



**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
April 18, 2016

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 (<i>Proxy for Clifton Karnei</i>)
Gresham, Kevin	E.ON North America LLC	Independent Generator (<i>Proxy for Read Comstock</i>)
Walsh, Judy	Unaffiliated	Unaffiliated Director

Guest Board Members and Segment Alternates:

Director/ Segment Alternate	Affiliation	Segment
Cramton, Peter	Unaffiliated	Unaffiliated Director (<i>Not Present for Agenda Items 4.3 – 11</i>)
Crowell, Craven	Unaffiliated	Unaffiliated Director (<i>Not Present for Agenda Items 1 – 2 and 4.2 – 10</i>)
Durland, Jack	Valero Services, Inc.	Consumer – Industrial (<i>Not Present for Agenda Items 4.3 – 11</i>)
Emery, Keith	Tenaska Power Services Co.	Independent Power Marketer (<i>Not Present for Agenda Items 4.3 – 10</i>)
Magness, Bill	ERCOT	President and Chief Executive Officer (CEO) (<i>Not Present for Agenda Items 4.3 – 10</i>)
Pfirmsmann, Karl	Unaffiliated	Unaffiliated Director (<i>Present for Agenda Item 3 Only</i>)
Smith, Wade	American Electric Power Service Corporation	Investor-Owned Utility (<i>Not Present for Agenda Items 4.2 – 11</i>)
Soutter, Mark	Invenergy Energy Management LLC	Independent Generator Segment Alternate (<i>Not Present for Agenda Items 5 – 11</i>)



Williams, Phil	Denton Municipal Electric	Municipal Segment Alternate (<i>Not Present for Agenda Items 4.2 – 11</i>)
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Officers and Guests:

Day, Betty	ERCOT Vice President of Governance, Risk and Compliance and Chief Compliance Officer
Dreyer, Jerry	ERCOT Senior Vice President and Chief Information Officer
Leady, Vickie	ERCOT Assistant General Counsel and Assistant Corporate Secretary
Levine, Jonathan	ERCOT Corporate Counsel
Meek, Donald	Austin Energy, Credit Work Group (CWG) Chair
Mele, Cheryl	ERCOT Senior Vice President and Chief Operating Officer
Petterson, Michael	ERCOT Vice President and Chief Financial Officer
Rickerson, Woody	ERCOT Vice President of Grid Planning and Operations
Ruane, Mark	ERCOT Director of Settlements, Retail and Credit
Seely, Chad	ERCOT Vice President and General Counsel
Slaughter, Sarah	Baker Tilly Virchow Krause, LLP (Baker Tilly), Senior Manager
Taylor, Sean	ERCOT Controller
Wiley, Leslie	ERCOT Treasurer
Worthman, Aaron	Baker Tilly, Partner

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 1:00 p.m. Chairman Bermudez noted the Antitrust and Security Admonitions. He announced that Cooperative Segment Director Clifton Karnei had provided his proxy to Commercial Consumer Segment Director Nick Fehrenbach and Independent Retail Electric Provider Segment Director Read Comstock had provided his proxy to Independent Generator Segment Director Kevin Gresham. Chairman Bermudez addressed the following Agenda Items in the order below.

February 8, 2016 General Session Meeting Minutes (Agenda Item 2)

Chairman Bermudez entertained a motion to approve the February 8, 2016 General Session Meeting Minutes (Minutes).

Mr. Fehrenbach moved to approve the Minutes as presented. Mr. Gresham seconded the motion. The motion passed by unanimous voice vote with one abstention (Jorge Bermudez).

Committee Education on Financial Statement Materiality and Disclosure (Agenda Item 3)

Sean Taylor presented the Committee Education on Financial Statement Materiality and Disclosure and responded to questions and comments from Committee members.



Periodic Meeting with Independent Financial Auditor; Review of Requirements for Annual Audit of Financial Statements; Report on December 31, 2015 Financial Audit (Agenda Items 4, 4.1 and 4.2)

Mr. Taylor introduced Sarah Slaughter and Aaron Worthman of Baker Tilly. Ms. Slaughter and Mr. Worthman presented the Review of Requirements for Annual Audit of Financial Statements and Report on December 31, 2015 Financial Audit (Financial Statements Audit Report) and responded to questions and comments from Committee members. Mr. Worthman reported that Baker Tilly plans to issue an unmodified opinion for the year ending December 31, 2015. He added that Baker Tilly identified no material weaknesses or significant deficiencies in ERCOT's internal control.

Review of Audited Financial Statements; Recommendation Regarding Acceptance of Financial Statements Audit Report (Agenda Items 4.3 and 4.4)

Mr. Taylor presented the Review of Audited Financial Statements. There were no questions or comments from Committee members. Chairman Bermudez entertained a motion for the Recommendation Regarding Acceptance of Financial Statements Audit Report.

Judy Walsh moved to recommend that the Board accept the audited financials and Financial Statements Audit Report as presented. Mr. Fehrenbach seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Recommendation Regarding Financial Corporate Standard (Agenda Item 5)

Leslie Wiley presented the Recommendation Regarding Financial Corporate Standard and responded to questions and comments from Committee members.

Mr. Fehrenbach moved to recommend that the Board approve the Financial Corporate Standard as presented. Mr. Gresham seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Periodic Report on Credit Work Group Activity (Agenda Item 6)

Donald Meek, CWG Chair, presented the Periodic Report on Credit Work Group Activity and responded to questions and comments from Committee members.

Letter of Credit Issuer Limits (Agenda Item 7)

Mark Ruane presented the Letter of Credit Issuer Limits. There were no questions or comments from Committee members.

Committee Briefs (Agenda Item 8)

Michael Petterson invited Mr. Taylor and Ms. Wiley to present the Committee Briefs.

Review 2016 Financial Summary (Agenda Item 8.1)

Mr. Taylor presented the 2016 Financial Summary and responded to questions and comments from Committee members.



Periodic Report on Investments (Agenda Item 8.2)

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

Future Agenda Items (Agenda Item 9)

Mr. Petterson presented the Future Agenda Items. There were no questions or comments from Committee members.

Other Business (Agenda Item 10)

No other business was discussed at this time.

Executive Session

Chairman Bermudez recessed General Session at approximately 2:37 p.m. and convened Executive Session at approximately 2:53 p.m. Chairman Bermudez reconvened General Session at approximately 4:05 p.m.

Chairman Bermudez announced a clarification required for Agenda Item 2, February 8, 2016 General Session Meeting Minutes. Chairman Bermudez requested the record reflect that he abstained from voting on that item since he was not present at the February meeting.

Vote on Matters from Executive Session (Agenda Item 11)

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

Mr. Fehrenbach moved to recommend Board selection of the company discussed during Executive Session under Agenda Item ES 6.3 as Independent Financial Auditor for the calendar year ending December 31, 2016. Mr. Gresham seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Adjournment (Agenda Item 12)

Chairman Bermudez adjourned the meeting at approximately 4:07 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