

Minutes Corporate Governance and Human Resources Committee

February 11, 2015 | 7:30 a.m. – 8:30 a.m. Pacific

The Westin San Diego
400 W. Broadway
San Diego, CA 92101

Ms. Jan Schori, Chair, called to order a duly noticed open meeting of the Corporate Governance and Human Resources Committee (the “Committee”) of the Board of Directors of the North American Electric Reliability Corporation (“NERC”) on February 11, 2015, at 7:30 a.m. Pacific, 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
Frederick W. Gorbet
Kenneth G. Peterson
Bruce A. Scherr

Board of Trustee Members:

Paul F. Barber
Janice B. Case
Gerald W. Cauley, President and Chief Executive Officer
David Goulding
Doug Jaeger
Roy Thilly

NERC Staff:

Charles A. Berardesco, Senior Vice President, General Counsel, and Corporate Secretary
Thomas Burgess, Vice President and Director of Reliability Assessment and Performance
Damon Epperson, Director of Human Resources
Stan Hoptroff, Vice President and Chief Technology Officer
Mark G. Lauby, Senior Vice President and Chief Reliability Officer
Janet Sena, Senior Vice President and Director Policy and External Affairs
Brady Walker, Associate Counsel
Michael Walker, Senior Vice President, Chief Financial and Administrative Officer, and Corporate Treasurer
Andrew Wills, Associate Counsel

Other

John Anderson, Chair, Member Representatives Committee
Sylvain Clermont, Vice Chair, Member Representatives Committee

NERC Antitrust Compliance Guidelines

Ms. Schori directed the participants’ attention to the NERC Antitrust Compliance Guidelines included with the agenda materials.

Minutes

Upon motion duly made and seconded, the Committee approved the minutes of the November 5, 2014 conference call as presented at the meeting.

Report on Matters Discussed in February 10, 2015 Closed Session

Ms. Schori reported on the items that were discussed during a closed session meeting of the Committee, held on February 10, 2015, including:

- Review of 2014 Employee Climate Survey
- Review of 2014 metrics and performance;
- Discussion of 2015 metrics;
- Recommendation for Board approval of 8% contribution into the Company's Savings and Investment Plan.

2015 Board Committee and Board Committee Chair Assignments, and Vice Chair Recommendation

Ms. Schori presented the proposed 2015 Board of Trustees Committee membership and chair assignments. Upon motion duly made and seconded, the Committee approved the proposal and recommended approval by the Board.

Appointment of Officers

Mr. Cauley presented the proposed NERC officers for 2015. Upon motion duly made and seconded, the Committee approved the proposal and recommended approval by the Board.

2014 Year-End Performance Report

Mr. Lauby reviewed the 2014 NERC Performance Report, which had been included in the advance Committee materials.

Board and Board Committees' Self-Assessments and MRC Assessment of Board of Trustees Effectiveness Results

Ms. Schori summarized a report from TalentQuest that analyzed the results of the 2014 Board and Board Committee self-assessments as well as the MRC assessment of the Board's effectiveness.

She stated that the results indicated improvement in several areas, and that the results were positive overall. Ms. Schori also noted that the MRC assessment revealed stakeholder concerns about the Board's independence, the costs of complying with Reliability Standards, and the perception of stakeholders of the Board's role.

With respect to the issues raised regarding the independence of the Board, Mr. Gorbet stated that the NERC Bylaws require the Board to act independently of the industry and impose strict conflict of interest policies to ensure such independence. Mr. Cauley, along with several other Trustees, echoed Mr. Gorbet's comments and suggested that the assessment questions should be revised to allow more accurate responses.

Mr. Anderson agreed with Mr. Gorbet about the role and independence of the NERC Board and with the sentiment of the Trustees that the assessment questions should be revised. Messrs. Gorbet and Cauley stated that the opinions and suggestions of the MRC members would be vital to the success of

any effort to improve the quality of the assessment questions, and, thus, to the quality of the information contained in the results of the assessments. Several members of the MRC welcomed the opportunity to participate in the revision process.

To that point, Ms. Case noted that several current NERC practices and procedures are in place because of feedback received through the assessments. She noted that the goal of the annual assessments has always been to make the ERO more effective and that, as the nature and work of the ERO has evolved, so too should the assessment questions.

Ms. Schori stated that the Committee along with NERC staff and representatives of the MRC, would lead the effort to revise the assessment questions in time for discussion at the August meeting of the Board.

Staffing and Recruiting Update

Ms. Schori referenced the staffing and recruiting update, which had been included in the advance Committee materials.

Adjournment

There being no further business, and upon motion duly made and seconded, the meeting was adjourned at 8:30 a.m. Pacific.

Submitted by,



Charles A. Berardesco
Secretary