

Minutes

Corporate Governance and Human Resources Committee Closed Meeting

August 15, 2018 | 9:45–10:45 a.m. Mountain

The Westin Calgary
320 4th Avenue SW
Calgary, AB T2P 2S6, Canada

Chair Robert G. Clarke called to order a duly noticed 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 15, 2018, at 10:00 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
Frederick W. Gorbet
George S. Hawkins
Robin E. Manning
Roy Thilly

Board Members

Kenneth W. DeFontes, Jr.
Janice B. Case
David Goulding
Suzanne Keenan
Jan Schori
James B. Robb, President and Chief Executive Officer

NERC Staff

Charles A. Berardesco, Senior Vice President, General Counsel, and Corporate Secretary
Tina Buzzard, Associate Director
Scott Jones, Senior Vice President, Chief Financial and Administrative Officer, and Corporate Treasurer
Mark G. Lauby, Senior Vice President and Chief Reliability Officer
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

Mr. Clarke 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 Mr. Berardesco.

Minutes

Upon motion duly made and seconded, the Committee approved the minutes of the May 3, 2018 meeting as presented at this meeting.

Report on Matters Discussed in June 11 and July 10, 2018 Closed Sessions

Mr. Clarke reported that, during the June 11 and July 10, 2018 closed sessions, it discussed trustee compensation and that the information is available in the advance agenda package.

Board of Trustees Remuneration Study Findings

Mr. Clarke discussed the process followed for reviewing board compensation, noting that it was consistent with the related provisions in the Governance Guidelines that had been developed with Member Representatives Committee (“MRC”) input, including the target compensation range. He referred to the Willis Towers Watson (“WTW”) report and detailed summary included in the advance agenda package. Mr. Clarke then reviewed the recommended compensation range and proposed changes to existing trustee compensation, noting that the proposed target annual retainer is below the median of the range. Following discussion, and upon motion duly made and seconded, the Committee voted to accept the WTW report and recommend the following trustee compensation program to the Board:

- Annual Retainer: Establish a target annual retainer for each Trustee of \$127,500, to be implemented in three annual installments of \$5,000, beginning in 2019, and be fully implemented by January 1, 2021.
- Committee Chair: Retain the current committee chairs annual retainer of \$10,000.
- Vice Chair Retainer: Establish an annual retainer of \$5,000 for the Board Vice Chair.
- Standards Committee Liaison Retainer: Establish an annual retainer of \$5,000 for the Trustee who is designated as the liaison to the Standards Committee, beginning on January 1, 2019.
- Chair Retainer: Establish a target annual retainer for the Board Chair of \$175,000, to be implemented in three annual installments of \$5,000, beginning in 2019 and be fully implemented by January 1, 2021.

2018 ERO Enterprise and Corporate Performance Metrics

Mr. Lauby reviewed the status of the ERO Enterprise and Corporate Metrics for the second quarter of 2018, referencing the materials included in the advance agenda package.

Board Self-Assessment and MRC Assessment of Board of Trustees Effectiveness Survey and Board Committee Self-Assessments

Mr. Berardesco reviewed the drafts of the assessments for the annual Board and Board Committee self-assessment and the MRC assessment included in the advance agenda package. He reported that NERC management had determined to take another look at the approach for 2018, and that it had previously modified the committee self-evaluations. Mr. Berardesco also reported that NERC management worked with a consulting firm to develop a more streamlined approach to the assessments, which would hopefully result in better year-over-year analysis. With respect to Question 3 of the draft assessment, asking about the Board’s most important functions at NERC, Mr. Berardesco

indicated that three choices (up from 2) would be permitted. Mr. Berardesco encouraged the Committee and stakeholders to provide comments directly to him. He explained that the goal is to present the final assessments for approval at the November 2018 Committee meeting, and that NERC will follow the same schedule as followed in past years to allow for maximum participation by the Board and MRC in the assessment process.

Employee Reporting and Document Retention Policies and Procedures

Mr. Berardesco reported that NERC legal has completed its annual review of existing NERC employee reporting and document retention policies and procedures and concluded that these policies and procedures meet all applicable requirements.

Mr. Berardesco reported that NERC has a detailed employee handbook containing information for employees on reporting concerns, and NERC has a detailed internal procedure for handling any necessary investigations. Mr. Berardesco also stated that NERC has HR counsel regularly review the employee handbook. He noted that NERC recently updated its document retention policies and these policies are being integrated into its document management system.

Mr. Hawkins commended NERC's continued focus on best practices in this area.

Human Resources and Staffing Update

Mr. Clarke reviewed the human resources and staffing update, referencing the information included in the advance agenda package. He noted the potential increase in the 2018 attrition rate compared to 2017.

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

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(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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320 4th Avenue SW
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Conference Room: Britannia/Belaire/Mayfair – Conference Level

Call to Order

Introductions and Chair's Remarks

NERC Antitrust Compliance Guidelines

Agenda Items

1. **Minutes* – Approve**
 - a. May 3, 2018
2. **Report on Matters Discussed in June 11 and July 10, 2018 Closed Sessions – Review**
3. **Board of Trustees Remuneration Study Findings* – Accept Consultant's Report and Recommend to Board of Trustees Any Changes to Trustee Compensation**
4. **2018 ERO Enterprise and Corporate Performance Metrics* – Review**
5. **Board Self-Assessment and MRC Assessment of Board of Trustees Effectiveness Survey and Board Committee Self-Assessments* – Review**
6. **Employee Reporting and Document Retention Policies and Procedures* – Review**
7. **Human Resources and Staffing Update* – Review**
8. **Adjournment**

*Background materials included