



Date: April 12, 2016
To: Board of Directors
From: Diane M. Williams, Vice President of Human Resources □
Subject: Benefits Committee Charter

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: April 19, 2016

Item No.: 10.1

Issue:

Whether the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) should approve revisions to the Benefits Committee Charter, proposed by ERCOT Legal, as reflected in Attachment A, to be effective as of January 1, 2016.

Background/History:

The Benefits Committee Charter currently states that the Board established the Benefits Committee “to assist ERCOT with its responsibilities for ERCOT’s employee benefit plans and programs.” Historically this scope has included ERCOT’s retirement plan and health benefit plans. ERCOT Legal has determined it would be in the best interest of the company to change the scope of the Benefits Committee to focus exclusively on ERCOT’s retirement plan. ERCOT management supports this change. The proposed revisions shown in Attachment A reflect this change in scope, as well as a corresponding, clarifying change in the committee’s name from “Benefits Committee” to “Retirement Plan Committee.” For convenience, a clean version of the revised charter has been attached as Attachment B.

The ERCOT Human Resources and Governance (HR&G) Committee is scheduled to review the proposed revisions to the Benefits Committee Charter at its meeting on April 18, 2016, for possible recommendation to the ERCOT Board for approval of these revisions.

Key Factors Influencing Issue:

Any proposals for amendments to the Charter require HR&G Committee recommendation and Board approval.

Conclusion/Recommendation:

ERCOT management recommends that the ERCOT HR&G Committee recommend and that the Board approve the revisions to the Charter identified in Attachment A, to be effective as of January 1, 2016.



ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
BOARD OF DIRECTORS RESOLUTION

WHEREAS, after due consideration of the alternatives, the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) deems it desirable and in the best interest of ERCOT to approve the revisions to the Benefits Committee Charter as prepared by ERCOT Legal and recommended by ERCOT management as identified in Attachment A;

THEREFORE, BE IT RESOLVED, that the ERCOT Board hereby approves the revisions to the Benefits Committee Charter identified in Attachment A, effective as of January 1, 2016.

CORPORATE SECRETARY'S CERTIFICATE

I, Vickie G. Leady, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its April 19, 2016 meeting, the ERCOT Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of April, 2016.

Vickie G. Leady
Assistant Corporate Secretary



**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
AMENDED AND RESTATED CHARTER FOR THE
RETIREMENT PLAN BENEFITS COMMITTEE,
EFFECTIVE ~~FEBRUARY 10~~ AS OF JANUARY 1, 2016**

I. Purpose

The Board of Directors (“Board”) of Electric Reliability Council of Texas, Inc. (“ERCOT”) has established the Benefits Retirement Plan Committee (the “Committee,” which was} formerly known as the “Benefits Committee”), to assist ~~ERCOT~~ with its ~~ERCOT’s~~ responsibilities for ERCOT’s employee retirement benefit plans and programs (individually, a “Benefit Plan” and, collectively, the “Benefit Plans”).

By resolution dated ~~October 20, 2009~~ April 19, 2016, the ~~ERCOT Board of Directors (“Board”)~~ delegated to the Committee the authority to:

(a) -Sselect retirement benefits plan administrators and advisors;

(b) , -sSelect savings plan investment options;

(a) , and mMonitor the cost and performance of savings plan options;

(c)

(b) -By resolution dated December 15, 2009, the Board delegated to the Committee the authority to:

(c) -A(a) add, discontinue, and modify retirement benefits plans; and

(d)

(d) (b) -Pperform general administration of these plans, including, without limitation, selection and payment of advisors, services providers, auditors and consultants; ~~and~~

(e) (c) -determine appeals of the denial of benefits.;

This Charter: (i) governs the procedures and actions of the Committee, and (ii) establishes the Committee’s authority and responsibilities. The Board may, at any time, revise this Charter, revoke this Charter or disband the Committee.



Notwithstanding any provision of this Charter, the Committee will assist and advise ERCOT, but will not act for ERCOT unless ERCOT otherwise expressly determines. With particular respect to any of ERCOT's fiduciary responsibilities under the Employee Retirement Income Security Act of 1974 ("ERISA") or any other applicable law, the Committee's role is ministerial and the Committee will not act, and will not be deemed to have acted, as a fiduciary unless ERCOT otherwise expressly determines or applicable law otherwise directly requires.

II. Organization and Procedures

A. Members. The President and Chief Executive Officer ("CEO") will select the members of the Committee. The membership of the Committee will at all times include the CEO and the ERCOT officers responsible for (i) budget and finance; and (ii) human resources matters. The CEO may select other ERCOT ~~officers or employees~~ officers for membership on the Committee; changes in the composition of the Committee from time to time will be reflected in the Committee's minutes.

The CEO may also appoint an Employee Representative to the Committee. The Employee Representative must be a full-time employee in good standing who has a level of education, knowledge and experience that allows him/her to make proper decisions for the benefit of plan participants. The term of the Employee Representative on the Committee will be determined by the CEO.

B. Chairperson. The Chairperson of the Committee will be selected by the CEO, and must be one of the permanent members of the Committee (the CEO or the ERCOT officers responsible for budget and finance or human resources). The Chairperson will have the responsibilities and authority prescribed in this Charter and as the Committee may assign from time to time. The CEO may remove the Chairperson at any time and the Chairperson may resign at any time upon fifteen days' prior written notice. Changes in the identity of the Chairperson will be reflected in the minutes of the Committee.

C. Secretary. The Secretary of the Committee will be an ERCOT employee designated by the Chairperson. The Secretary will have will have the responsibilities and authority prescribed in this Charter and as the Committee may assign from time to time. The Chairperson may remove the Secretary at any time and the Secretary may resign at any time upon fifteen days' prior written notice. Changes in the identity of the Secretary will be reflected in the minutes of the Committee.

D. Legal Counsel. Legal Counsel will be invited to attend all Committee meetings to provide legal advice to the Committee. Legal Counsel will not be a member of the Committee, and will not vote on any matters before the Committee. ~~The~~ Legal Counsel



serving the Committee may be from the ERCOT General Counsel's office, or from an outside law firm.

E. Meetings; Quorum; Proxies. The Committee will meet as often, at such times and places, and by such means (such as telephone conference call) as the Chairperson may determine. A majority of the members of the Committee will constitute a quorum at a Committee meeting. The Chairperson will preside at Committee meetings and the Secretary will be responsible for keeping a record of Committee meetings. Committee meetings will not be open to non-members, except that the Committee may invite non-members to attend a meeting and participate in the meeting to the extent requested by the Committee. Any Committee member may assign his/her vote to another member of the Committee by written designation delivered to the Chairperson or the Secretary prior to the delegator's vote on Committee business.

F. Action by Committee. The Committee will take an action:

- Upon the agreement of a majority of the Committee members present at a meeting at which there is a quorum; or
- By written consent executed by a majority of all members of the Committee.

G. Meeting Agenda and Minutes. For each Committee meeting, ~~the~~ the Secretary or the Chairperson's designee will prepare the agenda after consultation with the Chairperson, considering requests of ~~and~~ other Committee members, and then distribute the agenda and any related materials to the Committee members prior to or at the beginning of the meeting. Following each meeting, the Secretary will prepare minutes of the meeting and will circulate the minutes in draft form to all Committee members. At one or more subsequent Committee meetings, the Committee members will review the draft minutes and propose any corrections to the minutes, and the Committee will approve the final version of the minutes. The Secretary or the Chairperson's designee will maintain each set of minutes with any related materials in the Committee's files.

H. Delegation. The Committee may, from time to time, form one or more subcommittees comprised of two or more members of the Committee and, if desired, of employees and subject matter expert consultants. ~~—~~The Committee may determine that any such subcommittee will act on an *ad hoc* or standing basis, and the Committee may delegate to the subcommittee any of the Committee's responsibilities and authority, provided that the Committee will retain authority to oversee the activities of the subcommittee and to disband it at any time.

I. Engagement, Use of and Reliance on Professional Advisers. The Committee may engage and use the services of and ~~not~~ rely on the advice of any of ERCOT's



professional advisors, including legal counsel, accountants, ~~employee benefit consultants~~, and investment advisors, in the performance of the Committee's duties.

III. Responsibilities and Authority

The Committee will have the responsibilities and authority described below:

A. Employee Retirement Benefits-Plan Philosophy. The Committee will assist ERCOT in the development and implementation of ERCOT's employee retirement plan benefits philosophy as part of the larger compensation philosophy.

B. Evaluation of Benefit-Plan Design. Periodically and upon ERCOT's request, the Committee will review and will evaluate the Benefit-Plans, individually or as a group, on the basis of such factors as the Committee may deem relevant, but including, as appropriate: (1) promotion of ERCOT's employee benefits-investment philosophy; (2) utilization of current design features; ~~(3) cost-effectiveness;~~ ~~(34)~~ efficiency in delivery of benefits and services; ~~(45)~~ achievement of employee satisfaction objectives; and ~~(56)~~ compliance with applicable laws.

C. Benefit-Plan Operations and Administration. In coordination and consultation with the Human Resources Department, the Committee will have overall responsibility for the operations and administration of the Benefit-Plans. In carrying out such responsibility, the Committee will, at a minimum, undertake the following duties:

- Oversight and verification of the financial operations of the various Benefit-Plans and ERCOT's funding ~~of benefits~~ under the various Benefit-Plans;
- Appointment, replacement, or termination of any fiduciary or non-fiduciary service provider of a Benefit-Plan, including any trustee of the Qualified-Plan, insurer, investment fund provider, or third-party administrator, ~~or insurance broker~~.
- Oversight and verification of the administrative activities of the service providers for the various Benefit-PPPlans;
- Oversight and verification of the activities and decisions of ERCOT personnel related to operation and administration of the Benefit-Plans, including assessment of compliance with established administrative procedures and applicable legal requirements;
- Determination of issues and questions arising in the administration, interpretation, and application of the Benefit-Plans in consultation with appropriate ERCOT departments, such as Legal, Human Resources, or Finance; and
- Monitoring of legal and regulatory developments and emerging trends impacting the Benefit-Plans.



D. ~~Benefit Plan Design and Implementation.~~ As a result of an evaluation of one or more ~~Benefit~~ Plans undertaken by the Committee (as provided in Item B above) or arising out the Committee's responsibility for the operations and administration of the ~~Benefit~~ Plans (as provided in Item C above), the Committee may, as it deems warranted:

- Establish a new ~~Benefit~~ Plan; or
- ~~The e~~Enhancement, modification, or termination of a ~~Benefit~~ Plan or the consolidation of two or more ~~Benefit~~ Plans;

~~E. Benefit Determinations. The Committee will be responsible for making any benefit determination for which ERCOT is responsible under any Benefit Plan, including investigating the facts and circumstances relevant to the benefit determination, and complying with any appeal procedures applicable to the relevant Benefit Plan.~~

~~FE. Rules and Procedures. The Committee will have the authority to formulate and adopt any rules and procedures as the Committee may deem necessary or desirable to effectuate the terms of this Charter or to facilitate the proper administration of the ~~Benefit~~ Plans; provided, however, that the Committee may not adopt a rule or procedure that would conflict with any ~~Benefit~~ Plan document or any related agreement or that would interfere with any fiduciary responsibilities of ERCOT or the trustees of the ~~Qualified~~ Plans.~~

~~FG. Other Responsibilities and Authority. The Committee will have such other responsibilities as ~~ERCOT the Board~~ may delegate to it from time to time whether or not those responsibilities are reflected in an amendment to this Charter. In addition, the Committee will have any other incidental authority necessary to the performance of the Committee's duties.~~

~~HG. Reports and Recommendations to ERCOT and the Board of Directors. The Committee will report its activities to the Board at least annually. The Committee will report to and make recommendations to ~~ERCOT and/or~~ the Board upon request and in accordance with any procedures established therefor by ERCOT and/or the Board from time to time.~~



**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
AMENDED AND RESTATED CHARTER FOR THE
RETIREMENT PLAN COMMITTEE,
EFFECTIVE AS OF JANUARY 1, 2016**

I. Purpose

The Board of Directors (“Board”) of Electric Reliability Council of Texas, Inc. (“ERCOT”) has established the Retirement Plan Committee (the “Committee,” which was formerly known as the “Benefits Committee”), to assist with ERCOT’s responsibilities for ERCOT’s employee retirement plans and programs (individually, a “Plan” and, collectively, the “Plans”).

By resolution dated April 19, 2016, the Board delegated to the Committee the authority to:

- (a) Select retirement plan administrators and advisors;
- (b) Select savings plan investment options;
- (c) Monitor the cost and performance of savings plan options;
- (d) Add, discontinue, and modify retirement plans; and
- (e) Perform general administration of these plans, including, without limitation, selection and payment of advisors, services providers, auditors and consultants.

This Charter: (i) governs the procedures and actions of the Committee, and (ii) establishes the Committee’s authority and responsibilities. The Board may, at any time, revise this Charter, revoke this Charter or disband the Committee.

Notwithstanding any provision of this Charter, the Committee will assist and advise ERCOT, but will not act for ERCOT unless ERCOT otherwise expressly determines. With particular respect to any of ERCOT’s fiduciary responsibilities under the Employee Retirement Income Security Act of 1974 (“ERISA”) or any other applicable law, the Committee’s role is ministerial and the Committee will not act, and will not be deemed to have acted, as a fiduciary unless ERCOT otherwise expressly determines or applicable law otherwise directly requires.



II. Organization and Procedures

A. Members. The President and Chief Executive Officer (“CEO”) will select the members of the Committee. The membership of the Committee will at all times include the CEO and the ERCOT officers responsible for (i) budget and finance; and (ii) human resources matters. The CEO may select other ERCOT officers or employees for membership on the Committee; changes in the composition of the Committee from time to time will be reflected in the Committee’s minutes.

The CEO may also appoint an Employee Representative to the Committee. The Employee Representative must be a full-time employee in good standing who has a level of education, knowledge and experience that allows him/her to make proper decisions for the benefit of plan participants. The term of the Employee Representative on the Committee will be determined by the CEO.

B. Chairperson. The Chairperson of the Committee will be selected by the CEO, and must be one of the permanent members of the Committee (the CEO or the ERCOT officers responsible for budget and finance or human resources). The Chairperson will have the responsibilities and authority prescribed in this Charter and as the Committee may assign from time to time. The CEO may remove the Chairperson at any time and the Chairperson may resign at any time upon fifteen days’ prior written notice. Changes in the identity of the Chairperson will be reflected in the minutes of the Committee.

C. Secretary. The Secretary of the Committee will be an ERCOT employee designated by the Chairperson. The Secretary will have will have the responsibilities and authority prescribed in this Charter and as the Committee may assign from time to time. The Chairperson may remove the Secretary at any time and the Secretary may resign at any time upon fifteen days’ prior written notice. Changes in the identity of the Secretary will be reflected in the minutes of the Committee.

D. Legal Counsel. Legal Counsel will be invited to attend all Committee meetings to provide legal advice to the Committee. Legal Counsel will not be a member of the Committee, and will not vote on any matters before the Committee. Legal Counsel serving the Committee may be from the ERCOT General Counsel’s office, or from an outside law firm.

E. Meetings; Quorum; Proxies. The Committee will meet as often, at such times and places, and by such means (such as telephone conference call) as the Chairperson may determine. A majority of the members of the Committee will constitute a quorum at a Committee meeting. The Chairperson will preside at Committee meetings and the Secretary will be responsible for keeping a record of Committee meetings. Committee



meetings will not be open to non-members, except that the Committee may invite non-members to attend a meeting and participate in the meeting to the extent requested by the Committee. Any Committee member may assign his/her vote to another member of the Committee by written designation delivered to the Chairperson or the Secretary prior to the delegator's vote on Committee business.

F. Action by Committee. The Committee will take an action:

- Upon the agreement of a majority of the Committee members present at a meeting at which there is a quorum; or
- By written consent executed by a majority of all members of the Committee.

G. Meeting Agenda and Minutes. For each Committee meeting, the Secretary or the Chairperson's designee will prepare the agenda after consultation with the Chairperson, considering requests of other Committee members, and then distribute the agenda and any related materials to the Committee members prior to or at the beginning of the meeting. Following each meeting, the Secretary will prepare minutes of the meeting and will circulate the minutes in draft form to all Committee members. At one or more subsequent Committee meetings, the Committee members will review the draft minutes and propose any corrections to the minutes, and the Committee will approve the final version of the minutes. The Secretary or the Chairperson's designee will maintain each set of minutes with any related materials in the Committee's files.

H. Delegation. The Committee may, from time to time, form one or more subcommittees comprised of two or more members of the Committee and, if desired, of employees and subject matter expert consultants. The Committee may determine that any such subcommittee will act on an *ad hoc* or standing basis, and the Committee may delegate to the subcommittee any of the Committee's responsibilities and authority, provided that the Committee will retain authority to oversee the activities of the subcommittee and to disband it at any time.

I. Engagement, Use of and Reliance on Professional Advisers. The Committee may engage and use the services of and rely on the advice of any of ERCOT's professional advisors, including legal counsel, accountants, and investment advisors, in the performance of the Committee's duties.

III. Responsibilities and Authority

The Committee will have the responsibilities and authority described below:



A. Employee Retirement Plan Philosophy. The Committee will assist ERCOT in the development and implementation of ERCOT's employee retirement plan philosophy as part of the larger compensation philosophy.

B. Evaluation of Plan Design. Periodically and upon ERCOT's request, the Committee will review and will evaluate the Plans, individually or as a group, on the basis of such factors as the Committee may deem relevant, but including, as appropriate: (1) promotion of ERCOT's employee investment philosophy; (2) utilization of current design features; (3) efficiency in delivery of benefits and services; (4) achievement of employee satisfaction objectives; and (5) compliance with applicable laws.

C. Plan Operations and Administration. In coordination and consultation with the Human Resources Department, the Committee will have overall responsibility for the operations and administration of the Plans. In carrying out such responsibility, the Committee will, at a minimum, undertake the following duties:

- Oversight and verification of the financial operations of the various Plans and ERCOT's funding under the various Plans;
- Appointment, replacement, or termination of any fiduciary or non-fiduciary service provider of a Plan, including any trustee of the Plan, investment fund provider, or third-party administrator.
- Oversight and verification of the administrative activities of the service providers for the various Plans;
- Oversight and verification of the activities and decisions of ERCOT personnel related to operation and administration of the Plans, including assessment of compliance with established administrative procedures and applicable legal requirements;
- Determination of issues and questions arising in the administration, interpretation, and application of the Plans in consultation with appropriate ERCOT departments, such as Legal, Human Resources, or Finance; and
- Monitoring of legal and regulatory developments and emerging trends impacting the Plans.

D. Plan Design and Implementation. As a result of an evaluation of one or more Plans undertaken by the Committee (as provided in Item B above) or arising out the Committee's responsibility for the operations and administration of the Plans (as provided in Item C above), the Committee may, as it deems warranted:

- Establish a new Plan; or



- Enhance, modify, or terminate a Plan or consolidate two or more Plans;

E. Rules and Procedures. The Committee will have the authority to formulate and adopt any rules and procedures as the Committee may deem necessary or desirable to effectuate the terms of this Charter or to facilitate the proper administration of the Plans; provided, however, that the Committee may not adopt a rule or procedure that would conflict with any Plan document or any related agreement or that would interfere with any fiduciary responsibilities of ERCOT or the trustees of the Plans.

F. Other Responsibilities and Authority. The Committee will have such other responsibilities as the Board may delegate to it from time to time whether or not those responsibilities are reflected in an amendment to this Charter. In addition, the Committee will have any other incidental authority necessary to the performance of the Committee's duties.

G. Reports and Recommendations to ERCOT and the Board. The Committee will report its activities to the Board at least annually. The Committee will report to and make recommendations to the Board upon request and in accordance with any procedures established therefor by ERCOT and/or the Board from time to time.