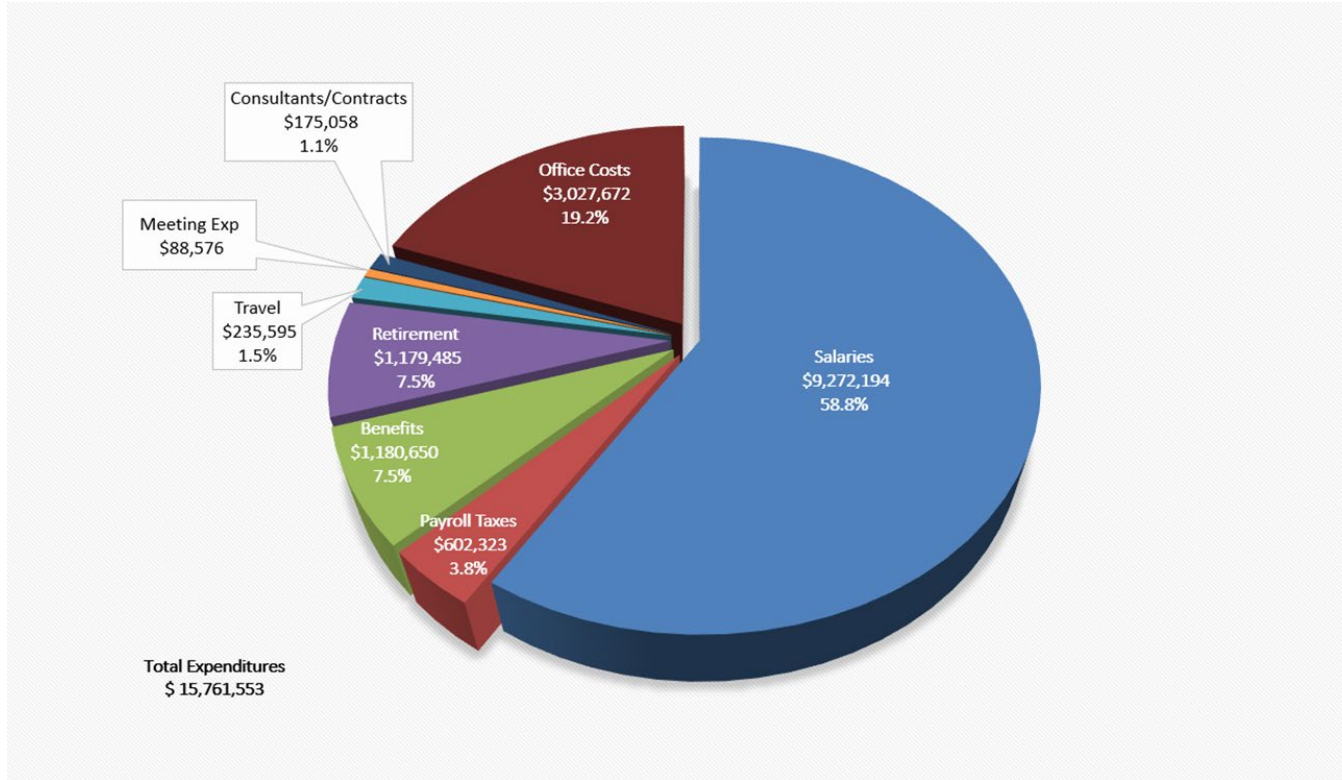
December 2023 Financial Notes

- **Texas RE total expenses are \$15.8M (-13.2%) less than budget.**
 - Staff vacancies caused personnel expenses to be less than budget. In addition, health insurance benefits did not increase as budgeted.
 - In person travel since the pandemic has not resumed as quickly as expected, causing travel expenses to be less than budget.
 - Operating expenses are less than budget primarily because the costs of occupying our new office space were estimated when the budget was prepared. These costs are less than anticipated and future projections will be adjusted to reflect our actual experience.

13% of total budget is remaining at the end of 2023.



December 2023 – Actual Cost by Category



December 2023 – Statement of Cash Flows

Cash Flows from Operating Activities	
Change In Net Assets	\$ 2,093,916
Remove Depreciation	513,296
Decrease in Accounts Payable	(28,386)
Decrease in Accounts Receivable	2,303
Decrease in Other Liabilities	12,474
Decrease in Prepaid Expenses	<u>(3,910)</u>
Net Cash Provided by Operating Activities	\$ 2,589,693
Cash flows from Investing Activities	
Capital Expenditures	<u>(177,098)</u>
Net cash Used by Investing Activities	\$ (177,098)
Increase (Decrease) in Cash	2,412,595
Cash, Beginning Period	<u>3,632,234</u>
Cash, End of Period	<u>\$ 6,044,829</u>
Operating Account	\$ 5,278,179
FSA Account	5,498
Fines and Penalties	760,902
Petty Cash	<u>250</u>
Total Cash	\$ 6,044,829



December 2023 – Cash Balance Forecast through 2023



- **\$ 715,811 Operating Cash as of December 31, 2023**
- **\$2,562,368 Assessment Stabilization and Contingency**
- **\$2,000,000 Operating reserve not included in this balance or graph**



December 2023 – Year End Cash

Operating Reserve and Assessment Stabilization As of 12/31/23

Operating Reserve	\$ 2,000,000
Operating Cash Balance	<u>3,278,179</u>
 Total Operating Cash Balance as of 12/31/23	 <u>\$ 5,278,179</u>
 Total Operating Cash Balance as of 12/31/23	 \$ 5,278,179
Less Operating Reserve	(2,000,000)
Add Other Current Assets	492,887
Subtract Current Liabilities	<u>(1,208,698)</u>
 Available for Assessment Stabilization as of 1/1/24	 <u>\$ 2,562,368</u>





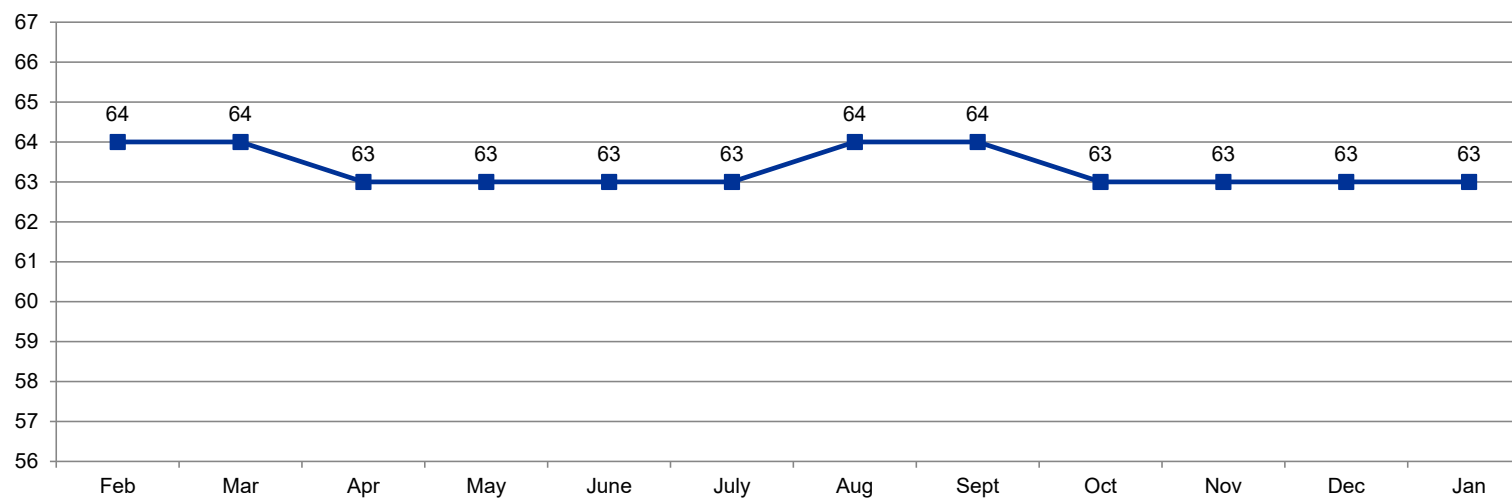
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February 2024 HR Report

**Audit, Governance, Risk, and
Finance Committee
February 21, 2024**

January 2024 Staffing Report

Texas RE 12 Month Employee Count



	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan
Net Staffing Change	0	0	-1	0	0	0	1	0	-1	0	0	0
Month End Employee Count	64	64	63	63	63	63	64	64	63	63	63	63



January 2024 Staffing Report

70 FTEs in 2024 Business Plan and Budget

9 Vacancies as of January 2024

- Director, Reliability Service & Risk Assessment
- IT Position (New for 2024)
- O&P Compliance Engineer/Analyst
- O&P Compliance Engineer/Analyst
- Manager, Registration & Certification (Filled internally effective 03/01/2024)
- Reliability Engineer (New for 2024, filled internally effective 02/01/2024)
- Risk Assessment Engineer/Analyst (New for 2024)
- Risk Assessment Engineer/Analyst
- Systems Administrator

