



**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  
April 9, 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
Bulger, Terry	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>
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
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
Ogelman, 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
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 1:01 p.m. Chair Walsh welcomed new Unaffiliated Director and F&A Committee member Terry Bulger and addressed the following Agenda Items in the order below.

**February 19, 2018 General Session Meeting Minutes (Agenda Item 2)**

Chair Walsh entertained a motion to approve the February 19, 2018 General Session Meeting Minutes (Minutes).

**Vice Chairman Clifton Karnei moved to approve the Minutes 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 3)**

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.

**Letter of Credit Issuer Limits (Agenda Item 4)**

Mr. Ruane presented the Letter of Credit Issuer Limits 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 5)**

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.

**Committee Briefs (Agenda Item 6)**

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

**Review 2018 Financial Summary (Agenda Item 6.1)**

Mr. Taylor presented the 2018 Financial Summary. Mr. Taylor and Ms. Wiley 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.

### **Periodic Meeting with Independent Financial Auditor; Review of Requirements for Annual Audit of Financial Statements; Report on December 31, 2017 Financial Audit (Agenda Items 7 and 7.1 - 7.2)**

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, 2017 Financial Audit (Financial Statements Audit Report). Mr. Worthman reported that Baker Tilly plans to issue an unmodified opinion for the year ending December 31, 2017. He added that Baker Tilly identified no material weaknesses or significant deficiencies in ERCOT's internal control. Mr. Worthman and Mr. Taylor responded to questions and comments from Committee members.

### **Review of Audited Financial Statements; Recommendation Regarding Acceptance of Financial Statements Audit Report (Agenda Items 7.3 - 7.4)**

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.

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

### **Future Agenda Items (Agenda Item 8)**

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

### **Other Business (Agenda Item 9)**

No other business was discussed at this time.

### **Executive Session**

Chair Walsh recessed General Session at approximately 2:30 p.m. and convened Executive Session at approximately 2:45 p.m. Chair Walsh reconvened General Session at approximately 4:16 p.m.

### **Vote on Matters from Executive Session (Agenda Item 10)**

Chair Walsh 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 6.1 as Independent Financial Auditor for the calendar year ending December 31, 2018. Mr. Gresham seconded the motion. The motion passed by unanimous voice vote with no abstentions.**



**Adjournment (Agenda Item 11)**

Chair Walsh adjourned the meeting at approximately 4:17 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