

Minutes Corporate Governance and Human Resources Committee

February 8, 2017 | 8:00–9:00 a.m. Pacific

Westin San Diego
400 West Broadway
San Diego, CA 92101

Mr. Robert G. Clarke, called to order a duly noticed open meeting of the Corporate Governance and Human Resources Committee (the “Committee”) of the Board of Trustees (“Board”) of the North American Electric Reliability Corporation (“NERC”) on February 8, 2017, at 8:00 a.m. Pacific, and a quorum was declared present. The agenda is attached as **Exhibit A**.

Present at the meeting were:

Committee Members

Robert G. Clarke, Chair
Kenneth W. DeFontes, Jr.
Frederick W. Gorbet
Kenneth G. Peterson
Roy Thilly

Board Members

Paul F. Barber
Janice B. Case
Gerald W. Cauley, President and Chief Executive Officer
David Goulding
George S. Hawkins
Jan Schori

NERC Staff:

Charles A. Berardesco, Senior Vice President, General Counsel, and Corporate Secretary
Tina Buzzard, Associate Director
Stan Hoptroff, Vice President and Chief Technology Officer
Scott Jones, Vice President of Finance and Treasurer
Mark G. Lauby, Senior Vice President and Chief Reliability Officer
Sonia Mendonca, Vice President of Enforcement and Deputy General Counsel
James Merlo, Vice President of Reliability Risk Management
Ken McIntyre, Vice President of Standards and Compliance
Timothy E. Roxey, Vice President and Chief E-ISAC Operations Officer
Marcus H. Sachs, Senior Vice President and Chief Security Officer
Janet Sena, Senior Vice President and Director Policy and External Affairs
Michael Walker, Senior Vice President and Chief Financial and Administrative Officer

NRC Antitrust Compliance Guidelines

Mr. Clarke directed the participants’ attention to the NERC Antitrust Compliance Guidelines included with the agenda materials. He also introduced Deborah Parker, who has been nominated for election as a NERC Trustee.

Minutes

Upon motion duly made and seconded, the Committee approved the minutes of the October 25, 2016 conference call as presented at the meeting.

Report on Matters Discussed in Closed Sessions

Mr. Clarke reported on the items that were discussed during closed meetings of the Committee, held on January 25, 2017, and February 7, 2017, including employee performance management, the results of the recent employee survey, Board and Committee assessments, the Trustee travel policy, corporate performance and approval of the year-end performance report for compensation purposes, Trustee independence report, recommendation for Board approval of an 8 percent contribution to the Savings and Investment Plan, the approval of officer compensation, and the recommendation to the Board for the CEO compensation.

2017 Board Committee and Board Committee Chair Assignments, and Vice Chair Recommendation

Mr. Clarke presented the proposed 2017 Board of Trustees Committee membership and chair assignments. Upon motion duly made and seconded, the Committee approved the proposal and recommended approval by the Board.

Board and Board Committees' Self-Assessments and MRC Assessment of Board of Trustees Effectiveness Results

Mr. Clarke referenced the report included in the advance agenda materials. He noted the suggested topics for future Board focus. Mr. Gorbet commented on the potential focus areas, and requested further stakeholder feedback on each of the areas, including the number of Board and committee meetings and transparency of Board decisions. There seemed to be general consensus that the Board meeting schedule continues to be appropriate. On transparency, some concern was expressed as to whether the Board was making more decisions in closed sessions and whether there was sufficient transparency around corporate metrics. The Committee engaged in a general discussion of the focus areas. Mr. Clarke also reviewed the Committee's self-assessment results.

2016 Year-End Performance Report

Mr. Lauby reviewed the 2016 NERC Performance Report, which had been included in the advance Committee materials, and answered questions regarding the performance levels, reporting that the overall achievement was at 95.9 percent. Mr. Clarke noted that the 2017 metrics were in a substantially different format, with an enhanced focused on outcomes.

NERC Governance Guidelines Annual Review

Mr. Berardesco reviewed the NERC Governance Guidelines, and with one exception, to be discussed, did not recommend any revisions.

Annual Conflict of Interest and Independence Report

Mr. Berardesco reviewed the company's processes for considering conflicts of interest for employees, officers and Trustees and for assuring the independence of the Trustees as required by the Bylaws and NERC Governance Guidelines. While all Trustees were determined to meet the independence requirements, he indicated that management and the Board would be considering providing additional guidance in the Governance Guidelines around independence requirements.

Human Resources and Staffing Update

The Committee reviewed the Update provided in the advance agenda materials. Mr. Clarke noted the long-term improvement in the employee attrition rate, now at approximately 15 percent. During the discussion, management and Trustees indicated that, while it is not certain what the appropriate attrition target is for an organization like NERC, management should continue to focus on employee development, particularly around training and succession planning, and the continued effort to gather information regarding employee engagement.

Adjournment

There being no further business, and upon motion duly made and seconded, the meeting was adjourned.

Submitted by,



Charles A. Berardesco
Corporate Secretary

Agenda

Corporate Governance and Human Resources Committee

February 8, 2017 | 8:00-9:00 a.m. Pacific

Westin San Diego
400 West Broadway
San Diego, CA 92101

Conference Room: Emerald Ballroom (2nd floor)

Call to Order

Introductions and Chair's Remarks

NERC Antitrust Compliance Guidelines

Agenda Items

1. **Minutes* — Approve**
 - a. October 25, 2017 Meeting
2. **Report on Matters Discussed in January 25 and February 7, 2017 Closed Sessions — Discussion**
3. **Proposed 2017 Board Committee and Vice Chair Appointments* — Review and Recommend Board of Trustees Approval**
4. **Board and Board Committees' Self-Assessments and MRC Assessment of Board of Trustees Effectiveness Results* — Review**
5. **NERC Governance Guidelines Annual Review*— Review**
6. **Annual Conflict of Interest and Independence Report*— Review**
7. **2016 Year-End Performance Report* — Review**
8. **Human Resources and Staffing Update* — Review**
9. **Adjournment**

*Background materials included.