



**Southwest Power Pool**  
**CORPORATE GOVERNANCE COMMITTEE MEETING**  
**May 17, 2005**  
**Kansas City Airport Marriott, Kansas City, MO**

• M I N U T E S •

**Agenda Item 1 – Administrative Items**

SPP Chair Nick Brown called the meeting to order at 8:00 a.m. Other members in attendance or represented by proxy were: Jim Eckelberger (Director), Kevin Easley (GRDA), Mel Perkins (OG+E), Jim Stanton (Calpine), Dave Christiano (City of Springfield), and Steve Parr (KEPCo). Larry Klock (Russell Reynolds Associates) was also in attendance. SPP Staff included Stacy Duckett.

**Agenda Item 2 – Board of Directors Candidate Interviews**

The committee interviewed four previously selected candidates. Following the interviews, the committee discussed each candidate and ranked them. Kevin Easley moved and Steve Parr seconded a ranking of the candidates to be provided to Russell Reynolds Associates. The motion passed unanimously.

**Agenda Item 3 – Board of Directors Compensation**

The committee was asked to provide feedback to the Human Resources Committee regarding Director compensation based upon the results of the recent Towers Perrin Study. The committee discussed a recommendation to provide compensation for attendance at other/special meetings and events (Attachment 1). The recommendation was revised to include compensation of \$250 for participation by teleconference. Steve Parr moved and Kevin Easley seconded the revised recommendation. The motion passes unanimously.

Nick Brown thanked everyone for participating and adjourned the meeting at 1:15 p.m.

Respectfully Submitted,

Stacy Duckett, Secretary



**Southwest Power Pool, Inc.**  
**CORPORATE GOVERNANCE COMMITTEE**

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**BOARD OF DIRECTORS COMPENSATION**

**Background**

SPP engaged Towers Perrin HR Services to assess the competitiveness and structure of its compensation program for Directors. Towers Perrin surveyed other regional organizations regarding Director compensation and benefits. The results of these surveys indicate that SPP is competitive with its current fee structure for Directors. However, SPP's fees are more evenly distributed between retainer, meeting fees and committee meeting fees than the other organizations. SPP's retainer is one of the lowest, but its Board and committee meeting fees are the highest. Some organizations also provide some benefits to Directors (group travel insurance, first class air travel).

**Analysis**

Towers Perrin suggested several modifications to the board compensation plan to more align SPP Board compensation with other regional organizations. The committee discussed this issue at its April 26 meeting. The consensus was to maintain the current compensation structure, and add a fee for participation in other meetings/events, meaning working group meetings, seminars, NERC or FERC meetings. To receive compensation, the director must have approval of the President of SPP in advance of participation.

In accordance with SPP's Bylaws, Section 4.6.4 *Compensation of Directors*, the Human Resources Committee is responsible for director compensation and providing recommendations for such to the Membership. This recommendation from the Corporate Governance Committee will be provided to the Human Resources Committee for its consideration. The Membership would consider this recommendation at a special meeting to be called in conjunction with the Board of Directors/Members Committee meeting on July 26.

**Recommendation**

Maintain the current director compensation fee structure, and add a fee of \$1,250 for participation in other meetings, such fee to be paid only when the director has received approval from the President of SPP in advance of participation. This new schedule would be effective immediately upon approval of the Membership.

**Action Requested**

Approve the recommendation.

**Approval:** Corporate Governance Committee

Human Resources Committee

SPP Membership