



**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
August 8, 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
Jones, Randy	Calpine Corporation	Independent Generator Segment Alternate
Karnei, Clifton (Vice Chairman)	Brazos Electric Power Cooperative, Inc.	Cooperative
Walsh, Judy	Unaffiliated	Unaffiliated Director
Werner, John	Source Power & Gas LLC	Independent Retail Electric Provider Segment Alternate

Guest Board Members and Segment Alternates:

Director/ Segment Alternate	Affiliation	Segment
Cochran, Seth	DC Energy Texas LLC	Independent Power Marketer Segment Alternate
Cramton, Peter	Unaffiliated	Unaffiliated Director
Harper, Sam	Chaparral Steel Midlothian LP	Consumer – Industrial Segment Alternate
Kezar, Mike	South Texas Electric Cooperative, Inc.	Cooperative Segment Alternate
Magness, Bill	ERCOT	President and Chief Executive Officer
Mercado, Kenneth	CenterPoint Energy, Inc.	Investor-Owned Utility Segment Alternate
Shellman, Carolyn	CPS Energy	Municipal



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
Landry, Brianna	Maxwell Locke & Ritter LLP
Levine, Jonathan	ERCOT Corporate Counsel
Martin, Loretto	Direct Energy, Credit Work Group (CWG) Vice Chair
Meek, Donald	Austin Energy, CWG Chair
Mele, Cheryl	ERCOT Senior Vice President and Chief Operating Officer
Mil, Diana	Maxwell Locke & Ritter LLP
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
Rychetsky, Penny	ERCOT Director of Internal Audit
Seely, Chad	ERCOT Vice President, General Counsel and Corporate Secretary
Spak, Mara	ERCOT Director of Total Rewards and Systems
Taylor, Sean	ERCOT Controller
Wiley, Leslie	ERCOT Treasurer

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 General Session of the F&A Committee meeting to order at approximately 1:00 p.m. Chairman Bermudez noted the Antitrust and Security Admonitions. He announced that Randy Jones, Independent Generator Segment Alternate, was attending in Kevin Gresham's absence. Chairman Bermudez addressed the following Agenda Items in the order below.

June 13, 2016 General Session Meeting Minutes (Agenda Item 2)

Chairman Bermudez entertained a motion to approve the June 13, 2016 General Session Meeting Minutes (Minutes).

Vice Chairman Clifton Karnei moved to approve the Minutes as presented. Nick Fehrenbach seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Recommendation Regarding Acceptance of ERCOT's 401(k) Savings Plan Audit Report (Agenda Item 3)

Mara Spak introduced Diana Mil of Maxwell Locke & Ritter LLP. Ms. Mil presented ERCOT's 401(k) Savings Plan Audit Report and responded to questions and comments from Committee members.

Vice Chairman Karnei moved to recommend that the Board accept ERCOT's 401(k) Savings Plan Audit Report as presented. Mr. Fehrenbach seconded the motion. The motion passed by unanimous voice vote with no abstentions.



Periodic Report on Credit Work Group Activity (Agenda Item 4)

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

Review of Annual Committee Self-Evaluation Process (Agenda Item 5)

Chairman Bermudez presented the Review of Annual Committee Self-Evaluation Process and solicited feedback from the Committee on suggested changes. There were no changes suggested by Committee members.

Committee Briefs (Agenda Item 6)

Chairman Bermudez invited Sean Taylor and Leslie Wiley to present the Committee Briefs.

Review 2016 Financial Summary (Agenda Item 6.1)

Michael Peterson reported a revision to the previously submitted materials explaining that on the first page of the Financial Summary appendix, the column heading that reads "Year to Date Through June" should instead read "Year to Date Through April." He indicated that this error would be corrected in the Board's electronic portal, Diligent Board Books, and ERCOT's website.

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

Periodic Report on Investments (Agenda Item 6.2)

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

Financial Institutions which are Market Participants (Agenda Item 6.3)

Ms. Wiley presented the Financial Institutions which are Market Participants and responded to questions and comments from Committee members.

Future Agenda Items (Agenda Item 7)

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

Other Business (Agenda Item 8)

No other business was discussed at this time.

Executive Session

Chairman Bermudez recessed General Session at approximately 1:46 p.m. and convened Executive Session at approximately 1:54 p.m. Chairman Bermudez reconvened General Session at approximately 2:44 p.m.

Vote on Matters from Executive Session (Agenda Item 9)

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



Vice Chairman Karnei moved to recommend Board selection of the company discussed during Executive Session under Agenda Item ES 5.2 as the ERCOT 401(k) Savings Plan Auditor for the calendar year ending December 31, 2016. Mr. Fehrenbach seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Adjournment (Agenda Item 10)

Chairman Bermudez adjourned the meeting at approximately 2:44 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