

Minutes Corporate Governance and Human Resources Committee

November 2, 2017 | 2:00–3:00 p.m. Eastern

Conference Call

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 November 2, 2017, at 2:00 p.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.
Jan Schori

NERC Staff

Charles A. Berardesco, Senior Vice President, General Counsel, and Corporate Secretary
Tina Buzzard, Associate Director
Damon Epperson, Director of Human Resources
Scott Jones, Vice President, Chief Financial and Administrative Officer
Mark G. Lauby, Senior Vice President and Chief Reliability Officer
Marcus H. Sachs, Senior Vice President and Chief Security Officer
Michael Walker, Senior Vice President, Chief Enterprise Risk 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 August 9, 2017 meeting as presented at the meeting.

Update on Actions from 2016 Board of Trustees/Committees Effectiveness Surveys

Mr. Clarke presented an update on actions from the 2016 Board and Committee Effectiveness Surveys. He noted key action items for the Board from the survey results include continuing to: consider the number, frequency, and structure of Committee meetings; monitor the reliability cost-effectiveness

pilot program; monitor the transition to risk-based compliance monitoring and enforcement; and provide transparency on Board decision-making processes (e.g., closed versus open meetings).

2018 Board of Trustees Effectiveness Survey

Mr. Berardesco noted the Company hired a consultant to prepare potential updates for 2018. He recommended using the current form of the surveys, which had been included in the advance agenda package, for the Board and MRC assessments. For the Committee assessments, Mr. Berardesco recommended distributing surveys at the end of the governance year, and to focus less on numerical ratings and more on a qualitative assessment of how the committee is working and whether its mandate is appropriate. He noted the schedule had been included in the advance agenda package and was consistent with the past year to allow for a presentation in February. Upon motion duly made and seconded, the Committee approved the assessment surveys for distribution, which had been included in the advance agenda package, and reflected all updates and comments.

Potential Board Committee Restructuring

Mr. Clarke reviewed the proposal for Board Committee restructuring. After discussion, the Committee came to general agreement around the proposal and approach.

2018 ERO Enterprise Metrics

Messrs. Walker and Sachs presented the 2018 ERO Enterprise Metrics, referencing the materials included in the advance agenda package, and highlighting changes from 2017 and from the prior draft. Mr. Cauley discussed the process for the development of the security metrics. He stated that the team considered the sources of data that would be suitable proxies for security risks. Mr. Cauley noted that more advancement on the Metrics would occur in 2018 as data is developed. After discussion, and upon motion duly made and seconded, the Committee approved the Metrics.

2017 ERO Enterprise Metrics Update

Mr. Lauby reviewed the status of the ERO Enterprise and Corporate Metrics, referencing the materials included in the advance agenda package.

Update on Executive and Board Compensation RFP Process

Mr. Clarke provided an update on the RFP process for Executive and Board compensation, including the hiring of compensation consultants. He noted that for the executive compensation survey, the consultant will report directly to the Committee. Mr. Clarke stated the RFP for board compensation is being finalized.

Human Resources and Staffing Update

Mr. Jones referenced the quarterly update in the advance agenda package, noting the Company had experienced success in hiring and reducing attrition rates. He noted that based on year-to-date activity, management continues to expect 2017 to be the lowest level of annual turnover since 2010. Mr. Jones also noted substantial investment in hiring, training, and leadership development.

Adjournment

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

Submitted by,

A handwritten signature in black ink, appearing to read "Charles A. Berardesco". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Charles A. Berardesco
Corporate Secretary

Agenda

Corporate Governance and Human Resources Committee

November 2, 2017 | 2:00-3:00 p.m. Eastern
Conference Call

SPEAKER Dial-in: 1-800-401-3551 | Conference ID: 5180226

Call to Order and Chair's Remarks

NERC Antitrust Compliance Guidelines

Agenda

1. **Minutes* – Approve**
 - a. August 9, 2017 Meeting
2. **Update on Actions from 2016 Board of Trustees/Committees Effectiveness Surveys – Review**
3. **2018 Board of Trustees Effectiveness Survey* – Approve**
4. **Potential Board Committee Restructuring* – Review**
5. **2018 ERO Enterprise Metrics* – Review and Endorse for Board of Trustees Approval**
6. **2017 ERO Enterprise Metrics Update* – Review**
7. **Update on Executive and Board Compensation RFP Process – Information**
8. **Human Resources and Staffing Update* – Review**
9. **Adjournment**

*Background materials included.