



Date: April 9, 2012
To: Board of Directors
From: Clifton Karnei, Finance and Audit (F&A) Committee Chair
Subject: Approval of F&A Committee Charter

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: April 16-17, 2012

Agenda Item No.: 14b

Issue:

Whether to approve the ERCOT staff-proposed F&A Committee Charter, and whether to recommend and approve any changes to the Charter.

Background/History:

The F&A Committee Charter is reviewed annually and updated as needed. ERCOT staff has reviewed the document and respectfully propose no change to the F&A Committee Charter. The F&A Committee Charter reflecting occurrence of the required annual review is incorporated in *Attachment A*.

The F&A Committee reviewed the F&A Committee Charter at its meeting on February 20, 2012 and is expected to review the F&A Committee Charter again at its meeting on April 16, 2012, and the F&A Committee is expected to recommend that the Board of Directors (Board) adopt, reject, or amend the F&A Committee Charter at the April 16-17, 2012 Board meeting.

Key Factors Influencing Issue:

The F&A Committee Charter identifies the functions that the F&A Committee is to perform and is reviewed annually to ensure that the F&A Committee continues to address relevant issues and to assist the Board in providing necessary oversight consistent with fiduciary duties.

Conclusion/Recommendation:

The F&A Committee is expected to review the F&A Committee Charter at its meeting on April 16, 2012, and is expected to recommend to the Board of Directors whether any F&A Committee Charter revisions should be made. If the F&A Committee recommends revisions to the F&A Committee Charter, then it is expected that the F&A Committee will recommend that the revisions become effective upon approval by the Board.



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

WHEREAS, after its meeting on April 16, 2012, the Finance and Audit (F&A) Committee of the Board of Directors of Electric Reliability Council of Texas, Inc. (ERCOT) has recommended no revision to the F&A Committee Charter consistent with the document appended to this resolution and incorporated as *Attachment A* hereto;

WHEREAS, after due consideration of the alternatives, the Board deems it desirable and in the best interest of ERCOT to approve the F&A Committee Charter as recommended by the F&A Committee; and

THEREFORE, BE IT RESOLVED, that the F&A Committee Charter is approved consistent with *Attachment A*, to be effective immediately.

CORPORATE SECRETARY'S CERTIFICATE

I, Vickie G. Leady, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its April 16-17, 2012 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, 2012.

Vickie G. Leady
Assistant Corporate Secretary