



**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 10, 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 ( <i>Not Present for Agenda Items 10 – 11</i> )
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)

Officers and Guests:

Atherton, Allison	ERCOT Business Process Controls and Risk Manager
Buckner, Ryan	Schellman & Company, LLC (Schellman), 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
Hobbs, Kristi	ERCOT Director of Enterprise Risk Management and Strategic Analysis
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, Grayson	Schellman, Manager
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 addressed the following Agenda Items in the order below.

**October 8, 2018 General Session Meeting Minutes (Agenda Item 2)**

Chair Walsh entertained a motion to approve the October 8, 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.**

**Results of Examination and Independence Report from the System and Organization Control Auditor (Agenda Item 3)**

Chair Walsh invited Ryan Buckner of Schellman to present the results of ERCOT's System and Organization Control Audit. Mr. Buckner reported that the result of the audit was an unmodified "clean" opinion and that no testing exceptions or deviations were identified for the controls that were tested, and responded to questions and comments from Committee members. Chair Walsh noted that the 2018 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.

**Recommendation Regarding Acceptance of 2018 System and Organization Control Audit Report (Agenda Item 4)**

Allison Atherton presented the Recommendation Regarding Acceptance of 2018 System and Organization Control Audit Report and responded to questions and comments from Committee members. Chair Walsh commended ERCOT staff for the positive audit results.

**Terry Bulger moved to recommend that the Board accept the 2018 System and Organization Control Audit Report as presented. Carolyn Shellman 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, Mark Ruane and Chad Seely responded to questions and comments from Committee members.

### **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.

### **Committee Briefs (Agenda Item 7)**

Chair Walsh invited Michael Petterson and Leslie Wiley to present the Committee Briefs.

### **Review 2018 Financial Summary (Agenda Item 7.1)**

Mr. Petterson presented the 2018 Financial Summary and responded to questions and comments from Committee members.

### **Periodic Report on Investments (Agenda Item 7.2)**

Ms. Wiley presented the Periodic Report on Investments and responded to questions and comments from Committee members.

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

Mr. Petterson presented the Future Agenda Items. Chair Walsh recommended educational topics and requested Committee members submit recommendations to Mr. Petterson.

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

No other business was discussed at this time.

### **Executive Session**

Chair Walsh recessed General Session at approximately 2:44 p.m. and convened Executive Session at approximately 2:57 p.m. Chair Walsh reconvened General Session at approximately 3:42 p.m.

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

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

**Mr. Bulger 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 Auditor for 2019. Nick Fehrenbach 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 5.2. Ms. Shellman seconded the motion. The motion passed by unanimous voice vote with no abstentions.**



**Adjournment (Agenda Item 11)**

Chair Walsh adjourned the meeting at approximately 3:43 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/).

A handwritten signature in black ink, appearing to read "Jonathan M. Levine".

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Jonathan Levine  
Senior Corporate Counsel