



**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 3, 2017

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
Bluntzer, Rick	Just Energy Texas, LP	Independent Retail Electric Provider Segment Alternate <i>(Seated Only for Agenda Items 1 – 2)</i>
Cramton, Peter	Unaffiliated	Unaffiliated Director
Emery, Keith	Tenaska Power Services Co.	Independent Power Marketer
Fehrenbach, Nick	City of Dallas	Consumer – Commercial <i>(Proxy for Clifton Karnei)</i>
Jones, Randy	Calpine Corporation	Independent Generator
Shellman, Carolyn	CPS Energy	Municipal
Walsh, Judy (Chair)	Unaffiliated	Unaffiliated Director
Werner, John	Source Power & Gas, LLC	Independent Retail Electric Provider <i>(Not Present for Agenda Items 1 – 2)</i>

Guest Board Members and Segment Alternates:

Director / Segment Alternate	Affiliation	Segment
Baer, Tonya	Office of Public Utility Counsel	Consumer – Residential
Crowell, Craven	Unaffiliated	Unaffiliated Director
Durland, Jack	Valero Services, Inc.	Consumer – Industrial
Gresham, Kevin	E.ON North America, LLC	Independent Generator Segment Alternate



Magness, Bill	ERCOT	President and Chief Executive Officer (CEO)
Mercado, Kenneth	CenterPoint Energy, Inc.	Investor-Owned Utility Segment Alternate
Smith, Wade	American Electric Power Service Corporation	Investor-Owned Utility
Williams, Phil	Denton Municipal Electric	Municipal Segment Alternate

Officers and Guests:

Buckner, Ryan	Schellman & Co., LLC, Principal
Day, Betty	ERCOT Vice President of Governance, Risk and Compliance and Chief Compliance Officer
Dreyer, Jerry	ERCOT Senior Vice President and Chief Information Officer
Levine, Jonathan	ERCOT Corporate Counsel
Meek, Donald	Austin Energy, Credit Work Group (CWG) Chair
Mele, Cheryl	ERCOT Senior Vice President and Chief Operating Officer
Ögelman, Kenan	ERCOT Vice President of Commercial Operations
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
Taylor, Sean	ERCOT Controller
Wiley, Leslie	ERCOT Treasurer
Worthman, Aaron	Baker Tilly Virchow Krause, LLP (Baker Tilly), Partner

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

Judy Walsh, F&A Committee Chair, determined that a quorum was present and called the General Session of the F&A Committee meeting to order at approximately 12:00 p.m. Chair Walsh announced that Cooperative Segment Director Clifton Karnei had provided his proxy to Commercial Consumer Director Nick Fehrenbach and that Rick Bluntzer, Independent Retail Electric Provider Segment Alternate, was attending in John Werner's absence. She addressed the following Agenda Items in the order below.

February 13, 2017 General Session Meeting Minutes (Agenda Item 2)

Chair Walsh entertained a motion to approve the February 13, 2017 General Session Meeting Minutes (Minutes).

Nick Fehrenbach moved to approve the Minutes as presented. Peter Cramton seconded the motion. The motion passed by unanimous voice vote with no abstentions.



Committee Education on the Clarification and Recodification of Service Organization Control Audit Standards (Agenda Item 3)

Chair Walsh introduced Ryan Buckner of Schellman & Co., LLC. Mr. Buckner presented the Committee Education on the Clarification and Recodification of Service Organization Control Audit Standards. Mr. Buckner, Bill Magness and Michael Petterson responded to questions and comments from Committee members.

Discussion of 2018-2019 Biennial Budget Assumptions (Agenda Item 4)

Sean Taylor led a discussion of 2018-2019 Biennial Budget Assumptions and responded to questions and comments from Committee members.

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

Donald Meek, CWG Chair, presented the Periodic Report on Credit Work Group Activity. There were no questions or comments from Committee members.

Letter of Credit Issuer Limits (Agenda Item 6)

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

Revised Committee Education Plan for 2017 (Agenda Item 7)

Mr. Petterson presented the Revised Committee Education Plan for 2017. Chair Walsh entertained Committee feedback on future education topics. There were no questions or comments from Committee members.

Committee Briefs (Agenda Item 8)

Chair Walsh invited Mr. Taylor and Leslie Wiley to present the Committee Briefs.

Review 2017 Financial Summary (Agenda Item 8.1)

Mr. Taylor presented the 2017 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.

Periodic Meeting with Independent Financial Auditor; Review of Requirements for Annual Audit of Financial Statements; Report on December 31, 2016 Financial Audit (Agenda Items 9, 9.1 and 9.2)

Mr. Taylor introduced Aaron Worthman of Baker Tilly. Mr. Worthman presented the Review of Requirements for Annual Audit of Financial Statements and Report on December 31, 2016 Financial Audit (Financial Statements Audit Report). Mr. Worthman reported that Baker Tilly plans to issue an unmodified opinion for the year ending December 31, 2016. He added that Baker Tilly identified no material weaknesses or significant deficiencies in ERCOT's internal control. There were no questions or comments from Committee members.



Review of Audited Financial Statements: Recommendation Regarding Acceptance of Financial Statements Audit Report (Agenda Items 9.3 and 9.4)

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

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

Future Agenda Items (Agenda Item 10)

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

Other Business (Agenda Item 11)

No other business was discussed at this time.

Executive Session

Chair Walsh recessed General Session at approximately 1:54 p.m. and convened Executive Session at approximately 2:05 p.m. Chair Walsh reconvened General Session at approximately 3:01 p.m.

Vote on Matters from Executive Session (Agenda Item 12)


Chair Walsh announced that there was one voting item discussed during Executive Session.

Carolyn Shellman moved to recommend Board selection of the company discussed during Executive Session under Agenda Item ES 5.2 as Independent Financial Auditor for the calendar year ending December 31, 2017. Mr. Cramton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Adjournment (Agenda Item 13)

Chairman adjourned the meeting at approximately 3:02 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