



**Finance and Audit Committee  
Meeting Agenda  
Salt Lake City, Utah**

Meeting [link](#), Password: WECC | Dial-in Number: 1-415-655-0003, Attendee Access Code: 2870 368 0512

**December 10, 2024, 1:00 to 2:15 p.m. Mountain Time**

- 1. Welcome, Call to Order—Richard Woodward**
- 2. Review WECC Antitrust Policy—Adam Jensen**  
[WECC Antitrust Policy](#).  
Please contact WECC legal counsel if you have any questions.
- 3. Approve Agenda**
- 4. Review and Approve Previous Meeting Minutes**  
*Approval Item: Meeting Minutes from June 11, 2024*
- 5. Review Previous Action Items—Jillian Lessner**
- 6. Review Investment Performance and Adherence to WECC's Investment Policy Statement—Anthony Gardner, Wells Fargo Advisor; Bruce Snow and Doug Gray, Zions Wealth Advisors**
- 7. Review Investment Policy Statement—Richard Woodward**
- 8. Review and Approve FAC Charter—Adam Jensen**  
*Approval Item: Recommend FAC Charter for Board approval*
- 9. Review 2026 Business Plan and Budget Schedule—Jillian Lessner**
- 10. Review 2024 Year-to-Date Results and 2024 Forecast—Jillian Lessner**
- 11. Public Comment**
- 12. Review New Action Items**
- 13. Review Upcoming Meetings**



**FAC Meeting Agenda—December 10, 2024**

March 11, 2025.....Salt Lake City, Utah  
June 10, 2025.....Salt Lake City, Utah  
December 9, 2025.....Salt Lake City, Utah

**14. Adjourn**





**Finance and Audit Committee**  
**DRAFT Meeting Minutes**  
**June 11, 2024**  
**Salt Lake City, UT**

**1. Welcome, Call to Order**

Gary Leidich, Finance and Audit Committee (FAC) Chair, called the meeting to order at 11:06 a.m. MT on June 11, 2024. A quorum was present to conduct business. A list of attendees is attached as Exhibit A.

**2. Review WECC Antitrust Policy**

Joshuah Martinez, Controller, read aloud the WECC Antitrust Policy statement. The meeting agenda included a link to the posted policy.

**3. Approve Agenda**

Mr. Leidich introduced the proposed meeting agenda.

**On a motion by Richard Woodward, the FAC approved the agenda.**

**4. Review and Approve Previous Meeting Minutes**

Mr. Leidich introduced the minutes from the meeting on March 12, 2024.

**On a motion by Richard Woodward, the FAC approved the minutes from March 12, 2024.**

**5. Review Previous Action Items**

Mr. Martinez reviewed previous action items and provided examples of WECC work destruction and efficiencies. Jillian Lessner, Vice President and Chief Financial and Administrative Officer, also commented on the efficiencies of the new Business Plan and Budget (BP&B) template.

**6. Update on Comisión Reguladora de Energía and Mexican Regulatory Environment**

Jeff Droubay, Vice President and General Counsel, provided an update on the Mexican regulatory environment and current outreach efforts in furtherance of a new contract.

Ms. Lessner provided options for handling the past-due assessment balances.



## Draft FAC Meeting Minutes—June 11, 2024

### 7. Member Advisory Committee Budget Subcommittee Comments

Dana Cabbell, Member Advisory Committee Budget Subcommittee (MBS) Chair, provided an overview of MBS recommendations on the 2025 BP&B. She reported that the MAC was supportive of and approved the recommendations.

Ms. Lessner responded to questions on the reallocation of Mexico past due assessments and work with NERC on this process.

Ms. Lessner informed the FAC that additional stakeholder comments were received from 10 other entities, which were included in the FAC materials.

### 8. Review 2025 Business Plan and Budget

Ms. Lessner reviewed the proposed 2025 BP&B and highlighted changes from the first to the current draft.

**On a motion by Richard Woodard, the FAC approved the following recommendation:**

*Resolved*, that the Finance and Audit Committee (FAC) recommends the Board of Directors (Board) approve the 2025 BP&B as presented and attached.

### 9. Review 2023 Audited Financial Statements

Michael Michelsen, Partner, and Daniel Nuttall, Audit Senior Manager, Eide Bailly LLP; presented WECC's 2023 audited financial statements. Mr. Michelsen reported that the financials are fairly stated and completed in accordance with Generally Accepted Accounting Principles. Mr. Nuttall reviewed the required auditor communications and highlighted the significant risks identified and significant accounting policies per updated standards.

**On a motion by Richard Woodward, the FAC approved the following resolution:**

*Resolved*, that the Finance and Audit Committee (FAC) recommends the WECC Board of Directors (Board) accepts the 2023 Audited Financial Statements as presented and attached.

### 10. Review 2024 Year-to-Date Results and 2024 Forecast

Mr. Martinez reviewed the year-to-date 2024 financial results and the 2024 year-end forecast.

### 11. Public Comment

No public comments were made.

### 12. Review New Action Items

There were no new action items created during this meeting.



**Draft FAC Meeting Minutes—June 11, 2024**

**13. Upcoming Meetings**

December 5, 2023 .....Salt Lake City, UT

March 12, 2024.....Salt Lake City, UT

June 11, 2024.....Salt Lake City, UT

**14. Adjourn**

Mr. Leidich adjourned the meeting without objection at 12:12 p.m and moved into closed session.



## Draft FAC Meeting Minutes—June 11, 2024

### Exhibit A: Attendance List

#### Members in Attendance

Gary Leidich..... WECC Board  
Joe McArthur..... WECC Board  
Richard Woodward..... WECC Board  
Shelley Longmuir ..... WECC Board



# WELLS FARGO

## Investment Institute

FOURTH QUARTER 2024

# Market Charts

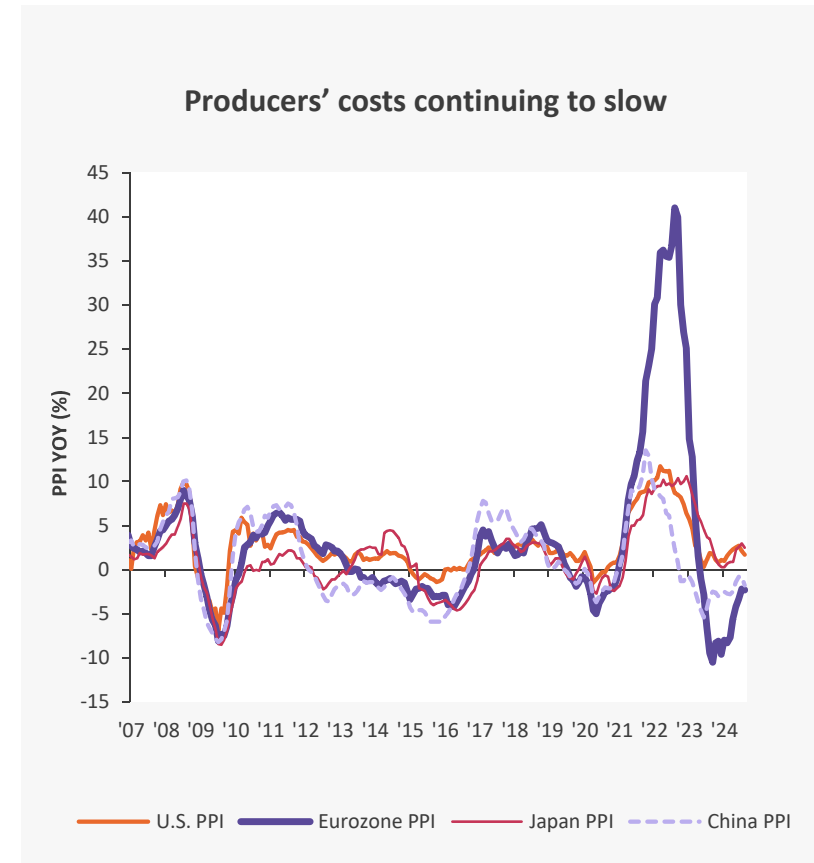
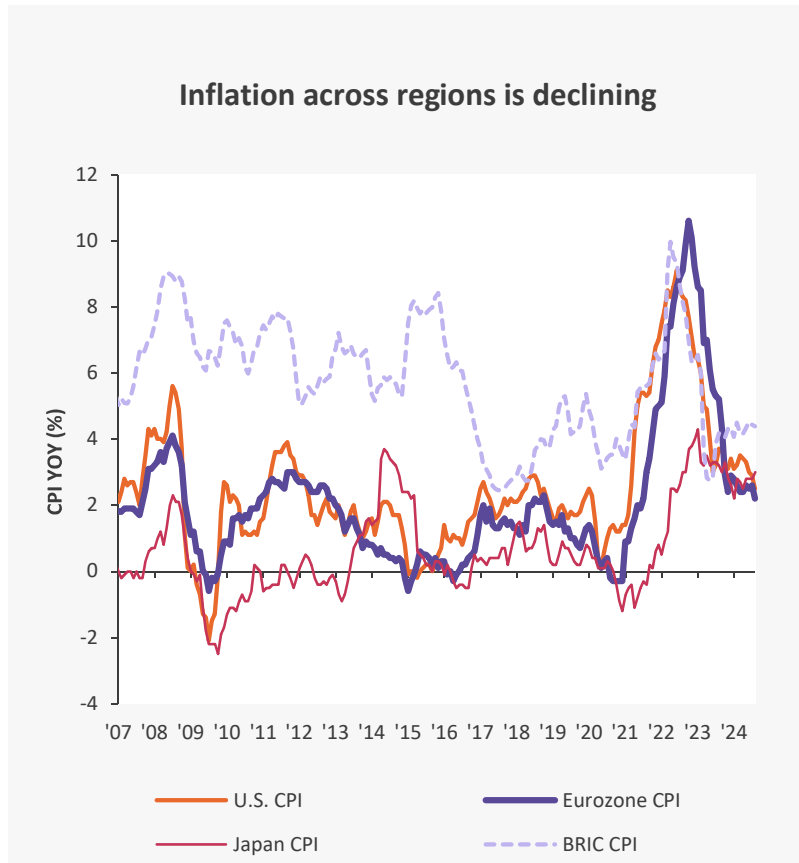
## Turning data into knowledge

All data shown in the charts as of third quarter (Q3) 2024 and reflect the most recent information available. Please see disclosures for the risks associated with the asset classes and for the definitions of market-based and economic indexes.

**Investment and Insurance Products: ► NOT FDIC Insured ► NO Bank Guarantee ► MAY Lose Value**

# Moving toward central-bank inflation targets

**WELLS FARGO**  
Investment Institute



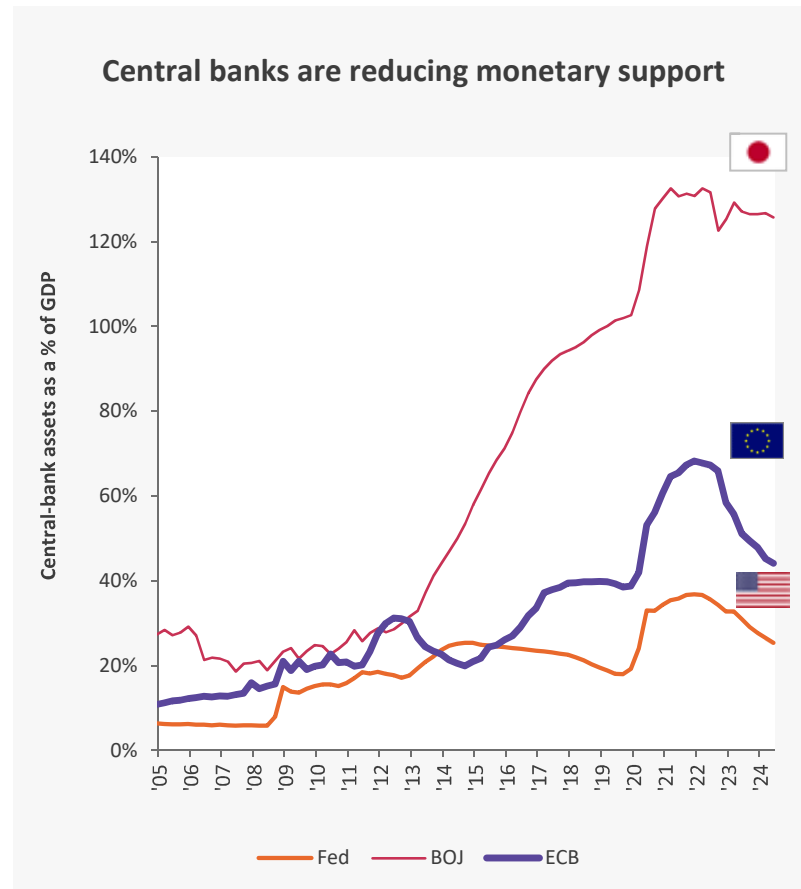
Sources: Bloomberg and Wells Fargo Investment Institute. Monthly data from January 1, 2007, to August 31, 2024. BRIC is an acronym for the economies of Brazil, Russia, India, and China. CPI is the Consumer Price Index, which measures the price of a fixed basket of goods and services purchased by an average consumer. PPI is the Producer Price Index, which measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services. YOY = year-over-year.

## Key takeaways

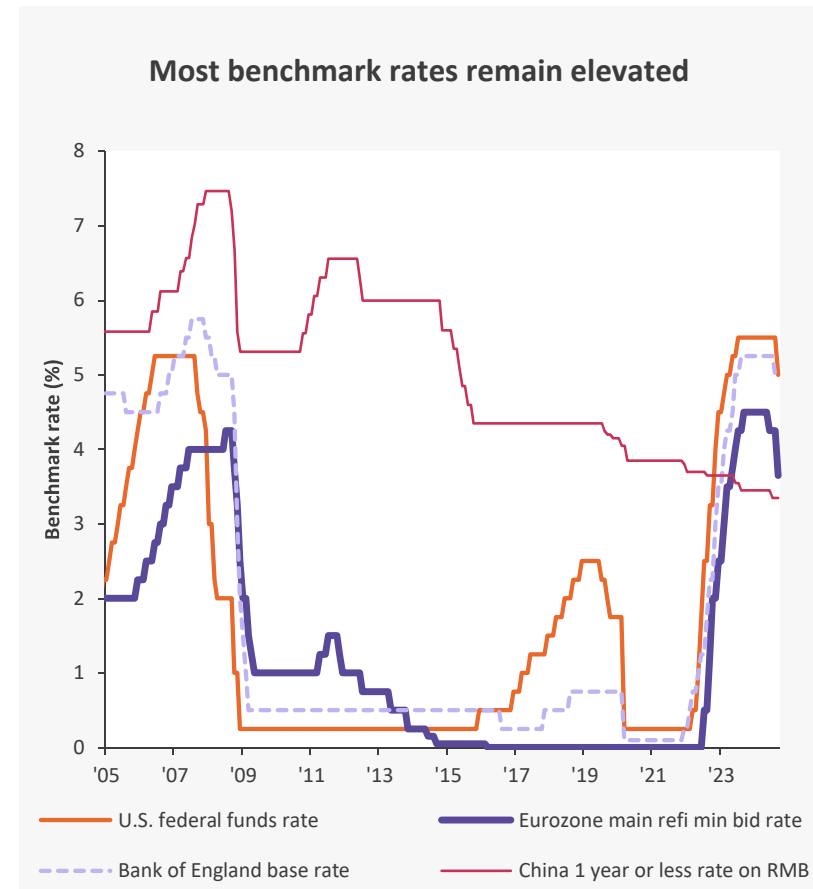
- Disinflation has recently taken a bumpier path as demand for services dissipated slowly and certain “sticky” components of the CPI (for example, medical care and insurance) steadied or reaccelerated.
- Housing, levered sectors of the economy, and risk assets are exposed to the reversal of ultra-low interest rates in place over the past 15 years that were suppressed by aggressive monetary stimulus in the U.S. and abroad.



# Global monetary policy in action



Sources: Bloomberg and Wells Fargo Investment Institute. Quarterly data from January 1, 2005, to June 30, 2024. Fed = Federal Reserve. BOJ = Bank of Japan. ECB = European Central Bank. GDP = gross domestic product.



Sources: Bloomberg and Wells Fargo Investment Institute. Monthly data from January 1, 2005, to September 30, 2024. Headline central bank policy rates of selected countries. Refi = refinancing. Min = minimum. RMB = Chinese Yuan Renminbi.

## Key takeaways

- Global liquidity, though still supportive of global growth, risks becoming less so in a delayed response to central banks' earlier tightening to counter inflation. Any increase in financial stress poses one of the most visible threats to an increasingly levered global economy if the change comes too abruptly.
- Central-bank stimulus during the pandemic outpaced that of the Global Financial Crisis in 2007 – 2009, necessitating an extended period of adjustment to bring central-bank balance sheets back in line with their historical norms.



*LifeSync*

## Client Overview

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Prepared for WESTERN ELECTRICITY

November 22, 2024

Prepared by:  
ODYSSEY WEALTH MANAGEMENT GROUP OF WELLS FARGO ADVISORS

This report is not complete without all sections noted in the Table of Contents. Please read each section carefully.

**Investment and Insurance Products are:**

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- Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested

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# Asset Allocation: Asset Class Type

As of 11/21/2024 for your combined accounts



Asset class description	Market Value	Allocation %
U.S. Taxable Investment Grade Fixed Income	9,701,250	72.3%
Taxable Cash Alternatives	3,720,572	27.7%
<b>Portfolio Summary Total</b>	<b>\$13,421,821</b>	<b>100.0%</b>

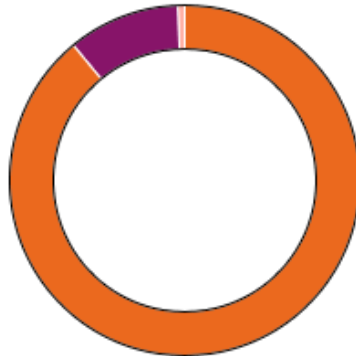
This report may contain internal non-performance assets as well as holdings not held at our firm. Information associated with these external positions were provided by you. The information provided for assets not held at our firm has not been verified. The actual value of these assets may differ from that shown.

Your current portfolio allocation may classify assets based on the underlying holdings of funds, ETFs, UITs and annuity sub-accounts. For assets in alternative and real asset investment strategies and where underlying holdings are not available for classification, the asset class assigned to that security is used. The Cash Alternatives asset class may include cash alternatives or other securities, such as futures settlements, synthetic securities, or securities in the form of a trust. Underlying classification data is updated periodically, and the update frequency will vary.

# Fixed Income Summary

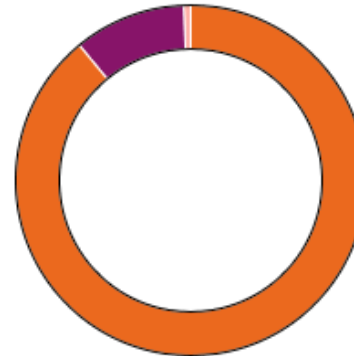
As of 11/21/2024 for your combined accounts

Security Sub Type



Security sub type	Market value	% Fxd income
Government Bond	8,635,872	89.00%
Corporate Bond	1,001,951	10.30%
Mortgage Backed Security	63,388	0.70%
<b>Total</b>	<b>\$9,701,211</b>	<b>100%</b>

Credit Quality Ratings



Credit quality ratings	% Fxd income
Treasury	89.00%
CDs	10.30%
Agency	0.70%
AAA	-
AA	-
A	-
BBB	-
Below inv grade	-
Not rated	-
N/A	-
<b>Total</b>	<b>100%</b>

Bond Statistics

Statistic	Taxable	Tax exempt
Weighted avg coupon	4.32%	-
Yield at purchase	4.59%	-
Yield to maturity	4.34%	-
Yield to worst	4.34%	-
Weighted avg maturity: 0.30 yrs		
Total duration: 0.96 yrs		

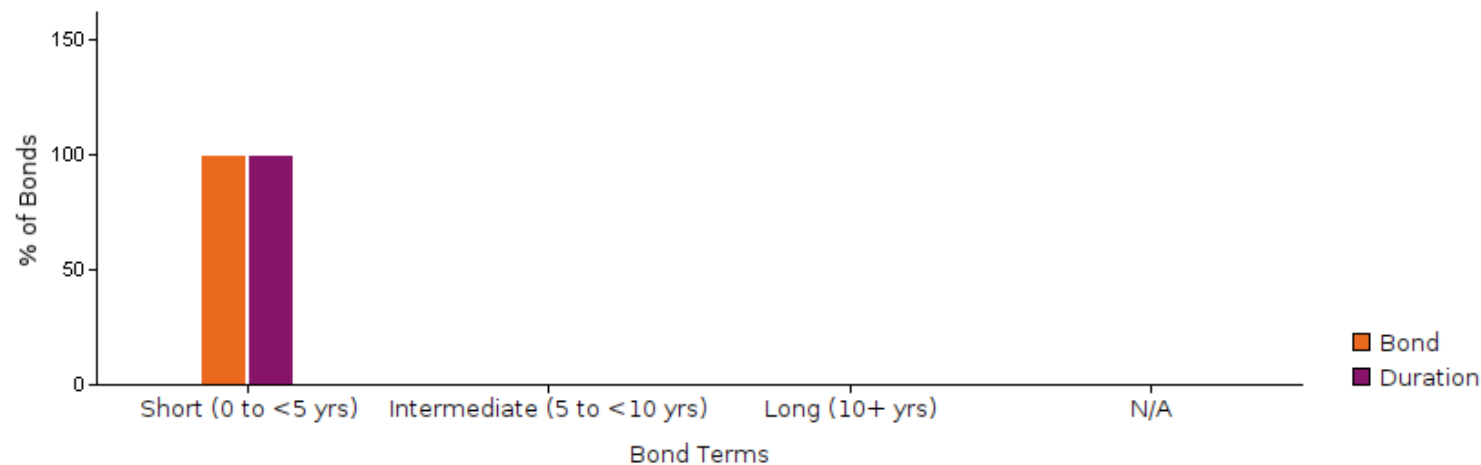
Estimated Income Annualized

Month	Estimated income annualized
12/2024	9,355
01/2025	20,067
02/2025	58,457
03/2025	34,236
04/2025	60,687
05/2025	20,761
06/2025	3,830
07/2025	32,569
08/2025	46,089
09/2025	34,236
10/2025	60,687
11/2025	6,451
<b>Total</b>	<b>\$387,427</b>
<b>Taxable</b>	<b>\$387,427</b>
<b>Tax exempt</b>	-
Subject to AMT	-

The asset classification of Corporate Bonds includes holdings of Certificates of Deposit. Funds include open end mutual funds, exchange-traded funds, closed end funds. Estimated Income Annualized

(EIA) takes your current income, based on the current dividends or interest paid by your securities and multiplies it to create an annualized hypothetical figure. It does not reflect actual or future performance and should not be relied upon when making financial decisions. All annualizations are based upon current positions using a simple mathematical calculation and assumes all figures remain constant for a year; any subsequent position changes will affect these calculations. Calculations for certain types of securities could include a return of principal or capital gain, in which case the figures would be overstated. Past performance is not a guarantee of future results. Dividend payments are made solely at the discretion of the issuer and are subject to be changed or eliminated at any time. Estimated Income is an estimate and the actual income might be lower or higher than the estimated amount. Estimated income reflects only the income generated by an investment. It does not reflect changes in price, which may fluctuate. The Credit Quality Rating shown takes the lower of the two credit agency ratings between Moody's and Standard & Poor's and converts it to the equivalent S&P major rating category. Credit Quality Ratings and Bond Statistics sections do not include bond funds. Bond Statistics are weighted averages based on market value of bonds in the portfolio. Yield calculations are based on yield prices that may change monthly. Fixed income holdings, where the information is not available, are excluded from the Yield at Purchase, Yield to worst, Yield to maturity, Total duration, Weighted average coupon and Weighted average maturity calculations. For more information, including fixed income descriptions, please see the Important Information section at the end of this report.

## Bond Term vs. Duration



**Bond:** 99% of bonds with short bond terms (0 to <5 yrs), 0% of bonds with intermediate bond terms (5 to <10 yrs), 0% of bonds with long bond terms (10+ yrs), 0% of bonds with a N/A bond terms.

**Duration:** 99% of bonds with short bond terms (0 to <5 yrs), 0% of bonds with intermediate bond terms (5 to <10 yrs), 0% of bonds with long bond terms (10+ yrs), 0% of bonds with a N/A bond terms.

**Total portfolio value: \$13,421,821**

Bond term indicates years to redemption date as defined in the Important Information section. Mortgage-backed securities (MBSs) include asset-backed securities (ABSs), pass-throughs and collateralized mortgage obligations (CMOs). For MBSs, the full market value is displayed at the average life of each security, when available. Duration indicates calculated option adjusted duration. 'Bonds' include preferred stocks.

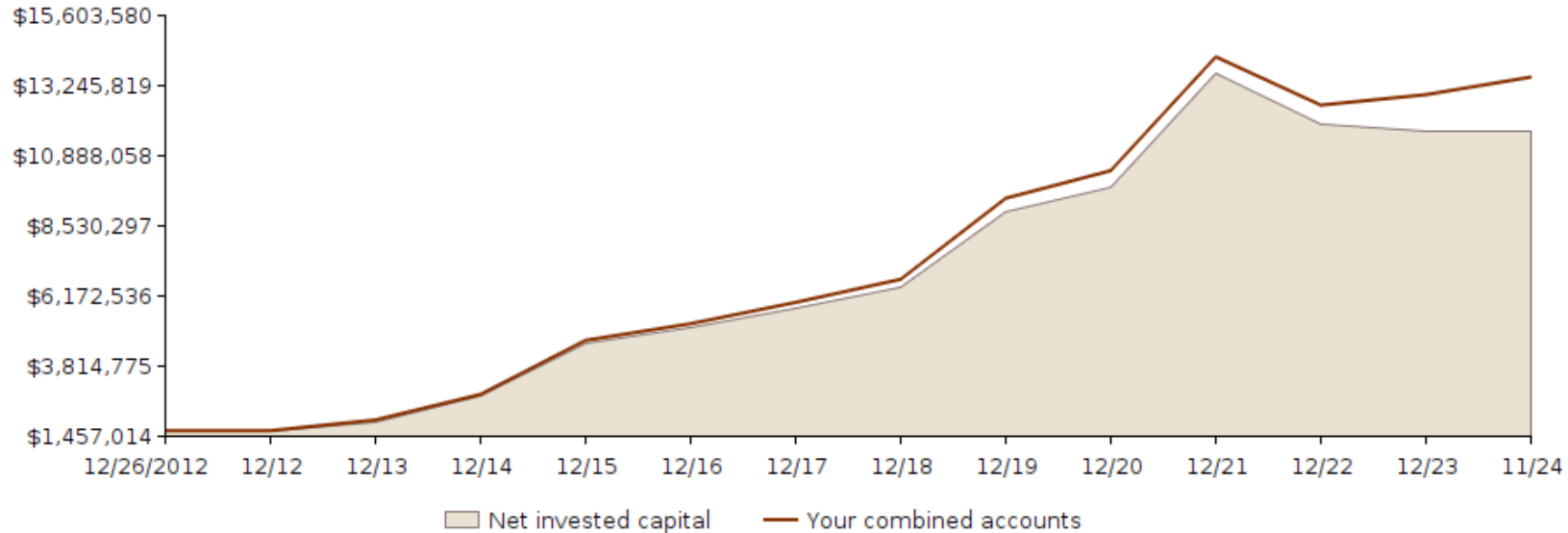
In the Callable Analysis chart, MBS includes all prepaying securities. Callable value applies next call price and date to the remaining principal. Call premiums may decline subsequent to the initial call date. Extraordinary call features may exist that are not represented in this report. Bond Term vs. Duration and Callable Analysis sections do not include bond funds. For more information, including fixed income descriptions, please see the Important Information section at the end of this report.

### Callable Analysis

Term	Callable value	Market value
MBS	-	63,388
0 to <1 yrs	-	-
1 to <2 yrs	-	-
2 to <3 yrs	-	-
3 to <4 yrs	-	-
4 to <5 yrs	-	-
5 to <7 yrs	-	-
7+ yrs	-	-
Not Available	-	-
Non-Callable	-	9,637,823
<b>Total</b>	-	<b>\$9,701,211</b>

## Value vs. Net Investment

As of date 11/21/2024 for your combined accounts



	MTD	QTD	YTD	2021	2022	2023	Annualized Since inception 12/26/12
Beginning total market value	\$13,479,823	\$13,459,919	\$12,913,474	\$10,358,844	\$14,185,072	\$12,561,970	\$1,618,905
Deposits minus withdrawals	\$0	\$0	\$0	\$3,827,394	-\$1,691,761	-\$210,850	\$10,119,308
Net invested capital	\$13,479,823	\$13,459,919	\$12,913,474	\$14,186,238	\$12,493,311	\$12,351,120	\$11,738,213
Investment results	\$25,001	\$44,906	\$591,351	-\$1,166	\$68,659	\$562,354	\$1,766,612
Ending total market value	\$13,504,825	\$13,504,825	\$13,504,825	\$14,185,072	\$12,561,970	\$12,913,474	\$13,504,825
Your net time-weighted returns	0.19%	0.33%	4.58%	-0.01%	0.54%	4.51%	1.59%

Net invested capital is your combined accounts' market value at the beginning of a stated time period plus deposits and minus withdrawals. Past performance is no guarantee of future results. Please see the Important Information section at the end of this report for details about your returns.



# Important Information

## Accounts Included:

### Internal Accounts

XXXX1269 <sup>P</sup> Western Electricity

XXXX5948 <sup>P</sup> WESTERN ELECTRICITY LESSNER JILLIAN

<sup>P</sup> Indicates an account included in the performance information within the report.

This Account listing only represents a portfolio of assets and/or liabilities owned by you based on transaction records and other supplemental information you have supplied. This report may not include all accounts or assets in your household. This report may include assets/liabilities that you currently hold away from our firm; these assets may not be covered by SIPC.

This report is not the official record of your account. However, it has been prepared to assist you with your investment planning and is for informational purposes only. Your Client Statement is the official record of your account. Therefore, if there are any discrepancies between this report and your Client Statement, you should rely on the Client Statement and call your local Branch Manager with any questions.

Transactions requiring tax consideration should be reviewed carefully with your accountant or tax advisor. Unless otherwise indicated, market prices/values for internal assets are the most recent closing prices available at the time of this report and are subject to change. Prices may not reflect the value at which securities could be sold.

Certain assets are excluded from performance calculations. Selected annuities, certain types of direct investments, mutual funds held outside the firm, precious metals, coins, bullion, or any assets subject to tax-withholdings (TEFRA) are among the assets not included in values or performance calculations.

For performance market values, we include account accruals in the calculations. Accruals are accumulated interest or income that your

individually held assets have earned over time but have not been recorded or paid out yet. Because you are legally entitled to receive this interest and income as the holder of the assets, we factor these accruals as part of the assets' appreciation value. For non-performance market values, we do not include accruals as part of the calculation.

If your portfolio holds alternative investment positions, the available evaluations used to calculate your returns may be estimated or stale. Alternative investment valuations are for informational purposes only as we have not confirmed with the issuer that you continue to own any of these assets. Please refer to the issuer statement for the most up-to-date valuations.

A portion of the financial data used to generate this report may be provided to Wells Fargo Advisors by third-party vendors. While this third-party information is believed to be reliable, it has not been verified.

## Asset Classification

Asset Classes for mutual funds, variable annuities and exchange-traded funds are derived from Morningstar Categories. Underlying holdings classification provided by Morningstar. ©2023 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Asset classification of holdings in external accounts where classification is not readily available may be assigned to a multi-asset class category or reassigned into additional asset classes by your Financial Advisor which may not be the most accurate asset class based on the holding's characteristics and risk profile. It is your responsibility to review the asset classification for external accounts and notify us of any changes.

## Return Methodology

Returns are annualized for time periods greater than one year. Past performance is no guarantee of future results.

**Net Time Weighted** rates of return are independent of the timing and magnitude of your cash flow decisions and are calculated after the deduction of program fees. Each return period is given an equal weighting, regardless of the portfolio value. Gross Time Weighted rates of return are independent of the timing and magnitude of your cash flow decisions and are calculated before the deduction of all fees. Each return period is given an equal weighing, regardless of the portfolio value.

**Money Weighted** rates of return reflect your decisions to deposit assets to or withdraw assets from your accounts and are calculated after the deduction of all fees. They give more weight to returns in periods with higher portfolio values and, as a result, should not be used to measure performance of an investment manager.

### Fixed Income Securities (Bonds)

Investments in fixed-income securities are subject to market, interest rate, credit/default, inflation and other risks. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline in the bond's price. Lower rated securities are speculative and involve greater risk of default.

YTW: Yield to worst is the lowest of all yields to calls or the yield to maturity. Yield to maturity is the yield that would be realized on a fixed income security if it were held to the maturity date. Yield at purchase is calculated based on the purchase date and price of each position (if available) and represents the yield to worst at the time of purchase. At the subtotal and total levels, yields are weighted averages for that grouping.

Duration, if available, is option adjusted duration and is used to provide a measurement of price volatility. For example, a duration of 4 means that a shift in prevailing rates 100 basis points (1%) in a 1 year period should shift the price in the opposite direction by 4%. Duration will not be calculated on Structured Products or other securities for which required data is not available. Modified Duration, unlike Effective Duration, assumes cash flows do not change and does not take into account embedded call options.

YTM: Yield to Maturity is calculated to the redemption date based on the yield price and not on current market price.

Yield at purchase is the yield to worst based on original price and purchase date.

Weighted avg coupon: Weighted average coupon at the subtotal and total levels is the weighted average coupon that has been calculated based on the market value of the securities within that grouping.

Weighted avg maturity: Weighted average maturity is a measure of the overall maturity of the fixed income securities in a portfolio. The higher the weighted average maturity the longer it takes for all these securities in the portfolio to mature.

Term: Short-term bonds have effective maturities of five years or less, intermediate bonds have effective maturities between five and ten years; and long-term bonds have maturities of ten years or longer. Income from tax exempt bonds is generally free from federal and state taxes for residents of the issuing state. While the interest income is tax-free, capital gains if any are subject to taxes. Income of certain tax-exempt bonds may be subject to the Federal Alternative Minimum Tax (AMT).

Credit Quality Ratings: Bond rating firms, such as Moody's and Standard & Poor's, use different designations consisting of upper- and lower-case letters 'A' and 'B' to identify a bond's credit quality rating. 'AAA' and 'AA' (high credit quality) and 'A' and 'BBB' (medium credit quality) are considered investment grade. Credit ratings for bonds below these designations ('BB', 'B', 'CCC', etc.) are considered low credit quality, and are commonly referred to as junk bonds.



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## Western Electricity Coordinating Council

11-13-2024

Anthony Valeri, CFA,  
Director of Investment Management

Doug Gray  
Vice President  
Senior Portfolio Manager & Trader

Blake Bihm  
Senior Vice President  
Portfolio Manager

Bruce Snow  
Assistant Vice-President  
Portfolio Manager, Trader

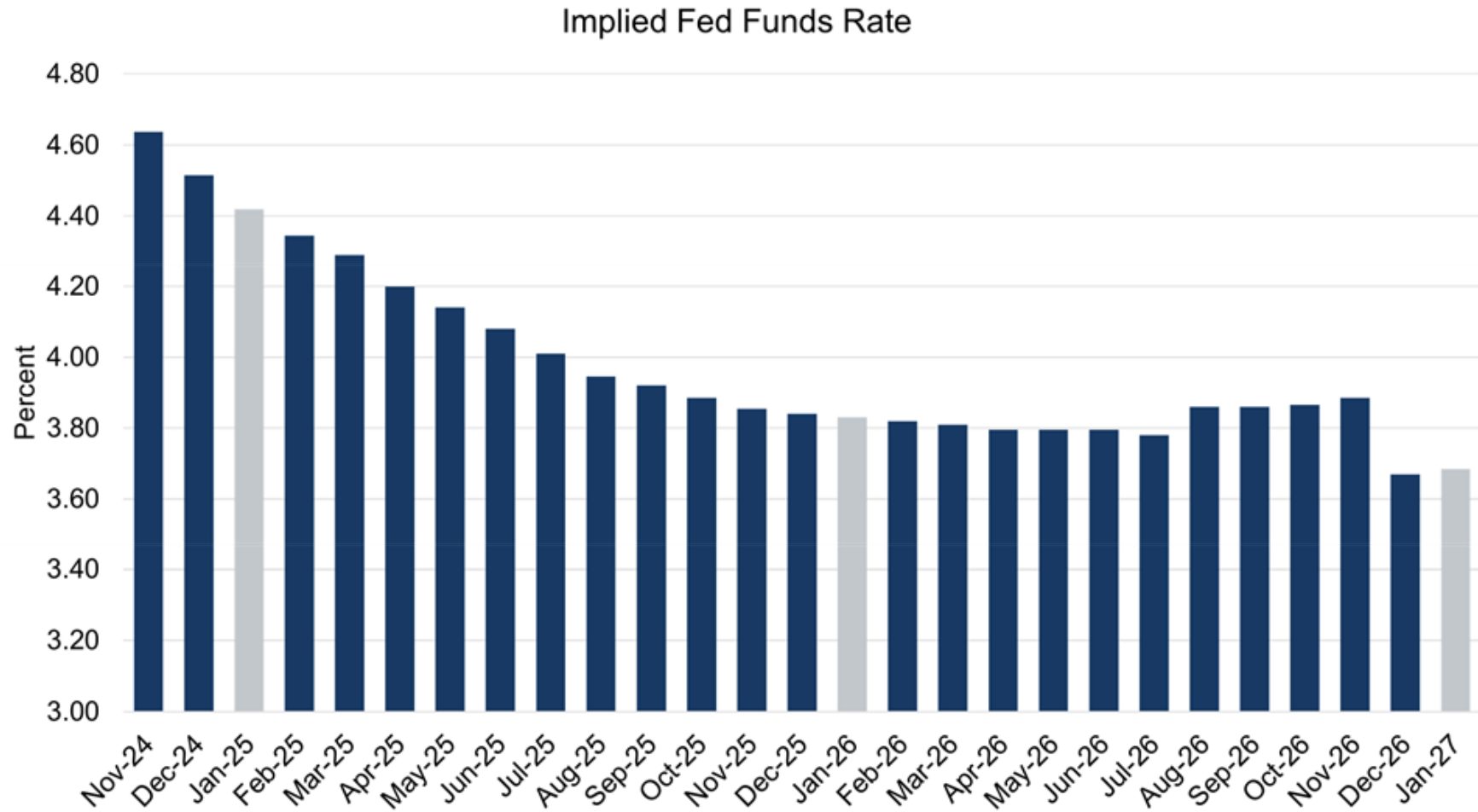
## The FED has entered an Easing Cycle!

Will we see an additional 25 bps cut before Year End?

What is the FED thinking?

- The path for short-term rates
- FED Statement 11-07-2024
  - “Economic activity has expanded at a solid pace”
  - Progress on YOY inflation growth but “remains somewhat elevated”
  - Dual mandate – “Roughly in Balance” between employment and inflation goals
  - Committee “strongly committed to support maximum employment and returning inflation to its 2% objective”
  - Will continue to reduce balance sheet
  - Will Monitor and adjust to economic outlook

# The Projected Path of Short-term Rates



Source: Bloomberg LP

## Risk Summary

11/01/2024 - 11/22/2024

ILM-WECC AGG (3296)

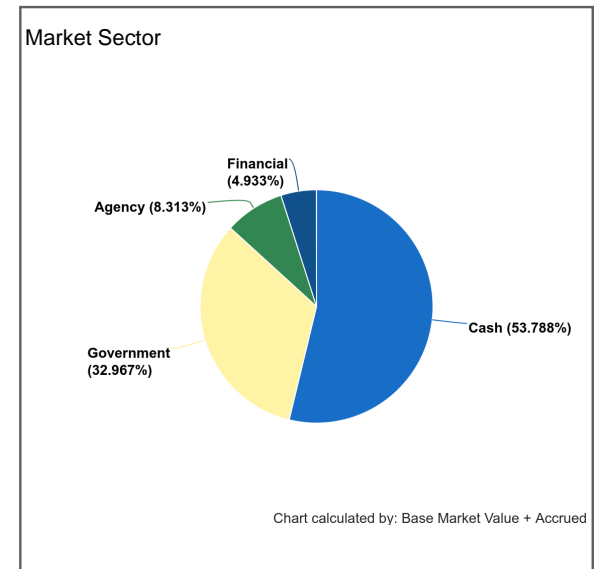
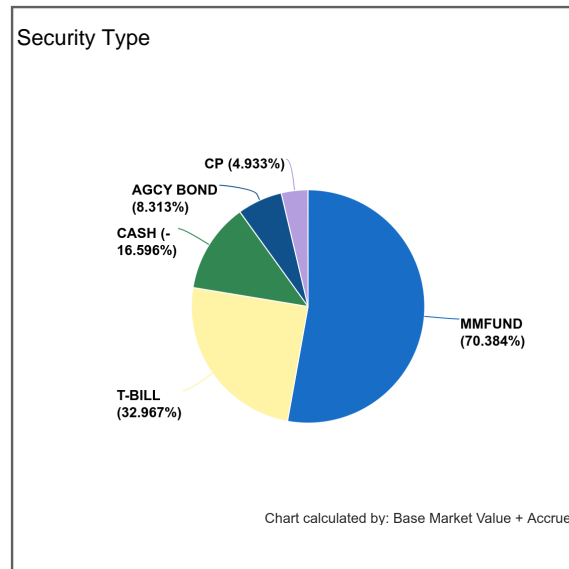
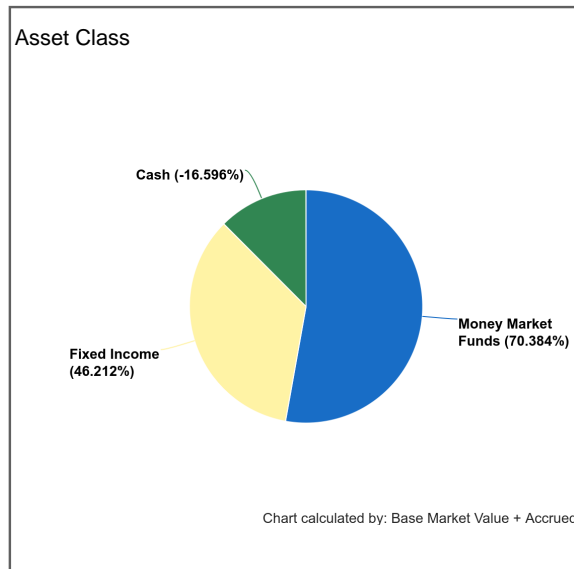
Dated: 11/25/2024

Balance Sheet	
Book Value + Accrued	12,009,758.19
Net Unrealized Gain/Loss	-1,121.39
Market Value + Accrued	12,008,636.81

Cash and Fixed Income Summary	
Risk Metric	Value
Cash	-1,992,934.33
MMFund	8,452,154.44
Fixed Income	5,549,416.69
Duration	0.142
Convexity	-0.052
WAL	0.176
Years to Final Maturity	0.176
Years to Effective Maturity	0.176
Yield	5.243
Book Yield	5.304
Avg Credit Rating	AAA/Aaa/AAA

Issuer Concentration	
Issuer Concentration	% of Base Market Value + Accrued
The Goldman Sachs Group, Inc.	70.384%
United States	32.967%
Federal Home Loan Banks	8.313%
Société Générale Société anonyme	4.933%
(CCYUSD) UNITED STATES OF AMERICA	-16.596%
---	100.000%

Footnotes: 1,2



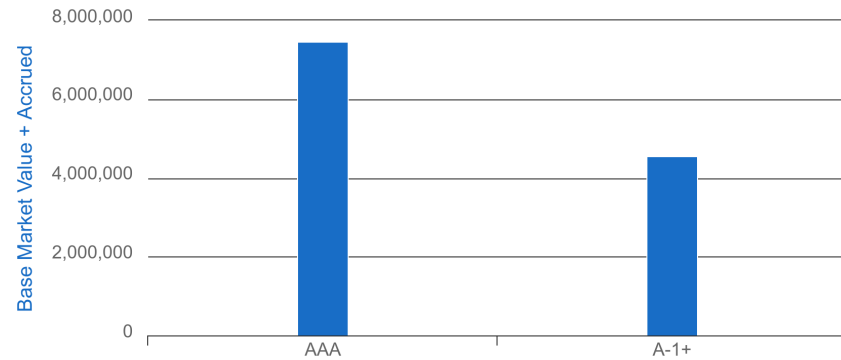
## Risk Summary

11/01/2024 - 11/22/2024

ILM-WECC AGG (3296)

Dated: 11/25/2024

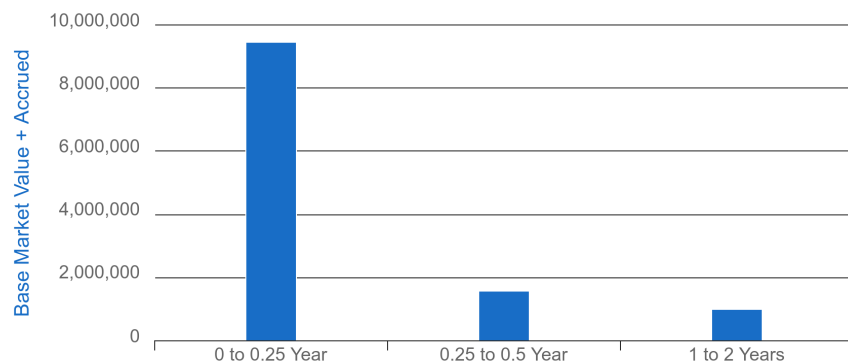
Credit Rating



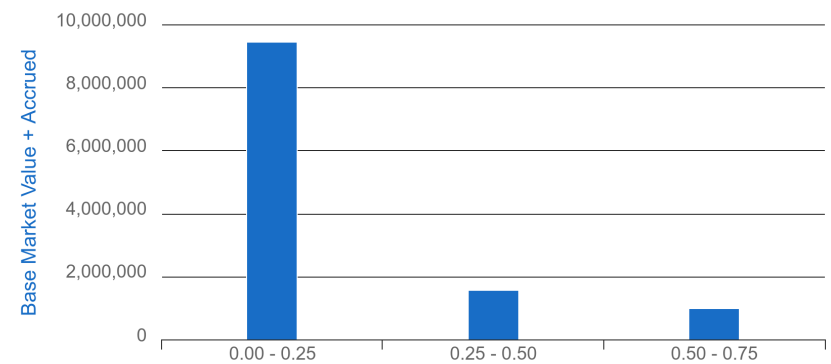
Credit Duration

Rating	0 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5 - 7	7 - 10	10 - 15	15 - 30
AAA	100.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
AA	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
A	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
BBB	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
BB	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
B	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
CCC	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
CC	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
C	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
NA	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

Effective Maturity Date



Duration

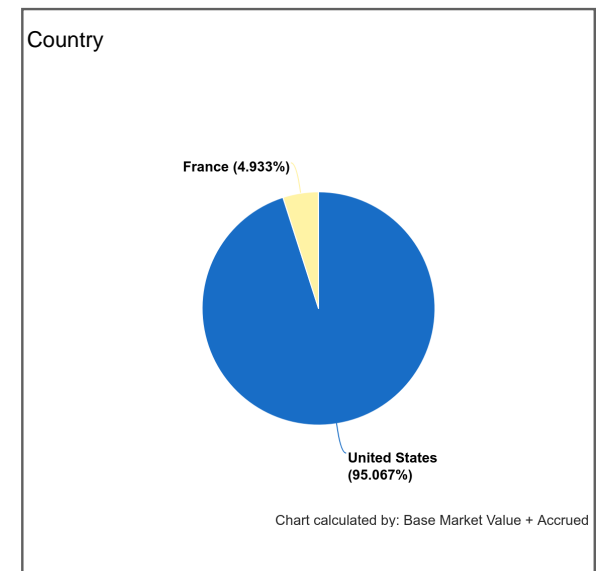
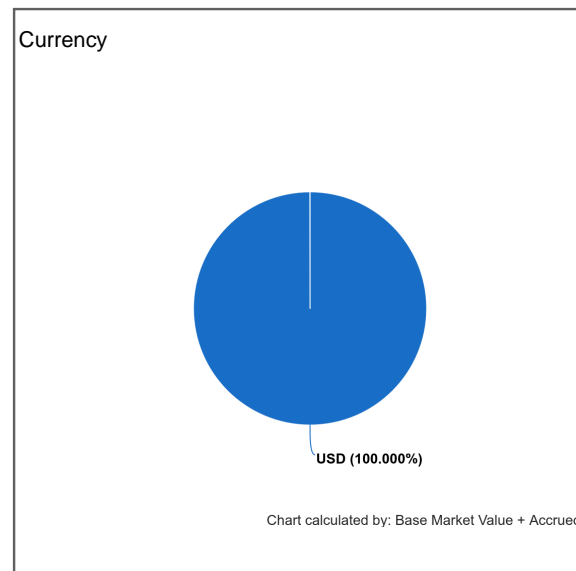
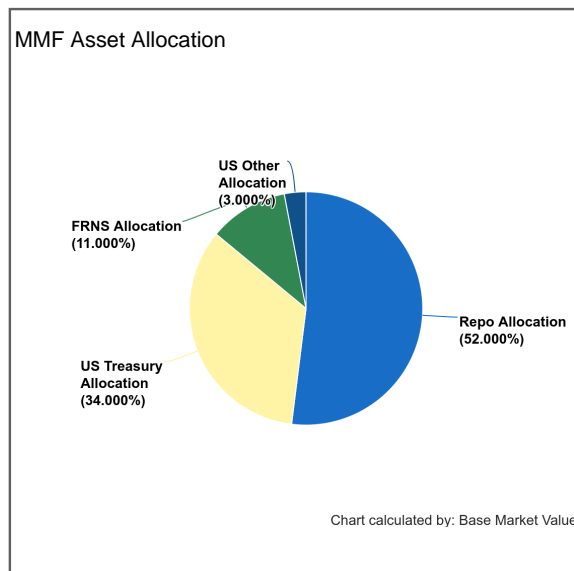
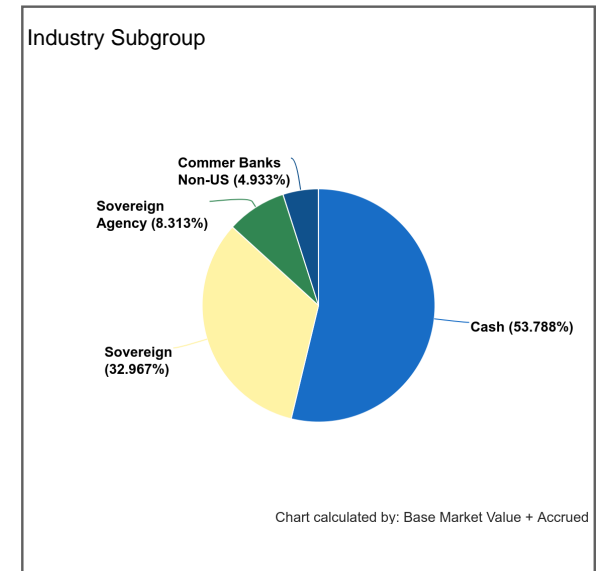
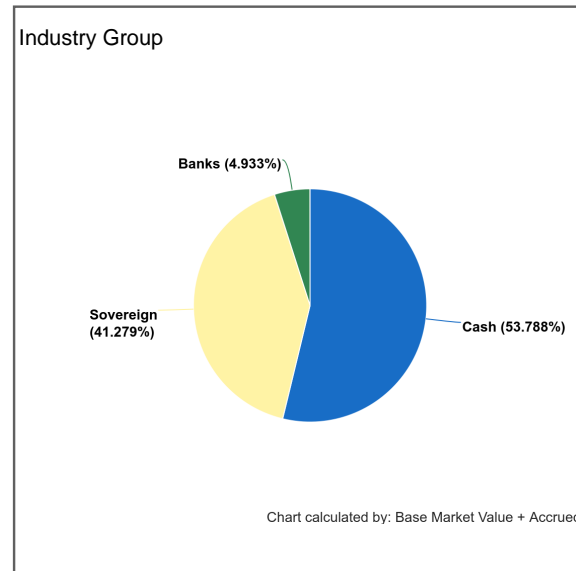
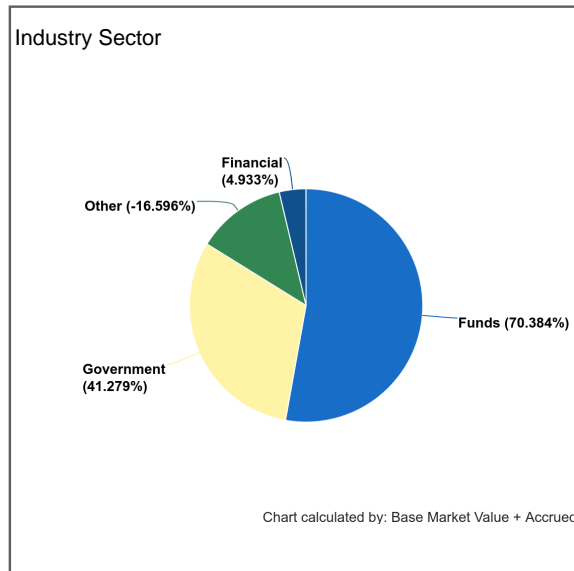


## Risk Summary

11/01/2024 - 11/22/2024

ILM-WECC AGG (3296)

Dated: 11/25/2024





## Risk Summary

11/01/2024 - 11/22/2024

ILM-WECC AGG (3296)

Dated: 11/25/2024

1: \* Grouped by: Issuer Concentration. 2: \* Groups Sorted by: % of Base Market Value + Accrued.

FAC Open Session - Review Investment Performance and Adherence to WECC's Investment Policy Statement  
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## BS Class Grouped by Security Type

ILM-WECC AGG (3296)

Base Currency: USD As of 11/22/2024

Dated: 11/25/2024

Identifier	Description	Current Units	Rating	Coupon	Final Maturity	Effective Maturity	Yield	Book Yield	Base Net Total Unrealized Gain/Loss	Market Price	Book Value + Accrued	Base Accrued Balance	Base Market Value	Base Market Value + Accrued
38141W273	GOLDMAN:FS GOVT INST	8,412,140.59	AAA	4.550	11/22/2024	11/22/2024	4.550	4.550	0.00	1.0000	8,447,993.77	35,853.18	8,412,140.59	8,447,993.77
38141W273	GOLDMAN:FS GOVT INST	4,149.02	AAA	4.550	11/22/2024	11/22/2024	4.550	4.550	0.00	1.0000	4,160.67	11.65	4,149.02	4,160.67
CCYUSD	Payable	-1,992,934.33	AAA	0.000	11/22/2024	11/22/2024	0.000	0.000	0.00	1.0000	-1,992,934.33	0.00	-1,992,934.33	-1,992,934.33
912797MQ7	UNITED STATES TREASURY	1,000,000.00	A-1+	0.000	12/24/2024	12/24/2024	4.168	4.583	236.04	99.6359	996,122.85	0.00	996,358.89	996,358.89
912797MY0	UNITED STATES TREASURY	1,000,000.00	A-1+	0.000	01/21/2025	01/21/2025	4.326	4.556	-120.00	99.2938	993,058.33	0.00	992,938.33	992,938.33
912797MK0	UNITED STATES TREASURY	1,000,000.00	A-1+	0.000	02/13/2025	02/13/2025	4.357	4.522	245.28	99.0189	989,943.61	0.00	990,188.89	990,188.89
83369BQ33	Société Générale Société anonyme	600,000.00	A-1+	0.000	03/03/2025	03/03/2025	4.613	4.684	0.00	98.7222	592,333.33	0.00	592,333.33	592,333.33
912797LB1	UNITED STATES TREASURY	1,000,000.00	A-1+	0.000	05/15/2025	05/15/2025	4.421	4.481	157.29	97.9361	979,203.96	0.00	979,361.25	979,361.25
3130B3UE1	FEDERAL HOME LOAN BANKS	1,000,000.00	AAA	4.500	11/26/2025	11/26/2025	4.683	4.513	-1,640.00	99.8236	999,876.00	0.00	998,236.00	998,236.00
---	---	12,023,355.28	AAA	---	01/25/2025	01/25/2025	5.243	5.304	-1,121.39	---	12,009,758.19	35,864.83	11,972,771.97	12,008,636.81

\* Weighted by: Base Market Value + Accrued, except Book Yield by Base Book Value + Accrued. \* Holdings Displayed by: Lot.

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The Zions Bancorporation logo, featuring the word "ZIONS" in a large, bold, serif font with a registered trademark symbol (®) to its upper right. A horizontal gold bar is positioned below the logo.

CORPORATE INVESTMENTS  
& LIQUIDITY MANAGEMENT

Corporate Investments and Liquidity Management (CILM) is provided to non-municipal customers through Zions Bancorporation, N.A.'s Wealth Management Division, and municipal customers through Zions Capital Advisors, Inc. (ZCA), an SEC registered investment advisor and a non-bank subsidiary of Zions Bancorporation, N.A. **Investment products are not insured by the FDIC or any federal or state governmental agency, are not deposits or other obligations of, or guaranteed by, Zions Bancorporation, N.A. or its divisions, and are subject to investment risks, including possible loss of the principal amount invested.**



## Investment Policy Statement

### 1. Introduction

WECC has adopted this Investment Policy Statement to provide guidelines for investment of funds held by WECC. The investment policy and any changes thereto are subject to approval by the Board of Directors (Board).

For the purposes of managing investment risk and to optimize potential returns within acceptable risk parameters, the funds held will be divided into two separate investment pools called the Operating Fund and the Penalties Fund. Collectively, the two pools will be referred to as the Total Fund.

#### 1.1. Purpose

This Investment Policy Statement is set forth by the Board to:

1. Delegate authority and assign responsibilities to all involved parties.
2. Provide investment criteria and guidelines to all Investment Managers regarding the investment of Total Fund assets.
3. Provide the Guiding Principles for investing WECC's funds.
4. Establish a basis for evaluating investment results, including the provision of evaluation benchmarks.
5. Manage Total Fund assets per prudent standards as established in common trust law.

In general, the purpose of this statement is to outline a philosophy that will guide the management of the Total Fund assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

#### 1.2. Scope

This Investment Policy Statement reflects the investment policy, objectives, and constraints of the Total Fund, along with guidelines for managing each of the two investment pools.

## 1.3. Definitions

Term	Definition
Operating Fund	Funds collected from assessments to be used for annual budgeted expenditures and reserves.
Penalties Fund	Funds collected from penalty sanctions to be used in a future budget year.
Total Fund	Aggregate of the Operating Fund and Penalties Fund assets.
Investment Manager	Any individual, or group of individuals, employed to manage the investments of all or part of the Total Fund assets.
Securities	Marketable investment securities that are defined as acceptable in this statement.
Investment Horizon	Time over which the investment objectives for each fund, as set forth in this statement, are expected to be met.
Preservation of Capital	Investment objective minimizing the probability of loss of principal over the investment horizon. Emphasis is placed on minimizing volatility rather than maximizing return.
Liquidity	Investment objective ensuring the ability to meet all expected or unexpected cash flow needs by investing in securities that can be liquidated readily and efficiently.
Management	Officer delegated by the CEO with the oversight responsibilities of the Investment Policy Statement.

## 2. Policy

### 2.1. Delegation of Authority

WECC's Chief Executive Officer (CEO) is responsible for directing and monitoring the investment of Total Fund assets. The CEO is authorized to delegate the Investment Policy oversight responsibilities to Management who will oversee and delegate certain responsibilities to professional investment experts. These include, but are not limited to:

1. Investment Manager has the discretion to purchase, sell, or hold the specific securities that will be used to help meet the Total Fund's investment objectives, subject to the criteria and constraints laid out in this Policy statement.
2. Custodian is responsible for (or through agreement with a sub-custodian) maintaining possession of securities owned by WECC, collecting dividend and interest payments, redeeming maturing securities, and accepting receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Total Fund accounts.
3. Additional specialists such as attorneys, auditors, actuaries, retirement plan consultants, and others may be employed by WECC to assist in meeting the responsibilities and obligations to administer Total Fund assets prudently.

The Board will not reserve any direct control over investment decisions, with the exception of specific constraints described in the Investment Policy. Investment Managers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the constraints will hamper Investment Managers, each manager should request modifications that the manager deems appropriate. Under the direction and approval of the CEO, Management should approve modifications in writing and will

assess whether any requested modifications are major. The Board must approve all major modifications.

## 2.2. Assignment of Responsibilities

### 1. Responsibilities of the Board of Directors

The Board, through the Finance and Audit Committee (FAC), will oversee the implementation of this investment policy. Specific responsibilities include:

- Define the investment objectives and guidelines as per this Investment Policy Statement.
- Oversee Management's implementation of this Investment Policy Statement.
- Maintain and update this Investment Policy Statement annually. As any changes are made, notify the appropriate parties.

### 2. Responsibilities of the Investment Managers

Each Investment Manager will have full discretion to make all investment decisions for the assets placed under its jurisdiction while observing and operating within all policies, guidelines, constraints, and principles as outlined in this statement. Specific responsibilities of the Investment Manager(s) include:

- Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this statement.
- Reporting, on a timely basis, quarterly investment performance results.
- Communicating any major changes to economic outlook, investment strategy, or any other factors that affect implementation of the investment process, or the investment objective progress of the Total Fund's investment management.
- Informing WECC Management regarding any qualitative change to investment management organization (changes in portfolio management personnel, ownership structure, investment philosophy, etc.).
- Voting proxies, if requested by Management, on behalf of the Total Fund and communicating such voting records to Management on a timely basis.

## 2.3. General Investment Principles

- Investment Managers must make investments solely in the interest of WECC.
- Investment Managers must invest the Total Fund with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.
- Investment of the Total Fund must be diversified among the two distinct investment pools based on the time horizons and guidelines established later in this document.
- Investment Managers of varying styles and philosophies may be retained to attain the Total Fund's objectives.

## 2.4. Performance Review and Evaluation

The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration will be given to the extent to which the investment results are consistent with the investment objectives, guidelines, and constraints as set forth in this statement. The portfolio(s) will be evaluated by Management over at least a three-year period.

Management reserves the right to terminate an Investment Manager for any reason including the following:



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- Investment performance that is significantly less than anticipated given the discipline employed and the risk parameters established.
- An Investment Manager's failure to adhere to any aspect of this Investment Policy Statement, including communication and reporting requirements.
- Significant changes to the investment management organization personnel.

Management will review Investment Managers regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results. Management will report to the Finance and Audit Committee annually.

If any individual Investment Manager's portfolio is in violation of the specific guidelines of this Investment Policy Statement, for any reason including market price fluctuations, the Investment Manager will bring the portfolio into compliance with these guidelines as quickly and prudently as possible in consultation with Management.

## 2.5. Investment Policy Review

The investment objectives, guidelines, and constraints are presented in Table 1 below:

**Table 1: Fund Overview: Objectives, Guidelines, Constraints**

Fund	Time Horizon	Risk Tolerance	Purpose	Investment Objectives	Risk Definition	Allowable Assets <sup>1</sup>	Maturity Restrictions
Operating	≤ 2 years	Conservative	Provide cash to meet ongoing financial obligations	Preservation of capital and liquidity	The probability of not meeting ongoing operational cash flow requirements, and the probability of loss of principal over any time horizon	<ul style="list-style-type: none"> <li>• Treasury Bills and U.S. government-sponsored agency obligations guaranteed by the U.S. government or collateralized by U.S. government obligations</li> <li>• Money Market Funds with a minimum rating of AA (Standard &amp; Poor's), Aa2 (Moody's) or an equivalent rating by another nationally recognized rating agency</li> <li>• Repurchase</li> </ul>	Maximum maturity for any single security is two years, and the weighted average portfolio maturity may not exceed 12 months

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Fund	Time Horizon	Risk Tolerance	Purpose	Investment Objectives	Risk Definition	Allowable Assets <sup>1</sup>	Maturity Restrictions
						<p>Agreements in conjunction with bank sweep accounts collateralized by U.S. government obligations</p> <ul style="list-style-type: none"> <li>Federally insured Certificates of Deposit with financial institutions having a minimum rating of A2 (Standard &amp; Poor's), P-2 (Moody's) or an equivalent rating by another nationally recognized rating agency</li> <li>Corporate Notes and Bonds in any sector except for Energy, Utilities, Financials and cross industry conglomerates that have ownership interests in Energy, Utilities, Financials having a minimum rating of AAA (Standard and Poor's), Aaa (Moody's) or</li> </ul>	

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Fund	Time Horizon	Risk Tolerance	Purpose	Investment Objectives	Risk Definition	Allowable Assets <sup>1</sup>	Maturity Restrictions
						an equivalent rating by another nationally recognized rating agency	
Penalties	Fully liquid by December 31 of each year	Conservative	Segregate penalty funds collected to be used to fund expenditures in a future budget year	Preservation of capital and liquidity	The probability of losing principal over any time period	<ul style="list-style-type: none"><li>• Treasury Bills and U.S. government-sponsored agency obligations guaranteed by the U.S. government or collateralized by U.S. government obligations</li><li>• Money Market Funds with a minimum rating of AA (Standard &amp; Poor's), Aa2 (Moody's) or an equivalent rating by another nationally recognized rating agency</li><li>• Repurchase Agreements in conjunction with bank sweep accounts collateralized by U.S. government obligations</li><li>• Federally insured Certificates of Deposit with</li></ul>	Maximum maturity for any single security is one year, and the weighted average portfolio maturity may not exceed six months, with the entire portfolio being 100% liquid on December 31 of each year

&lt;Public&gt;

Fund	Time Horizon	Risk Tolerance	Purpose	Investment Objectives	Risk Definition	Allowable Assets <sup>1</sup>	Maturity Restrictions
						financial institutions having a minimum rating of A2 (Standard & Poor's), P-2 (Moody's) or an equivalent rating by another nationally recognized rating agency <ul style="list-style-type: none"><li>• Corporate Notes and Bonds in any sector except for Energy, Utilities, Financials and cross industry conglomerates that have ownership interests in Energy, Utilities, Financials having a minimum rating of AAA (Standard and Poor's), Aaa (Moody's) or an equivalent rating by another nationally recognized rating agency</li></ul>	

To ensure continued relevance of these guidelines, objectives, and constraints as established in Table 1 above, the FAC will review the investment policy at least annually and will present any recommended changes to the Board for approval.

### 3. Assessing Performance: Investment

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## Benchmarks

### 3.1. Total Fund Return Evaluation Benchmark

The CEO will evaluate total return of each fund based on the performance of a public index. Total return should equal or exceed the performance of the public index, based on the permissible asset allocations and investment horizons. The public index will be selected to be consistent with the time horizons permissible in this investment policy. The CEO will approve the public index selected.

Realized returns relative to risk will be considered annually.

*This policy supersedes and revokes all past policies and practices, oral and written representations, or statements regarding terms and conditions of employment concerning the subject matter covered herein. WECC reserves the right to add to, delete, change, or revoke this policy at any time, with or without notice. This policy does not create a contract between WECC and any employee or contractor, nor does it create any entitlement to employment or any benefit provided by WECC to its employees or contractors.*

*Caution!—This document may be out of date if printed.*

<sup>1</sup> Excluding U.S. Treasuries and Governmental Agencies, no single issuer may represent more than 5% of the Operating Fund or the Penalties Fund.



**Finance and Audit Committee  
Recommendation Item  
Finance and Audit Committee Charter  
December 10, 2024**

## **FAC Resolution**

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*Resolved*, that the Finance and Audit Committee (FAC), at its meeting on December 10, 2024, recommends that the WECC Board of Directors (Board), approve the FAC Charter as presented and attached.

## **Background**

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A clean and redlined version of the proposed FAC Charter are included in the Board package. Initial review of the charter was performed by WECC legal with a subsequent review by the FAC and a recommendation for Board approval expected at the December 10, 2024 FAC meeting.

Proposed revisions are as follows:

- Remove language on assigning staff to prepare meeting minutes;
- Clarification on how the FAC may participate in a meeting;
- Updates to meeting notices, materials posting, and approval requirements;
- Add language for the chair to permit any Director to monitor closed sessions; and
- Changing the charter review requirement to “as needed but at least biennially.”



## Finance and Audit Committee Charter

### Establishment and Authority

The Finance and Audit Committee (FAC) was established by the Board of Directors (Board).

### Purpose and Responsibilities

The purpose of the FAC is to report to and assist the Board by providing oversight of financial management, independent auditors, and financial reporting procedures, as well as such other matters as directed by the Board or this charter.

To carry out its oversight responsibilities, the FAC will perform the following functions.

#### 1. Oversight of WECC's financial reporting

The FAC will review with management and the external auditors:

- The audited financial statements, including the notes to the financial statements.
- Changes in accounting policies and practices, and significant judgments that may affect financial results.
- The nature of any unusual or significant commitments or contingent liabilities, together with the underlying assumptions and estimates of management.
- Any changes of accounting standards that may materially affect financial reporting practices.
- The quality and adequacy of WECC's internal financial controls structure.

#### 2. Oversight of WECC's financial reporting compliance

- a. The FAC will review and monitor:
  - Litigation or other legal matters that could have a significant impact on financial results.
  - Significant findings of any examination by regulatory authorities or agencies, in the areas of securities or accounting.
- b. The FAC will ensure procedures have been established for the receipt, retention, and treatment of complaints from employees on accounting, internal accounting controls, or auditing matters. This includes the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters. Management will notify the FAC when any such complaints are received and the FAC will review management's recommended resolution of the matter.
- c. The FAC is responsible for overseeing the conduct of management in carrying out its responsibility for preparing financial statements and the independent auditors for auditing

these financial statements. Consequently, in carrying out its oversight responsibilities, the FAC is not providing any expert or special assurance about financial statements or any professional certification about the independent auditors' work.

### **3. Oversight of WECC's independent auditors**

- a. The FAC will:
  - Have the ultimate authority and responsibility to appoint, retain, compensate, evaluate, and when appropriate, terminate the business relationship with the external auditors. This responsibility includes resolving disagreements between management and the independent auditors regarding financial reporting. The FAC will oversee the qualifications and independence of the external auditors and perform a triennial review of the independent auditors' performance.
  - Review and approve the scope of the annual independent audit of financial statements and the associated engagement fees, as well as any significant variations in the actual scope of the independent audit and the associated engagement fees.
  - Review with the independent auditors any difficulties the auditors encountered during the audit—including restrictions on the scope of work or access to requested information—and any significant disagreements with management.
  - Ensure the receipt of a formal written statement from the external auditors affirming their independence from WECC.
  - Oversee the expedient implementation of corrective actions resulting from an audit.
- b. Throughout its oversight of the independent auditors as provided under this charter, the FAC will be guided by the premise that the independent auditors are ultimately accountable to the FAC.

### **4. Oversight of WECC's annual Business Plan and Budget process**

- a. The FAC will review and monitor:
  - Performance against the approved budget on a quarterly basis.
  - Management's schedule for the preparation and development of the annual Business Plan and Budget and any supplemental budgets to ensure that the schedule provides sufficient time for the development of the budget, a review by the FAC, input from stakeholders, and approval of the final Business Plan and Budget by the Board.





## 5. Oversight of WECC Guidelines, Policies, and Processes

- a. The FAC will ensure that:
  - o The guidelines, policies, and processes relied on and used by management to assess and manage enterprise risk are discussed by the full Board annually.
  - o The Investment Policy Statement is reviewed annually.
  - o The Reserve Policy, including the appropriate level of reserves, is reviewed annually.

## Committee Composition and Governance

### 1. Membership

- a. The FAC will comprise no less than four members of the Board, appointed by the chair of the Board, and in consultation with the Board.
- b. The FAC members will serve until a successor is appointed unless the member resigns or is removed by the Board. In the case of a vacancy, the chair of the Board will fill the position.
- c. The FAC members will perform a biennial self-evaluation.

### 2. Leadership

- a. The chair of the Board, in consultation with the Board, will appoint one of the FAC members to serve as the FAC's chair.
- b. The chair will manage the committee and its meetings.
- c.
- d. The chair may appoint a steering committee to address specific assignments as necessary.
- e. The chair will assign the duties of the chair to any member of the FAC in the event of the chair's absence.

### 3. Meetings

- a. The FAC will meet at least two times per year or as often as required to carry out its responsibilities. Meetings will be held according to the [Meeting Policy](#) and may be in person or by telephone or web conference, as determined by the chair.
- b. A quorum for meetings will be a majority of committee members.
- c. Action taken by the FAC will require a majority vote of the FAC members present. Voting may be by any means the chair determines appropriate. FAC members may not vote by proxy or absentee ballot, but FAC members may participate in meetings, including casting votes, by telephone conference or any other means of communication that enables all members participating in a meeting to simultaneously hear one another.
- d. Email notice of the time and place of all meetings will be provided to each member of the FAC and to the Board no later than three days before the meeting, or upon as much notice as is reasonable under the circumstances as approved by a majority of FAC members. An agenda,



including identification of the items for which action may be taken, will be provided with the meeting notice. Notice of meetings and the agenda will also be posted on the WECC website. Approval item documents should also be posted in advance of the meeting, when possible, but documents approved by the FAC may differ from what is posted.

- e.
- f. The FAC may meet in closed session to—
  - o Consider the employment, evaluation of performance, or dismissal of an employee;
  - o Discuss pending or proposed litigation and to receive confidential attorney-client communications from legal counsel; and
  - o Receive and discuss any information that is privileged, trade secret, cybersecurity, critical energy infrastructure information (as defined by the Federal Energy Regulatory Commission), protected from public disclosure by law, or that the committee determines should be confidential to protect a legitimate public interest.

The FAC chair will permit any Director to monitor such closed sessions, except those Directors who are conflicted in accordance with section 7.6.1.1 of WECC's Bylaws or where the FAC determines that a Director has a perceived or actual conflict of interest.

## **Reporting**

The FAC will report to the Board on its activities and any recommendations for Board action.

## **Review and Changes to the Charter**

The FAC will review this charter as needed but at least biennially and recommend any changes to the Board for approval.

Approved by the WECC Board of Directors: December xx, 2024



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## Finance and Audit Committee Charter

### Establishment and Authority

The Finance and Audit Committee (FAC) was established by the Board of Directors (Board).

### Purpose and Responsibilities

The purpose of the FAC is to report to and assist the Board by providing oversight of financial management, independent auditors, and financial reporting procedures, as well as such other matters as directed by the Board or this charter.

To carry out its oversight responsibilities, the FAC will perform the following functions.

#### 1. Oversight of WECC's financial reporting

- ✚ The FAC will review with management and the external auditors:
  - The audited financial statements, including the notes to the financial statements.
  - Changes in accounting policies and practices, and significant judgments that may affect financial results.
  - The nature of any unusual or significant commitments or contingent liabilities, together with the underlying assumptions and estimates of management.
  - Any changes of accounting standards that may materially affect financial reporting practices.
  - The quality and adequacy of WECC's internal financial controls structure.

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#### 2. Oversight of WECC's financial reporting compliance

- a. The FAC will review and monitor:
  - Litigation or other legal matters that could have a significant impact on financial results.
  - Significant findings of any examination by regulatory authorities or agencies, in the areas of securities or accounting.
- b. The FAC will ensure procedures have been established for the receipt, retention, and treatment of complaints from employees on accounting, internal accounting controls, or auditing matters. This includes the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters. Management will notify the FAC when any such complaints are received and the FAC will review management's recommended resolution of the matter.
- c. The FAC is responsible for overseeing the conduct of management in carrying out its responsibility for preparing financial statements and the independent auditors for auditing

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## FAC Charter

these financial statements. Consequently, in carrying out its oversight responsibilities, the FAC is not providing any expert or special assurance about financial statements or any professional certification about the independent auditors' work.

### 3. Oversight of WECC's independent auditors

- a. The FAC will:
  - o Have the ultimate authority and responsibility to appoint, retain, compensate, evaluate, and, when appropriate, terminate the business relationship with the external auditors. This responsibility includes resolving disagreements between management and the independent auditors regarding financial reporting. The FAC will oversee the qualifications and independence of the external auditors and perform a triennial review of the independent auditors' performance.
  - o Review and approve the scope of the annual independent audit of financial statements and the associated engagement fees, as well as any significant variations in the actual scope of the independent audit and the associated engagement fees.
  - o Review with the independent auditors any difficulties the auditors encountered during the audit—including restrictions on the scope of work or access to requested information—and any significant disagreements with management.
  - o Ensure the receipt of a formal written statement from the external auditors affirming their independence from WECC.
  - o Oversee the expedient implementation of corrective actions resulting from an audit.
- b. Throughout its oversight of the independent auditors as provided under this charter, the FAC will be guided by the premise that the independent auditors are ultimately accountable to the FAC.

### 4. Oversight of WECC's annual Business Plan and Budget process

- a. The FAC will review and monitor:
  - o Performance against the approved budget on a quarterly basis.
  - o Management's schedule for the preparation and development of the annual Business Plan and Budget and any supplemental budgets to ensure that the schedule provides sufficient time for the development of the budget, a review by the FAC, input from stakeholders, and approval of the final Business Plan and Budget by the Board.



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## FAC Charter

### 5. Oversight of WECC Guidelines, Policies, and Processes

- a. The FAC will ensure that:
  - o The guidelines, policies, and processes relied on and used by management to assess and manage enterprise risk are discussed by the full Board annually.
  - o The Investment Policy Statement is reviewed annually.
  - o The Reserve Policy, including the appropriate level of reserves, is reviewed annually.

## Committee Composition and Governance

### 1. Membership

- a. The FAC will comprise no less than four members of the Board, appointed by the chair of the Board, and in consultation with the Board.
- b. The FAC members will serve until a successor is appointed unless the member resigns or is removed by the Board. In the case of a vacancy, the chair of the Board will fill the position.
- c. The FAC members will perform a biennial self-evaluation.

### 2. Leadership

- a. The chair of the Board, in consultation with the Board, will appoint one of the FAC members to serve as the FAC's chair.
- b. The chair will manage the committee and its meetings.
- c. ~~The chair will assign a committee member or WECC staff member to prepare minutes of FAC meetings for the committee's approval.~~
- d. The chair may appoint a steering committee to address specific assignments as necessary.
- e. The chair will assign the duties of the chair to any member of the FAC in the event of the chair's absence.

### 3. Meetings

- a. The FAC will meet at least two times per year or as often as required to carry out its responsibilities. Meetings will be held according to the [Meeting Policy](#) and may be in person or by telephone or web conference, as determined by the chair.
- b. A quorum for meetings will be a majority of committee members.
- c. Action taken by the FAC will require a majority vote of the [FAC](#) members present. Voting may be by any means the chair determines appropriate. FAC members may not vote by proxy or absentee ballot, ~~but FAC members may participate in meetings, including casting votes, by telephone conference or any other means of communication that enables all members participating in a meeting to simultaneously hear one another.~~
- d. ~~The chair (or designee) will give notice by eEmail notice of the time and place of all meetings will be provided~~ to each member of the FAC and to the Board ~~no later than three days before~~



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## FAC Charter

~~the meeting, or upon as much notice as is reasonable under the circumstances as approved by a majority of FAC members. An agenda, including identification of the items for which action may be taken, will be provided with the meeting notice. Notice of meetings and the agenda will also be posted on the WECC website, of the time and place for all meetings and will post notice of all meetings on the WECC website. Notice will be given at least three business days before each meeting. Approval item documents should also be posted in advance of the meeting, when possible, but documents approved by the FAC may differ from what is posted.~~

- e. ~~An agenda containing the items for which action may be taken will be posted on the WECC website at least three business days before each meeting.~~
- f. The FAC may meet in closed session to —
  - o Consider the employment, evaluation of performance, or dismissal of an employee;
  - o Discuss pending or proposed litigation and to receive confidential attorney-client communications from legal counsel; and
  - o Receive and discuss any information that is privileged, trade secret, cybersecurity, critical energy infrastructure information (as defined by the Federal Energy Regulatory Commission), protected from public disclosure by law, or that the committee determines should be confidential to protect a legitimate public interest.

~~The FAC chair will permit any Director to monitor such closed sessions, except those Directors who are conflicted in accordance with section 7.6.1.1 of WECC's Bylaws or where the FAC determines that a Director has a perceived or actual conflict of interest.~~

### Reporting

The FAC will report to the Board on its activities and any recommendations for Board action.

### Review and Changes to the Charter

The FAC will review this charter ~~annually~~as needed but at least biennially and recommend any changes to the Board for approval.

Approved by the WECC Board of Directors: September 13, 2023





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## **Draft 2026 Business Plan and Budget Schedule**

December 2024

## 2025 Business Plan and Budget Schedule

Date	WECC	WECC FAC	NERC
January 3, 2025	Budget kick-off meeting		
January 7–8, 2025	Distribute budget templates and instructions to budget managers, including program summaries		
February 5, 2025	Department budgets due to Accounting with VP approval		
February 7–14, 2025	Budgets reviewed by Accounting		
February 14, 2025	Business Plan and Budget (BP&B) text edits due to Accounting		
February 18, 2025	Executive Team reviews draft department budgets and BP&B edits		
March X, 2025	Provide draft budget overview to MAC Budget Subcommittee (MBS)		
March 4, 2025	Post draft 1 of the budget for Finance and Audit Committee (FAC) meeting		
March X, 2025	Provide NERC with rough draft of budget verbiage for review by program areas		REs provide NERC with rough drafts of budget verbiage for review by program areas
March 11, 2025	Present draft 1 of the budget to FAC. Multiple meetings on subsequent dates to be determined, if necessary		
Mid-March 2025	MBS members provide high-level feedback		
April–June 2025	Meet with and provide information to MBS. Multiple meetings; dates TBD		
April 1, 2025	Submit requests for Net Energy for Load (NEL) data to Balancing Authorities (BA)		
April–June 2025	Send NEL confirmations to Load-Serving Entities (LSE)		
Mid-April 2025	MBS members provide high-level feedback		





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## 2025 Business Plan and Budget Schedule

Date	WECC	WECC FAC	NERC
April 28, 2025	Post draft 1 of BP&B on WECC website for stakeholder comment and provided to NERC		Post draft 1 of RE 2BP&B on NERC website
May 1, 2025	WECC true-up files and audit report due to NERC		RE true-up files and audit report due to NERC
May X and XX, 2025	Webinars to provide overview of BP&B for stakeholders		
May 16, 2025	Stakeholder comments due on WECC draft BP&B		
May 17, 2025	NEL data due from BAs		
May XX, 2025			Post draft of NERC, RE, and Consolidated ERO Enterprise Budget on NERC website
May XX, 2025	Meet with FERC Budget staff to review draft NERC and RE BP&Bs		Meet with FERC Budget staff to review draft NERC and RE BP&Bs
June X, 2025	NERC FAC and management conference call and webinar to review draft 1 of NERC, RE, and Consolidated ERO Enterprise NERC BP&Bs		NERC FAC and management conference call and webinar to review draft 1 of NERC, RE, and Consolidated ERO Enterprise NERC BP&Bs
June 3, 2025	Submit final WECC BP&B to FAC for final review and provide summary of stakeholder comments		
June 11, 2025	WECC Board of Directors (Board) meeting; approval of BP&B		
July X, 2025	Final BP&B submittal due, approved by Board; includes final list of LSEs and NEL data		Final RE submittal due, approved by RE boards; includes final list of LSEs and NEL data



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## 2025 Business Plan and Budget Schedule

Date	WECC	WECC FAC	NERC
July XX, 2025	Present final Board approved BP&B to NERC FAC		REs present final Board approved BP&Bs to NERC FAC
August X, 2025	Final NERC and RE business plans, budgets and assessments posted and mailed to FAC, NERC Board of Trustees, and Member Representatives Committee		
August XX–XX, 2025			NERC FAC meeting to review and recommend approval of NERC and, RE final business plans, budgets, and assessments
August XX–XX, 2025			NERC and RE business plans, budgets, and assessments presented to NERC Board of Trustees for approval
August XX, 2025	NERC submits package to FERC and Canadian provincial authorities for approval. Package to include: (1) the NERC and RE BP&Bs approved by the Board of Trustees, (2) NERC's annual funding requirement (including regional entity costs for delegated functions) and (3) the mechanism for assessing charges to recover that annual funding requirement		
October/November	FERC Order issued; Invoices sent by November 15, 2025		

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## October 2024 Financial Results

Adam Jensen

December 10, 2024

## Summary

As of October 31, 2024, statutory programs were over budget by a net of \$8.0 million. The non-statutory program was under budget by a net of \$708,000. The main driver of the net statutory overrun relates to a timing difference for penalty revenue recognition allowed under Generally Accepted Accounting Principles (GAAP). For financial reporting purposes, WECC recognizes penalties when FERC approves them, and for budgeting purposes, WECC recognizes penalties in the year in which the penalties offset assessments. Penalties revenue is less than budget by \$10.1 million per GAAP treatment. Additionally, other funding sources are \$719,000 over budget and expenditures are \$1.3 million under budget through October 31, 2024.

Variances greater than \$100,000 are explained in subsequent sections. Two versions of the statutory year-to-date results are provided. The first table (Figure 1) represents GAAP reporting, with the penalty revenue recognition changes included. The second table (Figure 2) represents results without the penalty variance, to isolate other and more relevant variances in the total net results.

## Statutory Program Statement of Activities

### Major Drivers of Statutory Program Variances (Greater than \$100,000)

Figure 1: Statutory Year-to-Date Results  
(GAAP)

	Actual 2024	Budget 2024	Variance (over) /under
<b>Funding</b>			
ERO Funding	25,004,400	35,137,948	(10,133,548)
Other Funding	1,689,708	970,250	719,458
<b>Total Funding</b>	<b>26,694,108</b>	<b>36,108,198</b>	<b>(9,414,090)</b>
<b>Expenses</b>			
Personnel Expenses	21,492,087	22,418,170	926,083
Meeting & Travel Expenses	923,805	1,283,408	359,603
Operating Expenses	4,905,190	5,044,253	139,063
Indirect Allocation	(646,417)	(735,589)	(89,172)
<b>Total Expenses</b>	<b>26,674,665</b>	<b>28,010,242</b>	<b>1,335,577</b>
Fixed Assets	28,600	138,000	109,400
<b>Total Expenditures</b>	<b>26,703,265</b>	<b>28,148,242</b>	<b>1,444,977</b>
<b>Funding Less Expenditures</b>	<b>(9,157)</b>	<b>7,959,956</b>	<b>(7,969,113)</b>

Figure 2: Statutory Year-to-Date Results  
(Excluding Penalty Variance)

	Actual 2024	Budget 2024	Variance (over) /under
<b>Funding</b>			
ERO Funding	35,137,948	35,137,948	-
Other Funding	1,689,708	970,250	719,458
<b>Total Funding</b>	<b>36,827,656</b>	<b>36,108,198</b>	<b>719,458</b>
<b>Expenses</b>			
Personnel Expenses	21,492,087	22,418,170	926,083
Meeting & Travel Expenses	923,805	1,283,408	359,603
Operating Expenses	4,905,190	5,044,253	139,063
Indirect Allocation	(646,417)	(735,589)	(89,172)
<b>Total Expenses</b>	<b>26,674,665</b>	<b>28,010,242</b>	<b>1,335,577</b>
Fixed Assets	28,600	138,000	109,400
<b>Total Expenditures</b>	<b>26,703,265</b>	<b>28,148,242</b>	<b>1,444,977</b>
<b>Funding Less Expenditures</b>	<b>10,124,391</b>	<b>7,959,956</b>	<b>2,164,435</b>

**October 2024 Financial Results****Year-to-Date (GAAP)**

- ERO Funding: \$10.1 million under budget due to penalty revenue recognition per GAAP compared to budget treatment. The underrun represents the net of:
  - \$10.1 million in penalties recognized as revenue in 2022 and 2023 for financial reporting purposes, but budgeted to offset assessments in the 2024 Business Plan and Budget; and
  - \$4,000 in penalties recognized as revenue in 2024 for financial reporting purposes but will offset assessments in the 2025 Business Plan and Budget.
- Other Funding: \$719,000 over budget due to higher-than-budgeted interest rates and investment income.
- Personnel Expenses: \$926,000 under budget primarily due to actual job vacancies across the organization compared to budget assumptions.
- Meeting & Travel Expenses: \$360,000 under budget due to:
  - Reliability Risk Priorities Workshop was converted to a virtual format;
  - Annual Meeting location moved to Salt Lake City;
  - Cancelled and lower-than-budgeted travel activity; and
  - Lower-than-budgeted R&S Workshop expenses.

**Figure 3: Statutory Year-end Forecast  
(GAAP)**

	Forecast 2024	Budget 2024	Variance (over) /under
<b>Funding</b>			
ERO Funding	25,004,400	35,137,948	(10,133,548)
Other Funding	1,893,215	1,075,250	817,965
<b>Total Funding</b>	<b>26,897,615</b>	<b>36,213,198</b>	<b>(9,315,583)</b>
<b>Expenses</b>			
Personnel Expenses	28,106,099	28,895,986	789,887
Meeting & Travel Expenses	977,327	1,353,934	376,607
Operating Expenses	5,955,850	6,008,620	52,770
Indirect Allocation	(891,613)	(980,785)	(89,172)
Total Expenses	34,147,663	35,277,755	1,130,092
Fixed Assets	28,600	127,040	98,440
<b>Total Expenditures</b>	<b>34,176,263</b>	<b>35,404,795</b>	<b>1,228,532</b>
<b>Funding Less Expenditures</b>	<b>(7,278,648)</b>	<b>808,403</b>	<b>(8,087,051)</b>

**Figure 4: Statutory Year-end Forecast  
(Excluding Penalty Variance)**

	Forecast 2024	Budget 2024	Variance (over) /under
<b>Funding</b>			
ERO Funding	35,137,948	35,137,948	-
Other Funding	1,893,215	1,075,250	817,965
<b>Total Funding</b>	<b>37,031,163</b>	<b>36,213,198</b>	<b>817,965</b>
<b>Expenses</b>			
Personnel Expenses	28,106,099	28,895,986	789,887
Meeting & Travel Expenses	977,327	1,353,934	376,607
Operating Expenses	5,955,850	6,008,620	52,770
Indirect Allocation	(891,613)	(980,785)	(89,172)
Total Expenses	34,147,663	35,277,755	1,130,092
Fixed Assets	28,600	127,040	98,440
<b>Total Expenditures</b>	<b>34,176,263</b>	<b>35,404,795</b>	<b>1,228,532</b>
<b>Funding Less Expenditures</b>	<b>2,854,900</b>	<b>808,403</b>	<b>2,046,497</b>



## October 2024 Financial Results

### *Year-End Forecast*

- ERO Funding: \$10.1 million under budget due to:
  - Revenue recognition of penalties per GAAP compared to budget treatment. The underrun represents the net of:
    - \$10.1 million in penalties recognized as revenue in 2022 and 2023 for financial reporting purposes, but budgeted to offset assessments in the 2024 Business Plan and Budget; and
    - \$4,000 in penalties recognized as revenue in 2024 for financial reporting purposes but will offset assessments in the 2025 Business Plan and Budget.
- Other Funding: \$818,000 over budget due to higher-than-budgeted interest rates and investment income.
- Personnel Expenses: \$790,000 under budget primarily due to:
  - Job vacancies across the organization compared to budgeted vacancy rates; and
  - Lower-than-budgeted benefits enrollment rates.
- Meeting & Travel Expenses: \$377,000 under budget primarily due to:
  - Reliability Risk Priorities Workshop was converted from in-person to a virtual meeting;
  - Lower-than-budgeted Reliability and Security Workshop costs; and
  - Cancelled and lower-than budgeted travel activity.



## October 2024 Financial Results

## Non-Statutory Program Statement of Activities

*Major Drivers of Non-Statutory Program Variances (Greater than \$100,000)*

Figure 3: Non-Statutory Year-to-Date Results

	Actual 2024	Budget 2024	Variance
Funding			
ERO Funding	-	-	-
Other Funding	3,022,622	2,494,500	528,122
<b>Total Funding</b>	<b>3,022,622</b>	<b>2,494,500</b>	<b>528,122</b>
Expenses			
Personnel Expenses	885,239	971,450	86,211
Meeting & Travel Expenses	20,697	27,240	6,543
Operating Expenses	822,497	820,382	(2,115)
Indirect Allocation	646,417	735,590	89,173
Total Expenses	2,374,850	2,554,662	179,812
Fixed Assets	-	-	-
<b>Total Expenditures</b>	<b>2,374,850</b>	<b>2,554,662</b>	<b>179,812</b>
<b>Funding Less Expenditures</b>	<b>647,772</b>	<b>(60,162)</b>	<b>707,934</b>

*Year-to-Date*

- Other Funding: \$528,000 over budget primarily due to:
  - Higher-than-budgeted certificate activity; and
  - Higher-than-budgeted interest rates and investment income.



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## October 2024 Financial Results

Figure 4: Non-Statutory Year-end Forecast

	Forecast 2024	Budget 2024	Variance
Funding			
ERO Funding	-	-	-
Other Funding	3,468,872	2,931,500	537,372
<b>Total Funding</b>	<b>3,468,872</b>	<b>2,931,500</b>	<b>537,372</b>
Expenses			
Personnel Expenses	1,135,472	1,248,950	113,478
Meeting & Travel Expenses	25,797	30,080	4,283
Operating Expenses	988,459	984,423	(4,036)
Indirect Allocation	891,613	980,785	89,172
Total Expenses	3,041,341	3,244,238	202,897
Fixed Assets	-	10,960	(10,960)
<b>Total Expenditures</b>	<b>3,041,341</b>	<b>3,255,198</b>	<b>191,937</b>
<b>Funding Less Expenditures</b>	<b>427,531</b>	<b>(323,698)</b>	<b>751,229</b>

*Year-end Forecast*

- Other Funding: \$537,000 over budget primarily due to:
  - Higher-than-budgeted certificate activity; and
  - Higher-than-budgeted interest rates and investment income.
- Personnel Expenses: \$113,000 under budget primarily due to:
  - Job vacancies across the organization compared to budgeted vacancy rates; and
  - Lower-than-budgeted benefits enrollment rates.





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# Year-to-Date Financial Results and 2024 Forecast

December 10, 2024

Jillian Lessner

Chief Financial and  
Administrative Officer

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## Year-to-Date Statutory Funding

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- Total funding—\$36.8M (\$719K/2.0% over budget)
  - Assessments—\$25.0M (at budget)
  - Penalties—\$10.1M (at budget)
  - Other—\$1.7M (\$719K or 74.2% over budget)
    - Rates of return on cash and investments

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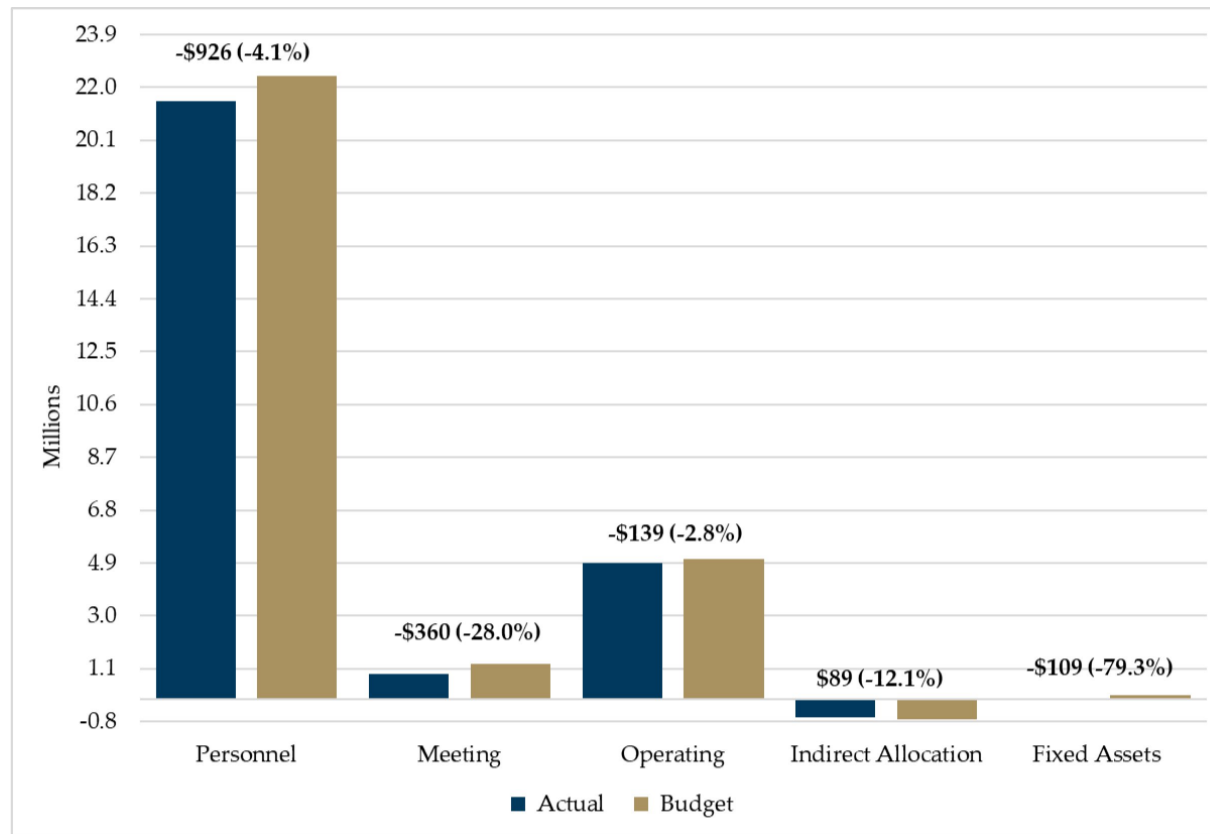
# Year-to-Date Statutory Expenditures

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- Total expenditures—\$26.7M (\$1.4/5.1% under budget)
  - Personnel Expenses—\$21.5M (\$926K/4.1% under budget)
    - Budgeted labor float rate and benefits enrollment assumptions compared to actual
  - Meeting & Travel Expenses—\$924K (\$360K/28.0% under budget)
    - Reliability Risk Priorities Workshop converted to a virtual format
    - Annual Meeting location moved to Salt Lake City office
    - Cancelled and lower-than-budgeted travel activity
    - Lower-than-budgeted R&S Workshop expenses

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# Year-to-Date Statutory Results



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# Year-to-Date Statutory Reserves

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- Reserves—\$28.9M
  - Working capital—\$25.6M
  - Unreleased penalties—\$4.4K
    - All to be released in 2025 budget year
  - Peak Reliability Donation—\$3.3M

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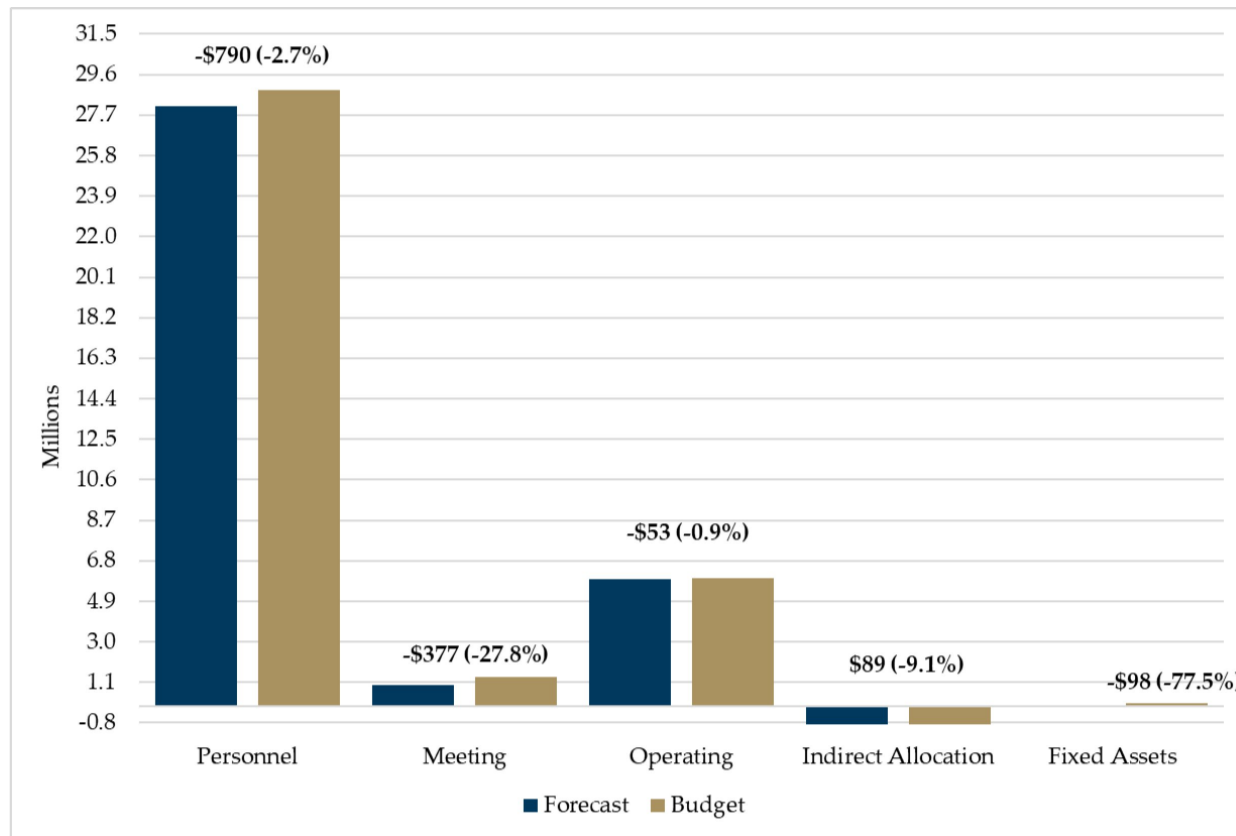
# Year-End Statutory Forecast

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- Total funding—\$37.0M (\$818K/2.3% over budget)
  - Rates of return on cash and investments
- Total expenditures—\$34.2M (\$1.2M/3.5% under budget)
  - Personnel Expenses—\$28.1M (\$790K/2.7% under budget)
    - Budgeted labor float rate and benefits enrollment assumptions compared to actual
  - Meeting & Travel Expenses—\$977K (\$377K/27.8% under budget)
    - Reliability Risk Priorities Workshop converted to a virtual format
    - Annual Meeting location moved to Salt Lake City office
    - Cancelled and lower-than-budgeted travel activity
    - Lower-than-budgeted R&S Workshop expenses

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# Year-End Statutory Forecast



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# Year-End Projected Statutory Reserves

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- Total reserves—\$21.6M
  - Working capital—\$18.4M
  - Unreleased penalties—\$4.4K
  - Peak Reliability Donation—\$3.2M

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# Year-to-Date Non-Statutory Results

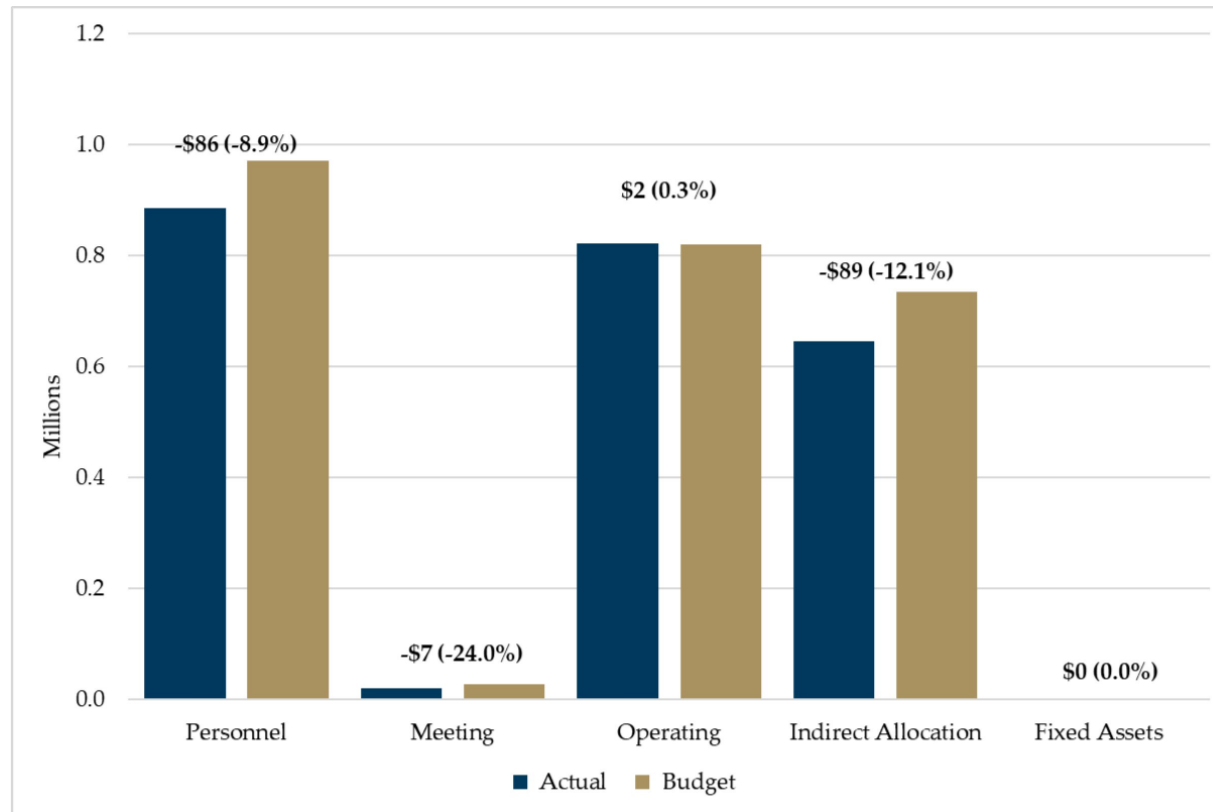
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- Total funding—\$3.0M (\$528K/21.2% over budget)
- Total expenditures—\$2.4M (\$180K/7.0% under budget)



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# Year-to-Date Non-Statutory Results



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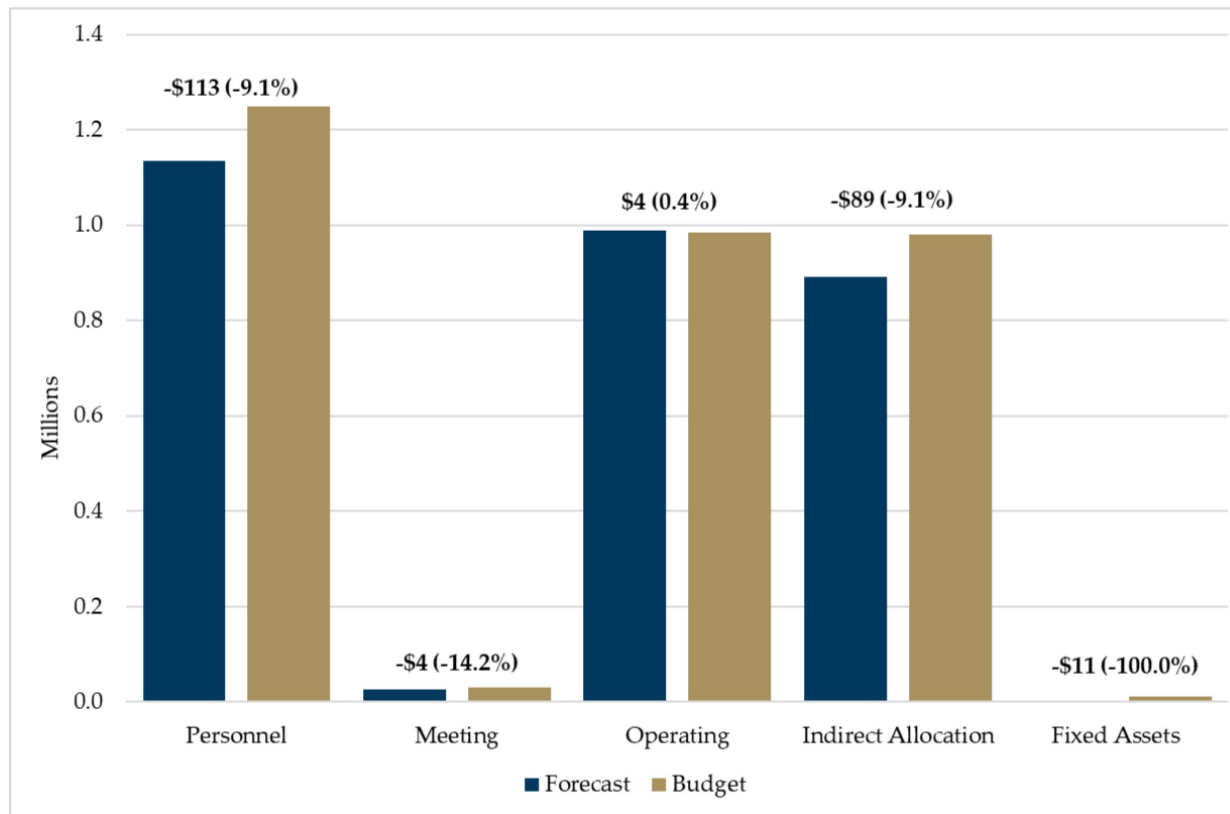
## Year-End Non-Statutory Forecast

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- Total funding—\$3.5M (\$537K/18.3% over budget)
- Total expenditures—\$3.0M (\$192K/5.9% under budget)

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# Year-End Non-Statutory Forecast



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