



**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 11, 2019

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
Bulger, Terry (Chairman)	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>Proxy for Judy Walsh</i>)
Ross, Ned	Direct Energy LP	Independent Retail Electric Provider Segment Alternate
Shellman, Carolyn	CPS Energy	Municipal

Guest Board Members and Segment Alternates:

Director/ Segment Alternate	Affiliation	Segment
Crowell, Craven	Unaffiliated	Unaffiliated Director
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
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
Tamby, Jeyant	ERCOT Senior Vice President and Chief Administrative Officer
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 F&A Committee General Session meeting to order at approximately 1:00 p.m. Board Chairman Crowell noted the Antitrust Admonition. He announced that Judy Walsh, Unaffiliated Director, had provided her proxy to Cooperative Segment Director Clifton Karnei, and Ned Ross, Independent Retail Electric Provider Segment Alternate, was attending in Rick Bluntzer's absence.

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

Board Chairman Crowell presented the Committee Membership list for 2019, including Segment Alternates, and stated there was an even split between the F&A and Human Resources and Governance (HR&G) Committees. 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 Terry Bulger 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.

Board Chairman Crowell expressed his gratitude to Ms. Walsh for serving as both F&A Committee Chair and Board Vice Chair for the past two years. With the election of Mr. Bulger as Committee Chairman, Board Chairman Crowell handed the meeting over to Chairman Bulger. Chairman Bulger addressed the following Agenda Items in the order below.

Designation of Committee Secretary (Agenda Item 2.4)

Chairman Bulger entertained a motion for Committee Secretary.

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



December 10, 2018 General Session Meeting Minutes (Agenda Item 3)

Chairman Bulger entertained a motion to approve the December 10, 2018 General Session Meeting Minutes (Minutes).

Vice Chairman Karnei moved to approve the Minutes as presented. Mr. Gresham seconded the motion. The motion passed by unanimous voice vote with one abstention (Mr. Ross).

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

Chairman Bulger presented the Committee Charter. He reported there were no proposed revisions requested. There were no questions or comments from Committee members.

Mr. Gresham moved to recommend for Board approval the Committee Charter as presented. Vice Chairman Karnei 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 add the department's mission, clarify the responsibility for executives to ensure corrective actions are taken, and align the Committee's key responsibilities with current practice. Ms. Rychetsky responded to questions and comments from Committee members. Chairman Bulger entertained a motion to approve the Internal Audit Department Charter.

Vice Chairman Karnei moved to approve the Internal Audit Department Charter as presented. Ms. Shellman 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 that 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. Ms. Shellman 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 Items 5 - 5.1)

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



Mr. Fehrenbach moved to recommend for Board approval the Market Credit Risk Corporate Standard as presented. Vice Chairman Karnei 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, and responded to questions and comments from Committee members.

Mr. Gresham moved to recommend for Board approval the Financial Corporate Standard as presented. Vice Chairman Karnei 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 minor revisions being proposed, reviewed the revisions with the Committee, and responded to questions and comments from Committee members.

Ms. Shellman moved to recommend for Board approval the Investment Corporate Standard as presented. Vice Chairman Karnei 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 2019 CWG Chair and Vice Chair for confirmation. He reported that on January 15, 2019, by email vote, CWG elected Donald Meek, Austin Energy, as Chair and Loretto Martin, Direct Energy, as Vice Chair.

Mr. Gresham moved to confirm Mr. Meek and Ms. Martin as CWG Chair and Vice Chair, respectively. Vice Chairman Karnei 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 he and Mr. Ruane responded to questions and comments from Committee members.

Committee Education Plan for 2019 (Agenda Item 8)

Michael Petterson presented the Committee Education Plan for 2019 and responded to questions and comments from Committee members.



Forecast Adequacy of the Budgeted System Administration Fee (Agenda Item 9)

Mr. Taylor presented the Forecast Adequacy of the Budgeted System Administration Fee and responded to questions and comments from Committee members.

Committee Briefs (Agenda Item 10)

Chairman Bulger invited Mr. Taylor and Ms. Wiley to present the Committee Briefs.

Review 2018 Financial Summary (Agenda Item 10.1)

Mr. Taylor presented the 2018 Financial Summary and explained that the financial statement was labeled “preliminary” due to the current audit being performed. Mr. Taylor responded to questions and comments from Committee members.

Periodic Report on Investments (Agenda Item 10.2)

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

Financial Institutions which are Market Participants (Agenda Item 10.3)

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

Future Agenda Items (Agenda Item 11)

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

Other Business (Agenda Item 12)

No other business was discussed at this time.

Executive Session; Vote on Matters from Executive Session; Adjournment (Agenda Items 13 and 14)

Chairman Bulger announced that no voting items from Executive Session were expected; accordingly, he would adjourn the meeting immediately upon conclusion of Executive Session. Chairman Bulger recessed General Session at approximately 2:18 p.m. to convene Executive Session at approximately 2:32 p.m.

There were no voting matters from Executive Session.

Chairman Bulger adjourned the meeting upon the conclusion of Executive Session at approximately 2:58 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