



**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 11, 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
Cramton, Peter	Unaffiliated	Unaffiliated Director
Emery, Keith	Tenaska Power Services Co.	Independent Power Marketer
Fehrenbach, Nick	City of Dallas	Consumer – Commercial
Gresham, Kevin	E.ON North America, LLC	Independent Generator Segment Alternate (<i>Not Present for Agenda Items 1 – 2</i>)
Karnei, Clifton (Vice Chairman)	Brazos Electric Power Cooperative, Inc.	Cooperative (<i>Proxy for Carolyn Shellman</i>)
Walsh, Judy (Chair)	Unaffiliated	Unaffiliated Director (<i>Proxy for Rick Bluntzer</i>)

Guest Board Members and Segment Alternates:

Director/ Segment Alternate	Affiliation	Segment
Magness, Bill	ERCOT	ERCOT President and Chief Executive Officer (CEO)

Officers and Guests:

Atherton, Allison	ERCOT Business Process Controls and Risk Manager
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 Senior 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



Rychetsky, Penny	ERCOT Director of Internal Audit
Seely, Chad V.	ERCOT Vice President, General Counsel and Corporate Secretary
Taylor, Grayson	Manager, Schellman & Company, LLC (Schellman)
Taylor, Sean	ERCOT Controller
Wiley, Leslie	ERCOT Treasurer

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 1:00 p.m. Chair Walsh announced that Independent Retail Electric Provider Segment Alternate Rick Bluntzer had provided his proxy to herself, an Unaffiliated Director, and Municipal Segment Director Carolyn Shellman had provided her proxy to Cooperative Segment Director Clifton Karnei. Chair Walsh addressed the following Agenda Items in the order below.

October 16, 2017 General Session Meeting Minutes (Agenda Item 2)

Chair Walsh entertained a motion to approve the October 16, 2017 General Session Meeting Minutes (Minutes).

F&A Committee Vice Chairman Karnei moved to approve the Minutes as presented. Peter Cramton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Results of Examination and Independence Report from the System and Organization Control (formerly “Service Organization Control”) Auditor (Agenda Item 3)

Chair Walsh invited Grayson Taylor of Schellman to present the results of ERCOT’s System and Organization Control (formerly “Service Organization Control”) 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. Chair Walsh noted that the 2017 System and Organization Control Audit Report is available for the Committee’s viewing in the Committee’s Executive Session meeting materials under Agenda Item ES 4.1. Bill Magness and Chair Walsh commended ERCOT Internal Control Management Program (ICMP) staff and Schellman for the positive audit results.

Recommendation Regarding Acceptance of 2017 System and Organization Control (formerly “Service Organization Control”) Audit Report (Agenda Item 4)

Allison Atherton presented the Recommendation Regarding Acceptance of 2017 System and Organization Control (formerly “Service Organization Control”) Audit Report. There were no questions or comments from Committee members.

Vice Chairman Karnei moved to recommend that the Board accept the 2017 System and Organization Control (formerly “Service Organization Control”) 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 Kenan Ögelman responded to questions and comments from Committee members. Chair Walsh commended CWG for its work toward completing its 2017 goals.

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

Chair Walsh thanked Committee members for their participation in the Annual Committee Self-Evaluation Survey and led a discussion on the results. She and Mike Petterson responded to questions and comments from Committee members.

Proposed Updates to Board of Directors Material on DAM Net Flow vs. Real-Time Load (Agenda Item 7)

Kenan Ögelman presented the Proposed Updates to Board of Directors Material on DAM Net Flow vs. Real-Time Load and responded to questions and comments from Committee members.

Committee Briefs (Agenda Item 8)

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

Review 2017 Financial Summary (Agenda Item 8.1)

Mr. S. Taylor presented the 2017 Financial Summary, and he and Ms. Wiley 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

Chair Walsh recessed General Session at approximately 2:05 p.m. and convened Executive Session at approximately 2:27 p.m. Chair Walsh reconvened General Session at approximately 3:50 p.m.

Vote on Matters from Executive Session (Agenda Item 11)

Chair Walsh announced that there were two voting items discussed during Executive Session and entertained motions for those items.

Nick Fehrenbach moved to recommend Board selection of the company discussed during Executive Session under Agenda Item ES 4.2 as ERCOT's Independent System and Organization Control (formerly "Service Organization Control") Auditor for 2018.



Mr. Cramton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Vice Chairman Karnei moved to approve the Internal Audit matter discussed during Executive Session under Agenda Item ES 5.2. Keith Emery seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Adjournment (Agenda Item 12)

Chair Walsh adjourned the meeting at approximately 3:52 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
Senior Corporate Counsel