

**Southwest Power Pool, Inc.
CORPORATE GOVERNANCE COMMITTEE
November 20, 2018
DFW Hyatt – Dallas, TX**

• M I N U T E S •

Agenda Item 1 – Call to Order and Administrative Items

Corporate Governance Committee (CGC) Chair Nick Brown called the meeting to order at 10:01 a.m. Members who participated were: Nick Brown (SPP), Jim Eckelberger (Director) and proxy for Larry Altenbaumer, Denise Buffington (KCPL), Jason Fortik (LES), Chris Hendrix (Walmart, Inc.), Rob Janssen (Dogwood), Brett Leopold (ITC), John McClure (NPPD), Jody Sundsted (WAPA - UGP), and Mike Wise (GSEC).

Mr. Mike Wise was welcomed as the newest member of the CGC. Mike will represent the cooperative sector. There were a total of 29 participants in person and on the phone (Attendance – Attachment 1).

The CGC minutes from August 16, 2018 (CGC Minutes 8/16/18 – Attachment 2) were reviewed and approved with one modification to Agenda Item 1. The following language was added to the minutes per the request of Jason Fortik:

“Jason Fortik expressed concerns that the proposed increased use of executive sessions will reduce the opportunities for non-members of the Members Committee to participate in Board discussions. This may result in more Members wanting to join the Member Committee so they can participate in the discussion.”

Brett Leopold made a motion to approve the minutes with the requested modification. Chris Hendrix seconded the motion. The motion passed unanimously.

Agenda Item 2 – Vacancies

Members Committee

Nick Brown presented the open seats for the Members Committee (Committee Metrics – Attachment 3). There are three open seats (Nomination Forms – Attachment 4). One is an investor-owned utilities sector seat and two are cooperative sector seats. At the time nominations were sought and the materials were posted, there was one open cooperative sector seat. The second seat became vacant recently. There was not a formal announcement for the second cooperative sector seat due to the late notice as to the vacancy. The nominees for the Members Committee are:

- Investor-Owned Utilities Sector (1)
 - Peggy Simmons – AEP Public Service Company of Oklahoma
- Cooperatives Sector (2)
 - Tom Christensen – Basin Electric Power Cooperative
 - Zac Perkins – Tri-County Electric Cooperative

The CGC agreed not to vote for the cooperative sector seats but, rather, to send an additional email soliciting nominations for the recent additional vacancy.

Rob Janssen made a motion to table the vote on filling the cooperative sector seats. Mike Wise seconded the motion. The motion passed unanimously.

ACTION ITEM: An email will be sent to the Membership soliciting nominations for the two open cooperative sector seats. A conference call of the CGC will be scheduled to review the nominations and

fill the vacancies. If no additional nominations are received, the CGC will conduct an email vote. The nominations will be voted on by the Membership at a special meeting of Members.

John McClure made a motion to approve Peggy Simmons for the investor-owned utilities sector seat on the Members Committee. Jason Fortik seconded the motion. The motion passed unanimously.

Markets and Operations Policy Committee (MOPC) Chair and Vice Chair

Since the CGC materials were posted, the vice chair position for the MOPC has become vacant. As a result, the CGC will need to nominate a chair and a vice chair for the MOPC. There were five nominees, but Greg McAuley has since pulled his nomination (MOPC Nominations – Attachment 5). The four vice chair candidates have each agreed to serve in either the chair or vice chair position. The chair position was not solicited. The CGC discussed the informal policy of having one position filled by a transmission owning Member and the other position filled by a transmission using Member. Nominees will be asked to indicate the position he/she is seeking. The candidates can indicate interest in both the chair and vice chair positions. The four current nominations will be carried over into the new nomination process.

ACTION ITEM: An email will be sent soliciting chair and vice chair candidates for the open MOPC positions. This item will be discussed and voted on during a future CGC conference call.

Organizational Group Chairs

Organizational group chairs serve a two-year term (Organizational Group Chairs – Attachment 6). The process to elect organizational group chairs changed a year ago and half of the organizational groups select their chair to begin on an even year and the other half to begin on an odd year. Next year will be an odd year. It was suggested that future recommendations indicate that organizational group chair positions are to be approved by the Board of Directors.

John McClure made a motion to approve the slate of organizational group chairs nominated. Jody Sundsted seconded the motion. The motion passed unanimously.

Agenda Item 3 – Approval of Charters/Scopes

There are several charters and scopes provided for review (Approval of Charters/Scopes – Attachment 7). The CGC had some wordsmithing suggestions. The committee would like to see more consistency across the board with the charters and scopes. It was suggested to conduct an organizational effectiveness review. It was also suggested to conduct some education as to how organizational groups review their charters and reference the bylaws within their charters.

ACTION ITEM: SPP staff is to establish goals and a timeline to standardize the charter/scope documents for organizational groups.

Rob Janssen made a motion to approve the charters and scopes presented. Brett Leopold seconded the motion. The motion passed unanimously.

Agenda Item 4 and 5 – Organizational Effectiveness (Self-Assessments) and Organizational Rosters

The CGC discussed the 2017-18 self-assessments (CGC Self-Assessment 2017-18 – Attachment 8) and the most current rosters (Rosters – Attachment 9). There were several corrections suggested.

ACTION ITEM: Make the suggested corrections to the self-assessments and rosters before the documents go before the Board in December.

John McClure made a motion to approve the self-assessments and rosters with the discussed modifications. Jim Eckelberger seconded the motion. The motion passed unanimously.

Agenda Item 6 – Governance Changes: Standing Committees and Appeals

Nick Brown discussed the draft bylaws section 4.1 and section 6.2 revisions (Draft Bylaws Section 4.1 – Attachment 10 and Draft Bylaws Revisions Section 6.2 – Attachment 11). These two items are in response to previous actions items related to terms for representatives on the Strategic Planning Committee (SPC) and term limits. The name and function of the SPC will not change. The Board and Members Committee are going to spend concerted time in the strategic visioning for the corporation. This will be done in closed sessions. The Board and Members Committee need to be more actively involved in the visioning process.

After discussions, there was no support for term limits for SPC representatives.

John McClure suggested that he would support a four-year term for committee members. The CGC supported this idea and agreed to institute staggered four-year terms for the Board committees. The Board committees are the Finance Committee (FC), Human Resources Committee (HRC), SPC, and CGC. The breakdown of details will be finalized and the process rolled out for Board approval.

Nick reviewed the history of the SPC and why the SPC is the only Board committee chaired by a stakeholder and not a Board member. In the event that the chair positions stays with the Member, then there will be an action item to discuss terms for the chair and potentially term limits for the chair.

ACTION ITEM: Nick asked each CGC representative to reach out to his/her sector and share the information that was discussed today and get opinions from the Members on topics related to the SPC.

Nick discussed the delegation of more responsibility to the MOPC. Paul Suskie (SPP) has crafted a proposal for the delegation of authority (Potential Board of Directors Policy Statement – Attachment 12) and a proposed change in the bylaws to the appeals process (Draft Bylaws Revisions Section 3.10 – Attachment 13).

Rob Janssen made a motion to approve the proposed changes to Section 3.10 of the bylaws. Chris Hendrix seconded the motion. After significant discussion. Rob and Chris withdrew the motion.

There was significant discussion on the threshold required to appeal to the Board.

Jim Eckelberger made a motion to move the policy statement for recommendation to the board. Jody Sundsted seconded the motion. The motion passed unanimously.

ACTION ITEM: Consider including the policy statement in the bylaws. The policy statement will be implemented in January.

The bylaws section 3.10 revisions were tabled for further review and discussion.

Agenda Item 7 – Board Compensation Review

This item was discussed in executive session.

Agenda Item 8 – Membership Voting and Stakeholder Participation

The committee had requested additional information on affiliate relationships on projection of withdrawal obligations (Membership Breakdown TO-TU and Affiliate Relationships – Attachments 14 and 15). Also requested was information on which Members are the transmission owners and transmission users, along with sector breakdowns.

Agenda Item 9 – AWEA and Wind Coalition Section 206 Complaint and Withdrawal Obligations

This item was discussed in executive session.

Agenda Item 10 – Future Meetings

December 20, 2018 – Conference Call

Meeting dates for 2019

- March 26, 2019 - Confirmed
- August 22, 2019
- November 14, 2019

Adjournment

Nick Brown thanked everyone for participating and adjourned the meeting at 2:58 p.m.

The committee continued in executive session and adjourned at 3:30 p.m.

Respectfully Submitted,

Paul Suskie, Secretary