



**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 12, 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
Comstock, Read	Direct Energy	Independent Retail Electric Provider
Crowell, Craven	Unaffiliated	Unaffiliated Director
Fehrenbach, Nick	City of Dallas	Consumer – Commercial
Gresham, Kevin	E.ON Climate and Renewables NA	Independent Generator
Karnei, Clifton (Vice Chairman)	Brazos Electric Power Cooperative, Inc.	Cooperative
Walsh, Judy	Unaffiliated	Unaffiliated Director

Guest Board Members and Segment Alternates:

Director/ Segment Alternate	Affiliation	Segment
Jones, Randy	Calpine Corporation	Independent Generator Segment Alternate
Kezar, Mike	South Texas Electric Cooperative, Inc.	Cooperative Segment Alternate
Werner, John	Source Power & Gas LLC	Independent Retail Electric Provider Segment Alternate

Officers and Guests:

Atherton, Allison	ERCOT Business Process Controls and Risk Manager
Levine, Jonathan	ERCOT Corporate Counsel
Magness, Bill	ERCOT President and Chief Executive Officer (CEO)
Meek, Donald	Austin Energy, Credit Work Group (CWG) Chair
Petterson, Michael	ERCOT Vice President and Chief Financial Officer
Ruane, Mark	ERCOT Director of Settlements Retail and Credit
Rychetsky, Penny	ERCOT Director of Internal Audit

Seely, Chad	ERCOT Vice President and General Counsel and Corporate Secretary
Taylor, Grayson	Manager, Schellman & Co., LLC
Taylor, Sean	ERCOT Controller
Wiley, Leslie	ERCOT Treasurer

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

Clifton Karnei, F&A Committee Vice 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. Vice Chairman Karnei announced that there were no proxies and addressed the following Agenda Items in the order below.

October 10, 2016 General Session Meeting Minutes (Agenda Item 2)

Vice Chairman Karnei entertained a motion to approve the October 10, 2016 General Session Meeting Minutes (Minutes).

Craven Crowell moved to approve the Minutes as presented. Read Comstock 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)

Vice Chairman Karnei invited Grayson Taylor of Schellman & Co., LLC to present the results of ERCOT's Service Organization Control (SSAE 16) Audit. Mr. G. Taylor reported that the result of the audit was an unqualified opinion and that there were no testing exceptions or deviations identified for the controls that were tested. Mr. G. Taylor responded to questions and comments from Committee members.

Recommendation Regarding Acceptance of 2016 Service Organization Control (SSAE 16) Audit Report (Agenda Item 4)

Allison Atherton presented the Recommendation Regarding Acceptance of 2016 Service Organization Control (SSAE 16) Audit Report. There were no questions or comments from Committee members.

Judy Walsh moved to recommend that the Board accept the 2016 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)

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



Recommendation Regarding Modifications to Guarantee Agreement, Letter of Credit and Surety Bond Standard Forms (Agenda Item 6)

Mr. Ruane presented the Recommendation Regarding Modifications to Guarantee Agreement, Letter of Credit and Surety Bond Standard Forms. Mr. Ruane and Chad Seely responded to questions and comments from Committee members.

Nick Fehrenbach moved to recommend Board approval of the proposed modifications to the standard forms of Guarantee Agreement, Letter of Credit and Surety Bond, as presented. Mr. Gresham seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Annual Committee Self-Evaluation Survey Results (Agenda Item 7)

Vice Chairman Karnei thanked Committee members for their participation in the Annual Committee Self-Evaluation Survey and led a discussion on the results.

Committee Briefs (Agenda Item 8)

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

Review 2016 Financial Summary (Agenda Item 8.1)

Mr. S. Taylor presented the 2016 Financial Summary. There were no questions or 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)

Michael Petterson presented the Future Agenda Items and responded to questions and comments from Committee members.

Other Business (Agenda Item 10)

No other business was discussed at this time.

Executive Session

Vice Chairman Karnei recessed General Session at approximately 1:51 p.m. and convened Executive Session at approximately 2:00 p.m. Vice Chairman Karnei reconvened General Session at approximately 3:20 p.m.

Vote on Matters from Executive Session (Agenda Item 11)

Mr. Gresham moved to recommend Board selection of the company discussed during Executive Session under Agenda Item ES 3.2 as ERCOT's Independent Service Organization Control (SSAE 16) Auditor for 2017. Mr. Comstock seconded the motion. The motion passed by unanimous voice vote with no abstentions.



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

Adjournment (Agenda Item 12)

Vice Chairman Karnei adjourned the meeting at approximately 3:21 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