



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

7620 Metro Center Drive, Room 206
Austin, Texas 78744
December 8, 2014

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

Meeting Attendance:

Committee Members:

Director	Affiliation	Segment
Bermudez, Jorge (Chairman)	Unaffiliated	Unaffiliated Director
Fehrenbach, Nick	City of Dallas	Consumer – Commercial
Gent, Michehl	Unaffiliated	Unaffiliated Director
Gresham, Kevin	E.ON North America LLC	Independent Generator (<i>Not Present for Agenda Items 1 – 2</i>)
Karnei, Clifton (Vice Chairman)	Brazos Electric Power Cooperative Inc.	Cooperative (<i>Proxy for Judy Walsh for Agenda Items 10 – 11</i>)
Walsh, Judy	Unaffiliated	Unaffiliated Director (<i>Not Present for Agenda Items 10 – 11</i>)
Werner, John	Source Power & Gas LLC	Independent Retail Electric Provider Segment Alternate

Guest Board Members and Segment Alternates:

Director/ Segment Alternate	Affiliation	Segment
Doggett, H.B. “Trip”	ERCOT	President and Chief Executive Officer (CEO) (<i>Not Present for Agenda Items 6 – 9</i>)

Officers and Guests:

Atherton, Allison	ERCOT Business Process Controls & Risk Manager
Brewster, Chris	City of Eastland, Technical Advisory Committee (TAC) Vice Chair (<i>Not Present for Agenda Items 1 – 4</i>)
Day, Betty	ERCOT Vice President of Business Planning & Integration (<i>Not Present for Agenda Items 1 – 4</i>)
Dreyer, Jerry	ERCOT Vice President and Chief Information Officer
Edmonds, Lauren	BrightLine CPAs & Associates, Inc., Senior Manager (<i>Not Present for Agenda Items 5 – 11</i>)



Hobbs, Kristi	ERCOT Director of Enterprise Risk Management and Strategic Analysis <i>(Not Present for Agenda Items 1 – 4)</i>
Jones, Brad	ERCOT Vice President of Commercial Operations
Levine, Jonathan	ERCOT Corporate Counsel
Magness, Bill	ERCOT Vice President, General Counsel and Corporate Secretary <i>(Not Present for Agenda Items 1 – 4)</i>
Mathews, Michael	Bryan Texas Utilities, Credit Work Group (CWG) Chair <i>(Not Present for Agenda Items 6 – 11)</i>
McIntyre, Kenneth	ERCOT Vice President of Grid Planning and Operations <i>(Not Present for Agenda Items 1 – 7.2)</i>
Petterson, Michael	ERCOT Vice President of Finance and Treasury
Ruane, Mark	ERCOT Director of Market Credit <i>(Not Present for Agenda Items 6 – 11)</i>
Stephenson, Randa	Lower Colorado River Authority, TAC Chair
Taylor, Grayson	BrightLine CPAs & Associates, Inc., Senior Associate <i>(Not Present for Agenda Items 5 – 11)</i>
Taylor, Sean	ERCOT Controller <i>(Not Present for Agenda Items 10 – 11)</i>
Wiley, Leslie	ERCOT Treasurer <i>(Not Present for Agenda Items 10 – 11)</i>
Wullenjohn, Bill	ERCOT Director of Internal Audit

Call General Session to Order, Announce Proxies and Segment Alternates (Agenda Item 1)

Jorge Bermudez, F&A Committee Chairman, determined that a quorum was present and called the F&A Committee meeting to order at approximately 1:10 p.m. Chairman Bermudez noted the Antitrust and Security Admonitions and addressed the following Agenda Items in the order below.

October 13, 2014 General Session Meeting Minutes (Agenda Item 2)

Chairman Bermudez entertained a motion to approve the October 13, 2014 General Session Meeting Minutes (Minutes).

Clifton Karnei moved to approve the Minutes as presented. Michehl Gent seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Results of Examination and Independence Report from the Service Organization Control (SSAE 16) Auditor (Agenda Item 3)

Chairman Bermudez invited Lauren Edmonds, BrightLine CPAs & Associates, Inc. Senior Manager, to present the results of ERCOT’s SSAE 16 Audit. Ms. Edmonds responded to questions and comments from Committee members.

Recommendation regarding Acceptance of 2014 Service Organization Control (SSAE 16) Audit Report (Agenda Item 4)

Chairman Bermudez entertained a motion to accept the 2014 SSAE 16 Audit Report.

Judy Walsh moved to approve the Acceptance of 2014 Service Organization Control (SSAE 16) Audit Report as presented. Kevin Gresham seconded the motion. The motion passed by unanimous voice vote with no abstentions.



Periodic Report on Credit Work Group Activity (Agenda Item 5)

Michael Mathews, CWG Chair, presented the Periodic Report on Credit Work Group Activity. Mr. Mathews, Brad Jones and Mark Ruane responded to questions and comments from Committee members. Mr. Mathews explained that CWG is considering modifications to the Counter-Party Credit Application that would remove certain requests for information, and Mr. Ruane noted that the information in question is already being obtained from other sources. In regard to CWG's work to assess the risk tolerance of the market overall, Chairman Bermudez requested that CWG leadership and Mr. Ruane keep the Committee apprised.

Annual Committee Self-Evaluation Survey Results (Agenda Item 6)

Chairman Bermudez led a discussion on the results of the Annual Committee Self-Evaluation Survey.

Committee Briefs (Agenda Item 7)

Michael Petterson invited Sean Taylor and Leslie Wiley to present the Committee Briefs.

Review 2014 Financial Summary (Agenda Item 7.1)

Mr. Taylor presented the Review of the 2014 Financial Summary and responded to questions and comments from Committee members.

Periodic Report on Investments (Agenda Item 7.2)

Ms. Wiley presented the Periodic Report on Investments. There were no questions or comments from Committee members.

Future Agenda Items (Agenda Item 8)

Mr. Petterson presented the Future Agenda Items. He discussed the 2014 meeting matrix and noted that it is based on the requirements set forth in the Committee charter. Chairman Bermudez noted that Mr. Petterson and ERCOT staff are planning the Committee Education sessions for 2015. Ms. Walsh suggested that one training session focus on market credit risk and collateral requirements.

Other Business (Agenda Item 9)

No other business was discussed at this time.

Executive Session

Chairman Bermudez recessed the General Session at approximately 1:59 p.m. and convened Executive Session at approximately 2:08 p.m. Chairman Bermudez reconvened General Session at approximately 3:59 p.m. He announced that Clifton Karnei held a proxy for Judy Walsh following Ms. Walsh's departure during Executive Session.

Vote on Matters from Executive Session (Agenda Item 10)

Chairman Bermudez announced that there was one voting item discussed during Executive Session.

Mr. Karnei moved to approve the Internal Audit Matter discussed during Executive Session under Agenda Item ES 4.2. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with no abstentions.



Adjournment (Agenda Item 11)

Chairman Bermudez adjourned the meeting at approximately 4:01 p.m.

Committee materials and presentations from the meeting are available on ERCOT's website at http://www.ercot.com/committees/board/finance_audit/

Jonathan Levine
Corporate Counsel