



MEMORANDUM

To: Human Resources and Governance (HR&G) Committee
From: Diane M. Williams, Vice President of Human Resources
Date: April 11, 2016
Re: Item 6.3 – Benefits Review

Benefits Review pursuant to HR&G Committee Charter Requirements

The Benefits Strategy section (that is, Section 1.b.) of the current HR&G Committee Charter, effective February 9, 2016, describes the Committee’s duties and responsibilities in part as follows:

No.	Description of Committee Duty/Responsibility	Minimum Frequency	Recommendation to Board for Approval
1.	Human Resource Matters		
b.	Benefits strategy		
(1)	Review ERCOT’s employee benefit plans.	Annually	No
(2)	Review 401(k) Savings Plan audit report. (Recommendation for acceptance of the 401(k) Savings Plan audit report to the Board will be made by Finance and Audit Committee, not the HR&G Committee.)	Annually	No
(3)	Review the ERCOT Benefits Committee’s annual status report and performance of the duties delegated to it by the Board, including the design, operation and maintenance of employee benefits plans.	As needed, but no less than annually	No

Reporting Remains the Same under Proposed Revisions to Benefits Committee Charter

The proposed revisions to the Benefits Committee Charter (that is, to focus solely on employee retirement plan matters and to exclude duties related to health care benefits matters) does not modify or alter the Committee’s review and oversight of ERCOT’s benefits strategy (as outlined above) required by the HR&G Committee Charter.

ERCOT management will continue to report on:

- ERCOT’s employee benefits plans annually.

Historically, this reporting by ERCOT management has been done prior to open enrollment for employee benefit plans with any major design plan changes disclosed to the HR&G Committee. Due to the compressed timeframe (particularly with HR&G Committee meetings every other month) and logistical issues related to contract

evaluation and negotiation of several different plans (often involving third-party administrators), the HR&G Committee reviews the overall benefits strategy design rather than approves each of the actual benefits plan changes. ERCOT management will continue to report annually on benefits strategy, particularly design changes, to the HR&G Committee as has been done historically.

- Review the 401(k) Savings Plan audit report.

Due to the Finance and Audit Committee's duties with regard to recommendation of acceptance of audit reports, ERCOT management will continue to report annually and contemporaneously to the HR&G Committee on the results of the audit of the 401(k) Savings Plan as has been done historically, but will request that the F&A Committee recommend acceptance of this audit report to the Board.

- Review the ERCOT Benefits Committee's annual status report and performance of the duties delegated to it by the Board, including the design, operation and maintenance of employee benefits plans.

ERCOT management will continue to provide an annual status report to the HR&G Committee for those duties delegated by the Benefits Committee Charter like the report provided under Item 6.2 (Annual Status Report from Benefits Committee) for the April 18, 2016 HR&G Committee meeting. If the proposed revisions to the Benefits Committee Charter are recommended by the HR&G Committee and approved by the Board at the April 18-19, 2016 meetings, then the annual status report will be focused on retirement plan benefits exclusively; however, ERCOT management will continue to report to the HR&G Committee on employee benefits as described previously.

I look forward to the Committee's discussion of this matter.