

Minutes

Corporate Governance and Human Resources Committee

August 9, 2017 | 10:00–11:00 a.m. Eastern

Westin Ottawa
11 Colonel By Drive
Ottawa, ON K1N 9H4, Canada

Chair 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” or the “Company”) on August 9, 2017, at 11:00 a.m. Eastern, and a quorum was declared present. The agenda is attached as **Exhibit A**.

Present at the meeting were:

Committee Members

Robert G. Clarke, Chair
Janice B. Case
Frederick W. Gorbet
George S. Hawkins
Roy Thilly

Board Members

Gerald W. Cauley, President and Chief Executive Officer
Kenneth W. DeFontes, Jr.
David Goulding
Jan Schori

NERC Staff

Charles A. Berardesco, Senior Vice President, General Counsel, and Corporate Secretary
Tina Buzzard, Associate Director
Scott Jones, Vice President, Corporate Treasurer, and Director of Finance
Mark G. Lauby, Senior Vice President and Chief Reliability Officer
Michael Walker, Senior Vice President, Chief Financial and Strategic Development Officer

NERC Antitrust Compliance Guidelines

Mr. Clarke directed the participants’ attention to the NERC Antitrust Compliance Guidelines included with the advance agenda materials.

Minutes

Upon motion duly made and seconded, the Committee approved the minutes of the May 4, 2017 open meeting as presented at the meeting.

ERO Enterprise and Corporate Metrics Update

Mr. Lauby reviewed the status the ERO Enterprise and Corporate Metrics as of the end of the second quarter, referencing the materials included in the advance agenda package, noting the more detailed approach to evaluating progress against the metrics during the year. Mr. Gorbet requested that future presentations provide information on the prior quarter’s results, so the Committee could evaluate

progress quarter to quarter. The Committee indicated the new format was very useful, and recommended a few revisions for future presentations.

Mr. Walker reviewed the development of 2018 metrics and the review process for the Board.

Committee Mandate Revisions

Mr. Berardesco reviewed the proposed amendments to the mandates for the Enterprise-wide Risk, Finance and Audit and Nominating Committees, all of which had been recommended by the respective Committees. It was noted that there was a typo in the mandate for the Enterprise-wide Risk Committee regarding the frequency of reporting to the Board. With that changed, after discussion, and upon motion duly made and seconded, the Committee approved recommending the revised mandates for Board approval.

Change in NERC Retirement Plans Committee Membership

Mr. Jones presented proposed changes for the NERC retirement plans committee membership, given changes in roles. Upon motion duly made and seconded, the Committee appointed the following individuals to serve as the committee for the company's Employee Savings Plan and other employee savings and retirement plans:

Scott Jones
Damon Epperson
Sandra Pinneke
Andy Sharp

Annual Board Effectiveness Assessments

Mr. Berardesco presented the draft Board and Committee self-assessments and MRC assessment, which had been included in the advance agenda package. He requested input from the Committee and stakeholders, with the goal of finalizing the assessments for Committee approval in November. Mr. Berardesco noted that the company was conducting an RFP for support of the assessments, and that there could be some changes to questions based on advice from consultants. Ms. Case requested that the committee self-assessments provide for a "N/A" response when activities set forth in a committee mandate were not conducted during a year due to a lack of need.

The Committee will also discuss at its November meeting the focus areas identified in last year's assessments.

Employee Reporting and Document Retention Policies

Mr. Berardesco summarized the company's employee reporting and document retention policies, noting that management was implementing more automated document retention procedures based on the new document management system, and that management had also updated its procedures around employee reporting and investigations.

Staffing and Recruiting Update

Mr. Jones referenced the quarterly update in the advance agenda package, noting management's focus on employee development and training. The employee attrition rate continues to decline, and should be at the lowest level since the move of the company headquarters to Atlanta.

Board and Executive Compensation Studies

Mr. Clarke reported that the Committee had directed management to develop and distribute RFP's for the selection by the Committee of a consultant for an employee compensation study, with the Committee having direct oversight of the study for executive management. In addition, management will be developing and distributing on behalf of the Committee an RFP for Trustee compensation, with the study to be conducted in 2018 for potential compensation adjustments beginning in 2019.

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

August 9, 2017 | 10:00–11:00 a.m. Eastern

(Please note the Schedule may be adjusted real-time should meetings conclude early and/or extend past their scheduled end time.)

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Conference Room: Confederation II/III – 4th Floor

Call to Order

Introductions and Chair's Remarks

NERC Antitrust Compliance Guidelines

Agenda Items

1. **Minutes* – Approve**
 - a. May 4, 2017
2. **2017 ERO Enterprise and Corporate Performance Metrics* – Review**
3. **Nominating, Finance and Audit, Enterprise-wide Risk Committees Mandate Revisions – Approve and Recommend to Board of Trustees for Approval**
4. **Change in NERC Retirement Plans Committee Membership* – Approve**
5. **Annual Board Effectiveness Assessments* – Update**
6. **Employee Reporting and Document Retention Policies* – Review**
7. **Human Resources and Staffing Update* – Review**
8. **Board and Executive Compensation Studies* – Review**
9. **Adjournment**

*Background materials included.