



**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  
February 19, 2018

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:

<b>Director</b>	<b>Affiliation</b>	<b>Segment</b>
Bluntzer, Rick	Just Energy Texas, LP	Independent Retail Electric Provider
Cramton, Peter	Unaffiliated	Unaffiliated Director
Fehrenbach, Nick	City of Dallas	Consumer – Commercial
Gresham, Kevin	E.ON North America LLC	Independent Generator
Karnei, Clifton (Vice Chairman)	Brazos Electric Power Cooperative, Inc.	Cooperative
Shellman, Carolyn	CPS Energy	Municipal
Walsh, Judy (Chair)	Unaffiliated	Unaffiliated Director

Guest Board Members and Segment Alternates:

<b>Director/ Segment Alternate</b>	<b>Affiliation</b>	<b>Segment</b>
Carpenter, Mark	Oncor Electric Delivery Company	Investor-Owned Utility Segment Alternate ( <i>Present Only for Agenda Items 11 – 14</i> )
Crowell, Craven	Unaffiliated	Unaffiliated Director ( <i>Present Only for Agenda Items 1 – 2.3</i> )
Magness, Bill	ERCOT	President and Chief Executive Officer (CEO)
Schwartz, Mark	Golden Spread Electric Cooperative, Inc.	Cooperative Segment Alternate

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
Hanley, Brian	ERCOT Director of IT Infrastructure
Levine, Jonathan	ERCOT Senior Corporate Counsel
Meek, Donald	Austin Energy, 2018 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 V.	ERCOT Vice President, General Counsel and Corporate Secretary
Taylor, Sean	ERCOT Controller
Wiley, Leslie	ERCOT Treasurer

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

Craven Crowell, Board 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.

**Confirm Committee Membership and Leadership; Confirm Committee Membership (Agenda Item 2 - 2.1)**

Board Chairman Crowell presented the Committee Membership list for 2018, including Segment Alternates, and expressed gratitude for the willingness of some Directors to switch assignments to have an even split between the F&A and Human Resources and Governance (HR&G) Committees. Board Chairman Crowell reported that Peter Cramton is currently serving on the F&A Committee and will continue to serve until the new Unaffiliated Director is seated, at which time he will shift to the HR&G Committee. There were no questions or comments from Committee members.

**Election of Committee Chair; Election of Committee Vice Chair (Agenda Items 2.2 - 2.3)**

Board Chairman Crowell entertained nominations for Committee Chair and Vice Chair.

**Carolyn Shellman nominated Judy Walsh as Committee Chair and Clifton Karnei as Committee Vice Chair. Kevin Gresham seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

With the election of Ms. Walsh as Committee Chair, Board Chairman Crowell handed the meeting over to Chair Walsh. Chair Walsh addressed the following Agenda Items in the order below.

**Designation of Committee Secretary (Agenda Item 2.4)**

Chair Walsh entertained a motion for Committee Secretary.

**Vice Chairman Karnei moved to designate Chad V. Seely, ERCOT Vice President, General Counsel and Corporate Secretary, or his designee as Committee Secretary. Peter Cramton seconded the motion. The motion passed by unanimous voice vote with no abstentions.**



### **December 11, 2017 General Session Meeting Minutes (Agenda Item 3)**

Chair Walsh entertained a motion to approve the December 11, 2017 General Session Meeting Minutes (Minutes).

**Mr. Cramton moved to approve the Minutes as presented. Mr. Gresham seconded the motion. The motion passed by unanimous voice vote with one abstention (Ms. Shellman).**

### **Charter Review and Approval; Recommendation Regarding Committee Charter (Agenda Items 4 - 4.1)**

Chair Walsh presented the Committee Charter. She reported that minor and administrative revisions were being proposed and reviewed the revisions with the Committee. There were no questions or comments from Committee members.

**Vice Chairman Karnei moved to recommend for Board approval the Committee Charter as presented. Nick Fehrenbach seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

### **Review and Approval of Internal Audit Department Charter (Agenda Item 4.2)**

Penny Rychetsky presented the Internal Audit Department Charter. She reported that there were revisions being proposed to remove certain items that are more operational in nature and to make terminology more consistent, and reviewed the revisions with the Committee. Mr. Fehrenbach proposed minor changes to several of the proposed revisions, and Ms. Rychetsky and Bill Magness responded. Chair Walsh entertained a motion to approve the Internal Audit Department Charter.

**Mr. Fehrenbach moved to approve the Internal Audit Department Charter as presented and as revised by the Committee. Rick Bluntzer seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

### **Review and Ratification of Credit Work Group Charter (Agenda Item 4.3)**

Mark Ruane presented the Credit Work Group Charter and reported there were no revisions being proposed. There were no questions or comments from Committee members.

**Vice Chairman Karnei moved to ratify the Credit Work Group Charter as presented. Mr. Fehrenbach seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

### **Policy Review and Approval; Recommendation Regarding Market Credit Risk Corporate Standard (Agenda Item 5-5.1)**

Mr. Ruane presented the Market Credit Risk Corporate Standard and reported there were no revisions being proposed. There were no questions or comments from Committee members.

**Ms. Shellman moved to recommend for Board approval the Market Credit Risk Corporate Standard as presented. Mr. Gresham seconded the motion. The motion passed by unanimous voice vote with no abstentions.**



### **Recommendation Regarding Financial Corporate Standard (Agenda Item 5.2)**

Leslie Wiley presented the Financial Corporate Standard and reported that no revisions were being proposed. There were no questions or comments from Committee members.

**Vice Chairman Karnei moved to recommend for Board approval the Financial Corporate Standard as presented. Mr. Gresham seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

### **Recommendation Regarding Investment Corporate Standard (Agenda Item 5.3)**

Ms. Wiley presented the Investment Corporate Standard. She reported that there were revisions being proposed, and reviewed the revisions with the Committee. Ms. Wiley responded to questions and comments from Committee members.

**Mr. Cramton moved to recommend for Board approval the Investment Corporate Standard as presented. Ms. Shellman seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

### **Handling of Complaints Regarding Financial Matters; Policy on Hiring Former Employees of the Independent Auditor; Policy on Independent Auditor Selection (Agenda Items 5.4 - 5.6)**

Sean Taylor presented the Handling of Complaints Regarding Financial Matters, Policy on Hiring Former Employees of the Independent Auditor and Policy on Independent Auditor Selection. There were no questions or comments from Committee members.

### **Confirmation of Credit Work Group Chair and Vice Chair (Agenda Item 6)**

Mr. Ruane presented the 2018 CWG Chair and Vice Chair for confirmation. He reported that on January 10, 2018, by electronic vote, CWG elected Donald Meek, Austin Energy, as Chair and Loretto Martin, Direct Energy, as Vice Chair.

**Vice Chairman Karnei moved to confirm Mr. Meek and Ms. Martin as CWG Chair and Vice Chair, respectively. Mr. Bluntzer seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

### **Periodic Report on Credit Work Group Activity (Agenda Item 7)**

Mr. Meek presented the Periodic Report on Credit Work Group Activity and 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 8)**

Kenan Ögelman provided an update on 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.



### **Data Center Refresh Update (Agenda Item 9)**

Jerry Dryer introduced Bryan Hanley to Committee members. Mr. Hanley presented the Data Center Refresh Update and responded to comments from Committee members.

### **Committee Education Plan for 2018 (Agenda Item 10)**

Michael Petterson presented the Committee Education Plan for 2018, and he and Mr. Magness responded to questions and comments from Committee members.

### **Forecast Adequacy of the Budgeted System Administration Fee (Agenda Item 11)**

Mr. Taylor presented the Forecast Adequacy of the Budgeted System Administration Fee. There were no questions or comments from Committee members.

### **Committee Briefs (Agenda Item 12)**

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

### **Review 2017 Financial Summary (Agenda Item 12.1)**

Mr. Taylor presented the 2017 Financial Summary and explained that the financial statement was labeled “preliminary” due to the current audit being performed. He reported that after the audit is complete, the audited financial statement will be brought back to the Committee for its review in April. Cheryl Mele, Woody Rickerson and Mr. Taylor responded to questions and comments from Committee members.

### **Periodic Report on Investments (Agenda Item 12.2)**

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 12.3)**

Ms. Wiley presented the Financial Institutions which are Market Participants. There were no questions or comments from Committee members.

### **Future Agenda Items (Agenda Item 13)**

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

### **Other Business (Agenda Item 14)**

Chair Walsh reported that the biennial Information Technology (IT) Deep Dive review is in the planning stages. She reported that Karl Pfirrmann, Peter Crampton and Vice Chairman Karnei would be participating on behalf of the Board and that they would be providing feedback at the April or June Committee meeting. There were no questions or comments from Committee members.

### **Executive Session; Vote on Matters from Executive Session; Adjournment (Agenda Item 15 and 16)**

Chair Walsh announced that no voting items from Executive Session were expected; accordingly, she would adjourn the meeting immediately upon conclusion of Executive



Session. Chair Walsh recessed the General Session at approximately 2:31 p.m. to convene Executive Session at approximately 2:45 p.m.

There were no voting items from Executive Session.

Chair Walsh adjourned the meeting upon the conclusion of Executive Session at approximately 3:28 p.m.

Committee materials and presentations from the meeting are available on ERCOT's website at [http://www.ercot.com/committees/board/finance\\_audit/](http://www.ercot.com/committees/board/finance_audit/)

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Jonathan Levine  
Senior Corporate Counsel