



**GENERAL SESSION MINUTES OF THE  
FINANCE & AUDIT COMMITTEE  
OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

Electric Reliability Council of Texas, Inc.  
7620 Metro Center Drive (Room 206) - Austin, Texas 78744  
February 20, 2012; 1:00 pm – 4:00 pm

Pursuant to notice duly given, the meeting of the Finance and Audit (F&A) Committee of the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) convened on the above-referenced date.

Committee Members:

<b>Director</b>	<b>Affiliation</b>	<b>Segment</b>
Bermudez, Jorge (Vice Chairman)	Unaffiliated	Unaffiliated Director
Fehrenbach, Nick	City of Dallas	Commercial Consumer (except for Agenda Items 1 through 4 and 6)
Gent, Michehl	Unaffiliated	Unaffiliated Director
Gresham, Kevin	E.ON Climate & Renewables NA, LLC	Independent Generator
Karnei, Clifton (Chairman)	Brazos Electric Power Cooperative, Inc.	Cooperative
Prochazka, Scott	CenterPoint Energy Houston Electric, LLC	Investor Owned Utility
Walsh, Judy	Unaffiliated	Unaffiliated Director

Guest Board Members and Segment Alternates:

<b>Director</b>	<b>Affiliation</b>	<b>Segment</b>
Doggett, H.B. "Trip"	ERCOT	President and Chief Executive Officer (CEO) (except for Agenda Items 5 and 8 through 16)
Nelson, Donna	Public Utility Commission of Texas (PUCT)	Chairman (except for Agenda Items 1 through 4 and 6)

Other Guests:

Beckham, Rebecca	ERCOT Manager of Financial Reporting
Day, Betty	ERCOT Vice President of Business Integration
Ledy, Vickie	ERCOT Assistant General Counsel and Assistant Corporate Secretary
Magness, Bill	ERCOT Vice President, General Counsel and Corporate Secretary
Petterson, Mike	ERCOT Vice President of Finance and Treasury
Ruane, Mark	ERCOT Vice President of Credit and Enterprise Risk Management



Wiley, Leslie	ERCOT Manager of Treasury
Wullenjohn, Bill	ERCOT Director of Internal Audit

**Call Open Session to Order and Announce Proxies (Agenda Item 1)**

Trip Doggett, ERCOT President and CEO, determined that a quorum was present and called the meeting to order at approximately 1:03 p.m. Mr. Doggett announced that there were no proxies. The following Agenda Items were addressed in the order below.

**Confirm Finance and Audit Committee Membership (Agenda Item 2)**

Mr. Doggett confirmed the Committee Membership: Jorge Bermudez, Nick Fehrenbach, Michehl Gent, Kevin Gresham, Eric Hendrick, Clifton Karnei, Scott Prochazka and Judy Walsh. He further confirmed the number and affiliation of the Committee Members and requested that the Committee Members complete, sign and return the distributed 2012 Committee Membership Charter Compliance form which allowed each Committee Member to self identify whether he or she has financial understanding or is a financial expert.

**Elect Chair of Finance and Audit Committee; Elect Vice Chair of the Finance and Audit Committee (Agenda Items 3 and 4)**

Mr. Doggett entertained a nomination for the Chairman of the Committee.

**Mr. Gent nominated Mr. Karnei and Mr. Bermudez as Chairman and Vice Chairman of the Committee, respectively. Ms. Walsh seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

**Approval of December 12, 2011 General Session Minutes (Agenda Item 6)**

Chairman Karnei entertained a motion to approve the December 12, 2011 F&A Committee General Session Meeting Minutes (Minutes).

**Mr. Gent moved to approve the Minutes as presented. Mr. Gresham seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

**Review and Assess Adequacy of Finance and Audit Committee Charter (Agenda Item 7)**

Chairman Karnei reviewed and discussed the Finance and Audit Committee Charter. Chairman Karnei and Mike Petterson responded to questions and comments from Committee members. He solicited feedback for recommended changes to be considered for vote at the April 2012 Committee meeting.

**Designate Secretary of the Finance and Audit Committee (Agenda Item 5)**

Chairman Karnei entertained a motion to designate the Secretary of the Committee.

**Mr. Bermudez moved to designate Bill Magness or his designee as Secretary of the Committee. Mr. Gresham seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

**Approve the Credit Work Group Charter (Agenda Item 8)**

Mark Ruane presented the proposed Credit Work Group (CWG) Charter and responded to questions and comments from Committee members.



**Mr. Fehrenbach moved to approve the CWG Charter as presented. Mr. Bermudez seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

**Appoint Credit Work Group Chair and Vice Chair (Agenda Item 9)**

Chairman Karnei entertained a motion to confirm the CWG Chair. He noted that the confirmation of the CWG Vice Chair would be deferred to the April 2012 Committee meeting.

**Mr. Fehrenbach moved to confirm Tamila Nikazm as CWG Chair. Mr. Bermudez seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

**Review and Recommend Board Approval of the Market Credit Risk Corporate Standard (Agenda Item 10)**

Mr. Ruane presented the proposed Market Credit Risk Corporate Standard and responded to questions and comments from Committee members.

**Mr. Bermudez moved to recommend Board approval of the Market Credit Risk Corporate Standard as presented. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

**Review and Recommend Board Approval of the Financial Corporate Standard (Agenda Item 11)**

Leslie Wiley presented the proposed Financial Corporate Standard and responded to questions and comments from Committee members. After discussion, Chairman Karnei requested that ERCOT staff revise the Financial Corporate Standard to incorporate the Committee's suggested changes for further consideration and vote at the April 2012 Committee meeting.

**Review and Recommend Board Approval of the Investment Corporate Standard (Agenda Item 12)**

Ms. Wiley presented the proposed Investment Corporate Standard and responded to questions and comments from Committee members. After discussion, Chairman Karnei recommended ERCOT staff work with Mr. Fehrenbach and Mr. Bermudez on proposed language for the Investment Corporate Standard for further consideration and vote at the April 2012 Committee meeting.

**Review Forecast Liquidity Requirements and Debt Structure Options (Agenda Item 13)**

Ms. Wiley reviewed the Forecast Liquidity Requirements and Debt Structure Options and responded to questions and comments from Committee members. Chairman Karnei entertained a motion to authorize ERCOT management to issue a Request for Proposal (RFP) to restructure existing debt as requested and to provide an analysis of the RFP responses at the April 2012 Committee meeting.

**Ms. Walsh moved to authorize ERCOT management to issue an RFP to restructure existing debt as requested and to provide an analysis of the RFP responses at the April 2012 Committee meeting. Mr. Prochazka seconded the motion. The motion passed by unanimous voice vote with no abstentions.**



**Committee Briefs (Agenda Items 14 and 14a-f)**

Rebecca Beckham presented the Committee Briefs and responded to questions and comments from Committee members.

**Future Agenda Items (Agenda Item 15)**

Mr. Petterson noted the following proposed agenda items for the April 2012 Committee meeting:

- 2013 Budget;
- Financial Corporate Standard;
- Investment Corporate Standard;
- Results of RFP on Debt Restructuring;
- Appointment of CWG Vice Chair; and
- Audit and Financial Statements for fiscal and calendar year ending December 31, 2011.

Mr. Petterson responded to questions and comments from the Committee members on a possible Member orientation.

**Other Business (Agenda Item 16)**

No other business was considered at this time.

**Executive Session (Agenda Items 17-19)**

Chairman Karnei adjourned the meeting into Executive Session at approximately 3:00 p.m. and reconvened Open Session at approximately 4:08 p.m.

**Vote on Matters from Executive Session (Agenda Item 20)**

Chairman Karnei entertained motions on two matters considered during Executive Session.

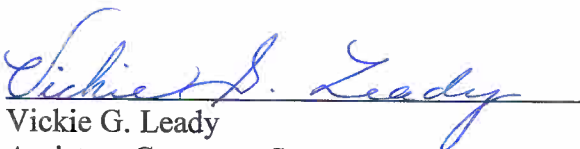
**Mr. Bermudez moved to approve the ERCOT management recommendation in connection with the Contract matter noted in the Executive Session meeting materials as Agenda Item 18b. Ms. Walsh seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

**Mr. Prochazka moved to approve the matter as presented in the Executive Session meeting materials as Agenda Item 19a. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

**Adjournment**

Chairman Karnei adjourned the meeting at approximately 4:10 p.m.

Committee materials and presentations from the meeting are available on ERCOT's website at: [http://www.ercot.com/committees/board/finance\\_audit/](http://www.ercot.com/committees/board/finance_audit/)

  
Vickie G. Leady  
Assistant Corporate Secretary