

Minutes

Finance and Audit Committee

July 21, 2016 | 11:00 a.m.-1:00 p.m. Eastern

Conference Call

Ms. Jan Schori, Chair, called to order a duly noticed open meeting of the Finance and Audit Committee (the “Committee”) of the Board of Trustees of the North American Electric Reliability Corporation (“NERC”) on July 21, 2016, 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:

Jan Schori, Chair
Robert G. Clarke
Kenneth W. DeFontes, Jr.
Frederick W. Gorbet
Kenneth G. Peterson

Board of Trustee Members:

David Goulding
Roy Thilly

NERC Staff:

Charles A. Berardesco, Senior Vice President, General Counsel, and Corporate Secretary
Tina Buzzard, Associate Director
Scott Jones, Vice President of Finance and Treasurer
Mark Lauby, Senior Vice President and Chief Reliability Officer
Marcus H. Sachs, Senior Vice President and Chief Security Officer
Susan Turpen, Controller
Michael Walker, Senior Vice President and Chief Financial and Administrative Officer

Also present were representatives of each of the Regional Entities and WIRAB.

Antitrust Compliance Guidelines

Ms. Schori directed the participants’ attention to the NERC Antitrust Compliance Guidelines.

Ms. Schori noted that the purpose of the meeting was to publicly discuss the NERC 2017 draft Business Plan and Budget, each of the business plan and budgets for the Regional Entities and WIRAB, and the consolidated 2017 ERO Enterprise Business Plan and Budget, all of which had been included in the advance agenda package and posted for public review. She reviewed the remainder of the schedule for posting and comment, noting that no action would be taken at this meeting, but that the Committee would be acting at its August open meeting to recommend the NERC and ERO Enterprise plans for Board approval.

Updated NERC 2017 Draft Business Plan and Budget

Mr. Walker provided comments relating to the draft Business Plan and Budget and its alignment with NERC's strategic plan, and noted comments received on the first draft and support for the E-ISAC portal improvements from the Member Executive Committee (the "MEC"). Mr. James Fama, secretary of the MEC, noted the MEC's support for the E-ISAC portal improvements and related expenditures. Mr. Jones reviewed the overall draft, referencing the detailed materials included in the advance agenda package.

Final Regional Entity and WIRAB Draft 2017 Business Plans and Budgets

Each of the Regional Entity and WIRAB representatives provided an overview of their draft 2017 business plans and budgets, referencing materials included in the advance agenda package, noting that each had been approved by the respective governing board.

Consolidated 2017 Budgets and 2018-2019 Projections

Mr. Jones reviewed the consolidated information and 2018-2019 projections. Members of the Committee requested that (i) in connection with the next business plan and budget cycle, NERC management prepare an analysis of historic ERO Enterprise budgeted reserves to actual year-end reserves and cash balances and (ii) NERC management prepare an analysis of the Enterprise-wide costs and efficiency gains from software applications, after they become operational, and compare the results to the expectations at the time of the investment.

Adjournment

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

Submitted by,



Charles A. Berardesco
Secretary