



ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
ANNUAL STATUS REPORT TO THE BOARD OF DIRECTORS
CONCERNING ACTIVITIES OF THE RETIREMENT PLAN COMMITTEE

As of December 31, 2016

This report is provided to inform the Board of Directors of the activities of the Retirement Plan Committee ("Committee") during the 12-month period ending December 31, 2016.


The Committee met four times during 2016. Minutes were kept of each Committee Meeting, including copies of materials reviewed by the Committee.

The Committee determined that the current Plan is functioning effectively and at reasonable cost for its intended purpose. The Committee identified no deficiencies with respect to the compliance of the Plan.

The Committee actively performed its duties during this period, as highlighted herein:

ERCOT 401(k) Savings Plan ("Plan")

1. Morgan Stanley Smith Barney LLC dba Graystone Consulting (Graystone) provided detailed quarterly reports on the investments in the Plan, reviewing the following criteria, among others: (a) performance on a rolling and trailing return basis relative to benchmarks and the appropriate universes of actively managed investments; (b) changes to the management teams of investment managers; (c) significant issues affecting the firms within which the investment managers operate; (d) investment quality of fixed-income investments; (e) diversification of holdings; (f) the amount of risk taken; (g) changes in investment style; and (h) cost.
2. The Committee voted to amend the Plan agreement with Fidelity Investment Service to reduce the Fixed Basis Point Pricing from 7.0% to 5.5%.
3. The Committee voted to remove the Fidelity Money Market Trust Retirement Government Money Market Portfolio. Assets were mapped to the Wells Fargo Stable Return Fund Class C.
4. The Committee added the Western Asset Core Bond Fund Class I to the fund line up.
5. The Committee placed two funds on the watch list pursuant to criteria guidelines provided in the Plan's Investment Policy Statement.
6. The Committee voted to allow terminated employees the option to make loan payments directly to Fidelity.
7. The Committee voted to reduce members' one-time loan set-up fee from \$150 to \$75.
8. The Committee received periodic updates on current legal and regulatory developments that could affect the Plan and the Committee's work.
9. The audit report for the Plan was reviewed and approved.
10. The Committee reviewed Graystone's proposed changes to the Plan's Investment Policy Statement.


Mara A. Spak



Director, Total Rewards & Systems

Confirmed:

A handwritten signature in black ink, appearing to read "Diane M. Williams", written over a horizontal line.

Diane M. Williams

Vice President of Human Resources