

Minutes

Corporate Governance and Human Resources Committee Meeting

February 6, 2019 | 8:00-9:15 a.m. Pacific

westdrift Manhattan Beach, Autograph Collection
1400 Park View Avenue
Manhattan Beach, California 90266

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 February 6, 2019, at 8:00 a.m. Pacific, 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

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

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 Lauby, Senior Vice President and Chief Reliability Officer
Janet Sena, Senior Vice President and Director of Policy and External Affairs

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 November 1, 2018 meeting as presented at the meeting.

Report on Matters Discussed in January 27-28 and February 5, 2019 Closed Sessions

Mr. Clarke reported that during these meetings, the Committee addressed a number of compensation related items, including: (i) acceptance of the 2018 metrics results; (ii) review of performance management results for all officers; (iii) approval of NERC officer compensation; (iv) recommendation of the compensation for the CEO; and (v) approval of compensation metrics for 2019. The Board also conducted its annual review of the Board Chair, and reviewed the overall Board schedule and trustee stakeholder outreach.

Board Committees' Self-Assessment Surveys

Mr. Berardesco presented the proposed Board Committees' Self-Assessment surveys, referencing the material included in the advance agenda package. After discussion, and upon motion duly made and seconded, the Committee approved the proposed surveys and recommended approval by the Board.

2019 Board of Trustees Committee, Chair and Vice Chair Appointments

Mr. Clarke reviewed the Committee, Chair and Vice Chair appointments, and related assignments recommended by Mr. Thilly. He noted that Ms. Sidford's proposed committee appointment is conditional upon her election by the Member Representatives Committee at its February 6, 2019 meeting. After discussion, and upon motion duly made and seconded, the Committee recommended approval of the proposed appointments and assignments by the Board.

2019 ERO Enterprise Dashboard Metrics and ERO Work Plan Priorities

Mr. Lauby reviewed the proposed 2019 ERO Enterprise Dashboard and Work Plan Priorities, noting the adjustments made in response to the policy input from the Member Representatives Committee. Mr. Thilly commented on the robustness of the policy input and suggested working with the Reliability Issues Steering Committee to refine the materials over time. After discussion, and upon motion duly made and seconded, the Committee approved the 2019 ERO Enterprise Dashboard Metrics and 2019 ERO Work Plan Priorities and recommended approval by the Board.

2018 Year-End Performance Report

Mr. Lauby reviewed the 2018 NERC Performance Report, which had been included in the advance Committee materials. Mr. Gorbet provided context on separating the dashboard versus performance metrics for compensation purposes. The Committee discussed how industry would use the dashboard and the need to refine dashboard metrics.

Board Self-Assessment and MRC Assessment of Board of Trustees Effectiveness Results

Mr. Berardesco presented the results of the Board Self-Assessment and MRC Assessment of Board of Trustees Effectiveness, referencing the presentation included in the advance agenda package. He reminded participants of the new format and referred to the 2019 work plan included in the advance agenda package. The Committee discussed the Board's involvement in the effectiveness and efficiency effort and highlighted the CMEP tool as an example of efforts to improve efficiency across the ERO Enterprise. It was also noted that a significant number of lower ratings came from one respondent, and Mr. Clarke invited that person to come speak with him or Mr. Thilly about their concerns.

NERC Governance Guidelines Annual Review

Mr. Berardesco reviewed the NERC Governance Guidelines and did not recommend any revisions.

Annual Conflict of Interest and Independence Report

Ms. Berardesco reviewed the Company's processes for considering conflicts of interest for employees, officers, and Trustees, and for assuring the independence of the Trustees as required by the Bylaws and NERC Governance Guidelines. He reported that no independence issues were identified and all appropriate recusals are in place.

Annual Review of Committee Mandate

Mr. Berardesco noted that the Committee is required to review its mandate on an annual basis. He stated that the NERC Legal Department recommends revising the mandate to clarify that the CGHRC, as required in the NERC Governance Guidelines, will receive the annual recommendation from the Board Chair for committee assignments and recommend such assignments to the Board for its approval. After discussion, and upon duly made and seconded, the Committee recommended the revised mandate for Board approval.

Human Resources and Staffing Update

Mr. Jones provided an update on staff retention and attrition, referencing the information provided in the advance agenda package. He noted a slight increase in attrition for 2018, but observed that the rate was lower than in previous years. He also noted continued success in E-ISAC hiring.

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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Conference Room: Loftlight – Lobby

Introduction and Chair's Remarks

NERC Antitrust Compliance Guidelines and Public Announcement*

Agenda Items

1. **Minutes* — Approve**
 - a. November 1, 2018 Meeting
2. **Report on Matters Discussed in January 27-28 and February 5, 2019 Closed Sessions — Discussion**
3. **Board Committees' Self-Assessment Surveys* — Approve**
4. **2019 Board of Trustees Committee, Chair and Vice Chair Appointments* — Review and Recommend to Board of Trustees for Approval**
5. **2019 ERO Enterprise Dashboard and ERO Performance Objectives* — Approve and Recommend for Board of Trustees Approval**
6. **2018 Year-End Performance Report* — Review**
7. **Board Self-Assessment and MRC Assessment of Board of Trustees Effectiveness Results and Work Plan* — Review**
8. **NERC Governance Guidelines Annual Review* — Review**
9. **Annual Conflict of Interest and Independence Report* — Review**
10. **Annual Review of Committee Mandate* — Review**
11. **Human Resources and Staffing Update* — Review**
12. **Adjournment**

*Background materials included.