



Southwest Power Pool, Inc.

CORPORATE GOVERNANCE COMMITTEE MEETING

August 22, 2017

Kansas City Power & Light – Kansas City, MO

• A G E N D A •

10:00 a.m. – 3:00 p.m.

1. Call to Order and Administrative Items.....Nick Brown
 - a. Minutes
 - i. CGC Minutes 2/16/17
 - ii. CGC Minutes 3/17/17
2. 2018 Nominations for Members Committee (2018-2020 Terms)Nick Brown
 - a. Members Committee – Open Seats
 - i. Investor-Owned Utilities Sector – (2)
 - David Hudson – SPS/Xcel Energy
 - Greg McAuley – Oklahoma Gas and Electric Company
 - ii. Cooperatives Sector – (1)
 - Duane Highley – Arkansas Electric Corporation Commission
 - iii. IPP/Marketers Sector – (1)
 - Andrea Williams – NextEra Energy Resources
 - iv. Municipal Sector – (1)
 - David Osburn – Oklahoma Municipal Power Authority
 - v. State Sector – (1)
 - Joe Lang – Omaha Public Power District
3. Members Committee Vacancy.....Nick Brown
 - a. Federal Power Agency – Bob Harris’ Retirement, WAPA
4. Annual Survey and Assessment SchedulePaul Suskie
 - a. Review of Board Effectiveness Survey
 - b. Review of Organizational Effectiveness Survey
 - c. Survey Schedule
 - i. Organizational Effectiveness (Org Group) Surveys
 - Launch Date: Monday, October 2
 - Close Date: Friday, October 13
 - ii. Stakeholder Satisfaction Survey
 - Launch Date: Monday, October 2
 - Close Date: Friday, October 13
 - iii. Board Effectiveness Survey
 - Launch Date: Monday, October 16
 - Close Date: Friday, October 27
 - iv. Membership/Staff Performance Survey (for HR Committee)
 - Launch Date: Monday, December 4
 - Close Date: Friday, December 15
5. Two-Year Term Cycle for Chairs Update.....Paul Suskie
 - a. List of Committees
 - b. Background material for process & timeline

- 6. Membership Governance Topics
 - a. Withdrawal Obligations.....Rob Janssen
 - b. Finance Committee Discussions on Schedule 1A Cost Allocation.....SPP Staff
 - c. Affiliate Voting.....SPP Staff
- 7. Non Jurisdictional Refund.....Paul Suskie/Mike Riley
- 8. Term/Age Limits for Board Members.....Denise Buffington
- 9. Working Group New Member Assignments.....Denise Buffington
- 10. Finance Committee and Human Resources Committee Scopes.....SPP Staff
- 11. Future Meetings
 - a. November 28, 2017 Dallas, TX
 - b. Schedule 2018 Meeting



**Southwest Power Pool
FINANCE COMMITTEE
Organizational Group Scope Statement**

Purpose:

The purpose of the Finance Committee is to oversee all aspects of SPP's finances and financial operations, primarily insuring appropriate controls, policies and procedures are documented and adhered to allowing SPP to report accurate financial reports, access external capital as required, while not exposing the company or its membership to undue risks.

Scope of Activities:

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate. In this regard, the Committee shall have the authority to retain outside legal, accounting or other advisors for this purpose, including the authority to approve the fees payable to such advisors and any other terms of retention. The Committee is directly responsible for oversight of the work (including both audit and non-audit services) of the independent financial, controls, and benefit plan auditors. The Committee will recommend engagement and compensation of the independent auditors to the SPP Board of Directors. The Committee shall be given full access to the corporation's accounting staff, Board of Directors, corporate executives and independent accountants as necessary to carry out these responsibilities.

The Committee will have responsibility to approve, monitor/review, recommend, and report, as follows:

Approve:

- Annually, significant financial and compliance policies which fall under the purview of the Committee
- Annually, the basic assumptions used by SPP's actuary to determine the financial status and funding requirements of SPP's pension and post-retirement healthcare plans. These basic assumptions include, but are not limited to, discount rate, investment rate of return, rate of compensation change, and mortality tables utilized. The Committee will report these assumptions to the SPP Board of Directors.
- Annually, the Investment Policy Statements for the Company's retirement plan and post-retirement healthcare plan to ensure the Investment Policy Statements continue to be appropriate for the goals of the plans

Moved (insertion) [1]

Review/Monitor:

- The methodology of cost recovery to insure continuing equity for Members
- Any legal matter that could have a significant impact on the corporation's financial statements
- The adequacy of internal financial controls and the resolution of any identified material weaknesses or reportable conditions
- The corporation's guidelines and policies with respect to risk assessment and risk management focusing on the corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures
- The structure of the Company's corporate liability insurance program, including review of retentions, insurance limits and exceptions, quality of underwriters, and activities of the broker(s) engaged to represent the Company to the insurance markets
- Annually, the investment performance of the pension and/or post-retirement healthcare plan assets and compliance with the approved Investment Policy Statements for the plans
- Policies for management of the company's capitalization, financing and long-term contracts

Deleted: <#>Engage Investment Managers who have discretionary investment powers for any of the Company's benefit plan or other funds¶

Moved up [1]: <#>Annually, the Investment Policy Statements for the Company's retirement plan and post-retirement healthcare plan to ensure the Investment Policy Statements continue to be appropriate for the goals of the plans¶

Deleted: <#>Investment Managers who have discretionary investment powers for



- At least annually, the performance of the Committee and its members, including reviewing the compliance of the Committee with this Charter

Recommend to the Board of Directors:

- Annually, an operating budget, capital budget and each special budget for the upcoming fiscal year
- Annually, rates to be charged under Schedule 1A and for the assessment of members
- Annually, the corporation's audited financial statements as the corporate record of financial results for the prior fiscal year. The Committee shall review and discuss with management and the independent auditors, prior to public dissemination, the corporation's annual audited financial statements with primary focus on the quality and integrity of the statements
- Annually, the engagement of independent auditors to audit the corporation's annual financial statements, benefit plan financial statements, and controls environments.
- Annually, contributions to SPP's pension and post-retirement healthcare plans
- As needed, issuance of notes to fund capital expenditures, liquidity, and other general corporate purpose

Report to the Board of Directors:

- All actions taken by the Committee
- Any issues regarding the quality or integrity of the corporation's financial statements, compliance with legal or regulatory requirements, or the performance and independence of the corporation's independent financial and controls auditors
- Financial results with comparisons to budget
- Any other matters relevant to the Committee's discharge of its responsibilities

The Committee is not responsible for certifying the corporation's financial statements or guaranteeing the auditor's report. The fundamental responsibility for the corporation's financial statements and disclosures rests with management.

Representation:

The Finance Committee shall be comprised of up to six members. Two representatives shall be members of the Board of Directors and one of these will be the chairperson. Two representatives from the Transmission Owning Member sector as nominated by the Corporate Governance Committee and two representatives from the Transmission Using Member sector as nominated by the Corporate Governance Committee. The Board of Directors shall appoint their representatives at the regular meeting of the Board of Directors immediately following the Annual Meeting of Members. Persons designated as representatives on the Finance Committee will continue to serve until their successors have been appointed. Where a vacancy occurs, the Corporate Governance Committee will fill the vacancy in accordance with SPP Bylaws.

Duration:

The Finance Committee is a permanent committee. The Committee shall meet a minimum of two times per fiscal year and at other times as called by the Chair. A quorum will constitute at least half of the members of the Committee but no less than three members. Proxies are allowed if reported to the Chair prior to the meeting. All meetings of the Finance Committee shall be open to all interested parties unless closed by the Chair of the Committee.

Reporting:

The Finance Committee reports directly to the Board of Directors.

**Southwest Power Pool
FINANCE COMMITTEE
Organizational Group Scope Statement**

Purpose:

The purpose of the Finance Committee is to oversee all aspects of SPP's finances and financial operations, primarily insuring appropriate controls, policies and procedures are documented and adhered to allowing SPP to report accurate financial reports, access external capital as required, while not exposing the company or its membership to undue risks.

Scope of Activities:

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate. In this regard, the Committee shall have the authority to retain outside legal, accounting or other advisors for this purpose, including the authority to approve the fees payable to such advisors and any other terms of retention. The Committee is directly responsible for oversight of the work (including both audit and non-audit services) of the independent financial, controls, and benefit plan auditors. The Committee will recommend engagement and compensation of the independent auditors to the SPP Board of Directors. The Committee shall be given full access to the corporation's accounting staff, Board of Directors, corporate executives and independent accountants as necessary to carry out these responsibilities.

The Committee will have responsibility to approve, monitor/review, recommend, and report, as follows:

Approve:

- Annually, significant financial and compliance policies which fall under the purview of the Committee
- Annually, the basic assumptions used by SPP's actuary to determine the financial status and funding requirements of SPP's pension and post-retirement healthcare plans. These basic assumptions include, but are not limited to, discount rate, investment rate of return, rate of compensation change, and mortality tables utilized. The Committee will report these assumptions to the SPP Board of Directors.
- Annually, the Investment Policy Statements for the Company's retirement plan and post-retirement healthcare plan to ensure the Investment Policy Statements continue to be appropriate for the goals of the plans

Review/Monitor:

- The methodology of cost recovery to insure continuing equity for Members
- Any legal matter that could have a significant impact on the corporation's financial statements
- The adequacy of internal financial controls and the resolution of any identified material weaknesses or reportable conditions
- The corporation's guidelines and policies with respect to risk assessment and risk management focusing on the corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures
- The structure of the Company's corporate liability insurance program, including review of retentions, insurance limits and exceptions, quality of underwriters, and activities of the broker(s) engaged to represent the Company to the insurance markets
- Annually, the investment performance of the pension and/or post-retirement healthcare plan assets and compliance with the approved Investment Policy Statements for the plans
- Policies for management of the company's capitalization, financing and long-term contracts

- At least annually, the performance of the Committee and its members, including reviewing the compliance of the Committee with this Charter

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- Annually, rates to be charged under Schedule 1A and for the assessment of members
- Annually, the corporation's audited financial statements as the corporate record of financial results for the prior fiscal year. The Committee shall review and discuss with management and the independent auditors, prior to public dissemination, the corporation's annual audited financial statements with primary focus on the quality and integrity of the statements
- Annually, the engagement of independent auditors to audit the corporation's annual financial statements, benefit plan financial statements, and controls environments.
- Annually, contributions to SPP's pension and post-retirement healthcare plans
- As needed, issuance of notes to fund capital expenditures, liquidity, and other general corporate purpose

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- All actions taken by the Committee
- Any issues regarding the quality or integrity of the corporation's financial statements, compliance with legal or regulatory requirements, or the performance and independence of the corporation's independent financial and controls auditors
- Financial results with comparisons to budget
- Any other matters relevant to the Committee's discharge of its responsibilities

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Duration:

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Reporting:

The Finance Committee reports directly to the Board of Directors.



**Southwest Power Pool, Inc.
HUMAN RESOURCES COMMITTEE
Organizational Group Scope Statement
October 29, 2013**

Purpose

The Southwest Power Pool (SPP) Human Resources Committee (HRC) is responsible for the development of personnel policies and benefits structures that support the employees of SPP.

Scope of Activities

a) Review and monitor SPP HR metrics, succession planning, compensation and benefit plans, ensuring alignment with SPP strategy.

b) Develop and approve compensation philosophies, policies and plans for SPP staff. Review and approve funding recommendations and administration of those policies. Make recommendations to the SPP Finance Committee and the SPP Board of Directors to fund these plans.

d) Recommend compensation and benefit adjustments for the SPP President to the SPP Board of Directors. c) Review and approve employee benefit plans that include but are not limited to medical, dental, vision, life insurance and retirement. d) Annually review the performance and expenses of the SPP 401(k) Plan.

g) Annually review staff report that documents SPP policies and processes designated to mitigate fraud, maintain ethical standards and facilitate open door procedures to report violations.

h) Review and approve SPP's executive performance evaluation processes.

i) j) Retain consultants and other experts, as necessary, to conduct benchmark surveys and analysis and make recommendations to the committee regarding personnel policies, compensation, and benefit plans. k) Report activities and initiatives to the SPP Board of Directors following a meeting of the Committee.

l) Perform an annual assessment of the effectiveness of the Human Resources Committee and report to the Board of Directors the results and make any recommendations for change.

m) Perform such other duties as the Board of Directors may delegate or direct.

Representation

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- Moved (insertion) [1]
- Deleted: ¶
- Deleted: and executive
- Deleted: and health care plans
- Deleted: Ensuring plans are competitive in the marketplace, responsive to the law, and provide satisfaction to beneficiaries within a cost constrained budget that effectively meets stakeholder needs. Appoint trustees to administer employee benefit plan trusts and define the rights, powers and responsibilities of trustees. Provide oversight of the design and investment strategy of the defined contribution employee benefit plan. ¶
- d) Review annually the slate and structure of SPP's retirement plans ensuring compliance with applicable laws; ensure benefits are consistent with SPP's strategic values. ¶
- e) Review annually the Investment Policy Statements for the Company's defined contribution employee benefit plan and supplemental defined contribution plans to ensure the Investment Policy Statements continue to be appropriate for the goals of the plans. ¶
- f) Engage Investment Managers for the Company's defined contribution employee benefit plan, and supplemental defined contribution plans. ¶
- Deleted: Oversee
- Deleted: programs
- Deleted: Ensure documentation of standards and procedures, proper functioning of programs and provisions of ongoing training to all SPP employees.
- Deleted: employee and
- Deleted: Ensure the critical job functions and goals of the SPP President are documented and communicated to the SPP President and, annually, ensure the SPP President receives a documented review of the performance against the stated critical job functions and goals.
- Moved up [1]: Recommend compensation and benefit
- Deleted: advise and guide the Committee in fulfilling its (...)
- Deleted: its activities at the next meeting of the
- Deleted: SPP



The HRC shall be comprised of six members. Two representatives shall be from the Board of Directors, one of whom shall serve as the Chair; two representatives from the Transmission Owning Member sector as nominated by the Corporate Governance Committee; and two representatives from the Transmission Using Member sector as nominated by the Corporate Governance Committee.

Reporting

The Human Resources Committee reports directly to the Board of Directors.

Southwest Power Pool, Inc.
HUMAN RESOURCES COMMITTEE
Organizational Group Scope Statement
May 19, 2017

Purpose

The Southwest Power Pool (SPP) Human Resources Committee (HRC) is responsible for the development of personnel policies, compensation and benefits plans that support the employees and culture of SPP.

Scope of Activities

- a) Review and monitor SPP HR metrics, succession planning, compensation and benefit plans, ensuring alignment with SPP strategy.
- b) Develop and approve compensation philosophies, policies and plans for SPP staff. Review and approve administration of those policies and plans. Make recommendations to the SPP Finance Committee and the SPP Board of Directors to fund these plans.
- c) Recommend compensation and benefit adjustments for the SPP President to the SPP Board of Directors.
- d) Review and approve employee benefit plans that include, but are not limited to; medical, dental, vision, life insurance and retirement.
- e) Annually review the performance and expenses of the SPP 401(k) Plan.
- f) Annually review and approve the Investment Policy Statement for the SPP 401(k) Plan.
- g) Annually review reports from the SPP Administrative Committee on the performance of the SPP 401(k) Plan Investment Manager.
- h) Annually review staff report documenting SPP policies, processes and staff training designed to mitigate fraud, maintain ethical standards and facilitate reporting of violations.
- i) Review and approve SPP's executive performance evaluation processes.
- j) Retain consultants and other experts, as necessary, to conduct benchmark surveys and analysis and make recommendations to the

committee regarding personnel policies, compensation, total remuneration and benefit plans.

- k) Report Committee activities and initiatives to the SPP Board of Directors following a meeting.
- l) Perform an annual assessment of the effectiveness of the Human Resources Committee and report to the Board of Directors the results and make any recommendations for change.
- m) Perform such other duties as the Board of Directors may delegate or direct.

Representation

The HRC shall be comprised of six members. Two representatives shall be from the Board of Directors, one of whom shall serve as the Chair; two representatives from the Transmission Owning Member sector and two representatives from the Transmission Using Member sector. When a vacancy occurs, the SPP Corporate Governance Committee will fill the vacancy in accordance with SPP bylaws.

Reporting

The Human Resources Committee reports directly to the Board of Directors.