

**THE NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.**  
**FINAL MINUTES OF BOARD OF DIRECTOR'S MEETING**  
**REGULAR SESSION – AUGUST 19, 2014**

The Board of Directors of the New York Independent System Operator (NYISO) met at Hunton & Williams in NYC on August 19, 2014. Chairman Bemis chaired the meeting, and all Board members were present. Ms. Egan, Ms. Kelly, and Messrs. Dewey, Fernandez, Gonzales, Jones, Mukerji, and Rumsey were also in attendance. Mr. Bill Heinrich of the Public Service Commission was also in attendance.

**I. Approval of Board Meeting Minutes**

Upon motion duly made and seconded, the Board approved the June 26, 2014 Board meeting minutes, and deferred approval of the July 15, 2014 Board meeting minutes until the next meeting.

**II. Consent Agenda**

There were no items on the Consent Agenda for approval this month.

**III. Report of the Board Chair**

The Board Chair had no items for discussion during the Regular Session.

**IV. Committee Reports**

**A. Reliability & Markets**

The Reliability & Markets Committee met on August 18, 2014 and discussed/approved the following:

- 1) Presentation by Jeff Tranen of Compass Lexecon regarding “Market Concepts to Provide Improved Performance including Fuel Assurance.”
- 2) Tariff Change-Code of Conduct Revision: Gas Operational Information Sharing – The Reliability & Markets Committee raised some concerns about the security of confidential information and tabled approval of this item. The Reliability & Markets Committee will re-visit the proposed tariff amendment on their September 4, 2014 conference call after discussing concerns about the confidentiality of information shared under Order 787.
- 3) 2014 Reliability Needs Assessment (RNA) Draft Report – The Reliability & Markets Committee members will review the 2014 RNA Draft Report and provide any comments to Diane Egan on/or before August 26<sup>th</sup>. The Reliability & Markets Committee will have

a conference call on September 4<sup>th</sup> to review the final draft for recommendation to the Board in September for approval.

- 4) NYISO's Order 1000 Compliance Filing Implementation Schedule.
- 5) Operations Performance Metrics Monthly Report.

## **B. Audit & Compliance**

The Audit & Compliance Committee met on August 18, 2014 and discussed/approved the following:

- 1) Minutes–7/14/14 Audit & Compliance Committee meeting – Approved.
- 2) Cybersecurity Program Update.
- 3) National Association of Corporate Directors (NACD) Cyber Summit Briefing.
- 4) NYISO Internal Audit – Annual Audit Plan Development Process – Mr. Silverman reviewed the annual Audit Plan development process.
- 5) Enterprise Risk Management (ERM) Report.

## **C. Commerce & Compensation**

The Commerce & Compensation Committee met on August 18, 2014 and discussed/approved the following:

- 1) Real Estate Purchase Update – Following review with the NYISO Board, purchase negotiations and related due diligence, including an environmental assessment, were initiated in March 2014 and satisfactorily completed on two parcels adjacent to the NYISO. Motion for Board approval, authorizing NYISO management to purchase the two referenced parcels, subject to satisfactory completion of remaining contractual open items, was approved.
- 2) 2014 Annual Incentive Goals – Progress Report.
- 3) 2013-2015 LTI Goal Update.
- 4) 2014 Budget vs. Actual Status.
- 5) 2015 Draft Budget Overview.
- 6) Credit Lessons Learned – Cold Snap – Proposed MP Financial Risk Assessment Process – Market Participant meeting screening criteria will be implemented in Q3-Q4, 2014.
- 7) Finance Org Chart – For Information Only.
- 8) Finance Management Profiles – For Information Only.

## **D. Governance**

The Governance Committee met on August 18, 2014 and discussed/approved the following:

- 1) Board Resolution – Director Term Limits By Laws Waiver – Board Resolution regarding the Boards commitment to term limits and Board succession going forward – Motion for

Board approval to waive Article II, Section of the Corporation's By Laws in order to extend the tenure of Director Erland Kailbourne for one additional four year term, effective April 2015, was approved. Mr. Kailbourne recused himself from the vote.

- 2) Board Training – Corporate Governance Review – Mr. Fernandez and Mr. Jones provided a thorough review of Board Corporate Governance, including the roles and fiduciary responsibilities of the NYISO Board of Directors.

**V. Report of the President & CEO**

Mr. Whitley briefed the Board on items outlined in his President's Report included in the Board package.

**VI. Chief Operating Officer Report**

Mr. Gonzales briefed the Board on items outlined in the COO Report included in the Board package.

**VII. Other Business**

There were no other topics for discussion.

**VIII. Next Meeting**

The next meeting of the Board is being held on September 16, 2014 at the Castle Hotel & Spa in Tarrytown, NY.

Respectfully submitted,



Diane L. Egan  
Corp. Secretary & Secretary to the Board