

Minutes

Finance and Audit Committee Meeting

February 7, 2018 | 10:15-11:00 a.m. Eastern

Hilton Fort Lauderdale Marina
1881 SE 17th Street
Fort Lauderdale, FL 33316

Call to Order and Chair's Remarks

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 ("Board") of the North American Electric Reliability Corporation ("NERC" or the "Company") on February 7, 2018, at 10:15 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
David Goulding
Roy Thilly

Board of Trustee Members

Charles A. Berardesco, Interim President and Chief Executive Officer
Kenneth W. DeFontes
Frederick W. Gorbet
George S. Hawkins
Janice B. Case

NERC Staff

Tina Buzzard, Associate Director to the Office of the President and CEO
Stan Hoptroff, Vice President, Chief Technology Officer, and Director of Information Technology
Scott Jones, Vice President, Chief Financial and Administrative Officer, and Corporate Treasurer
Mark G. Lauby, Senior Vice President and Chief Reliability Officer
Sonia C. Mendonça, Vice President, Acting General Counsel and Corporate Secretary, and
Director of Enforcement
Janet Sena, Senior Vice President and Director of Policy and External Affairs
Michael Walker, Senior Vice President and Chief Enterprise Risk and Strategic Development Officer

NERC Antitrust Compliance Guidelines

Ms. Schori directed the participants' attention to the NERC Antitrust Compliance Guidelines included in the agenda, and indicated that all questions regarding antitrust compliance or related matters should be directed to Ms. Mendonça.

Minutes

Upon motion duly made and seconded, the minutes from the November 8, 2017 meeting were approved as presented to the Committee.

2017 Year-End Unaudited Statement of Activities

Mr. Jones reviewed the NERC 2017 Year-End Unaudited Statement of Activities, referencing the detailed information provided in the advance Committee materials. The Committee discussed the reports, and upon motion duly made and seconded, the Committee recommended Board acceptance of the 2017 Year-End Unaudited Statement of Activities.

Internal Audit Plan

Ms. Schori discussed the allocation of oversight responsibilities for internal audits between the Enterprise-wide Risk Committee and the Committee, noting the focus areas for each such committee. The Committee approved general principles for financially focused internal control reviewed at a previous meeting. She noted that the Committee will focus on oversight of activities related to safeguarding the financial assets of the company (e.g., accounts payable, vendor management), financial covenants, and compliance with relevant regulations. In reviewing the proposed multi-year internal audit plan, Ms. Schori noted that approximately 80 percent of such internal audit resources will be focused on “strategy and policy audits” and 20 percent focused on financially-focused audits. The Committee approved the 2019 financial internal audit plan at the prior day’s closed meeting.

Investment Policy

Mr. Jones reviewed the Company’s Investment Policy proposed amendments, noting that the Committee had discussed the proposed amendments and related approaches at previously closed meetings. The Committee discussed various issues related to the proposed amendments, including earnings, management of fees and risk considerations. It was noted that the proposed amendments would continue to focus on low risk investments, given the nature of the Company’s funding. Upon motion duly made and seconded, the Committee recommended Board acceptance of the Investment Policy.

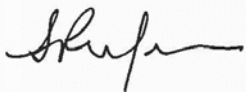
Annual Review of Committee Mandate

Ms. Schori noted that the Committee is required to review its mandate on an annual basis. Based on Legal department’s review and the recent updating of the mandate, no changes are recommended. The Committee concurred with the approach.

Adjournment

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

Submitted by,



Sonia C. Mendonça
Acting Corporate Secretary

Agenda

Finance and Audit Committee

February 7, 2018 | 10:15-11:00 a.m. Eastern

Hilton Fort Lauderdale Marina
1881 SE 17th Street
Fort Lauderdale, FL 33316

Conference Room: Grand Ballroom (1st Floor)

Call to Order

Introductions and Chair's Remarks

NERC Antitrust Compliance Guidelines

Agenda

1. Minutes*— Approve

- a. November 8, 2017 Meeting

2. 2017 Year-End Unaudited Statement of Activities* — Review and Recommend Board Acceptance

- a. NERC 2017 Unaudited Results
- b. Combined ERO Enterprise 2017 Unaudited Results
- c. Regional Entity Reports

3. Internal Audit Plan — Update

4. Investment Policy* — Review and Recommend Board Approval

5. Annual Review of Committee Mandate* — Review

6. Other Business

7. Adjournment

*Background materials included.