



**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 8, 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 |
|------------------------------------|--|---|
| Bluntzer, Rick | Just Energy Texas, LP | Independent Retail Electric Provider |
| Bulger, Terry (Chairman) | Unaffiliated | Unaffiliated Director |
| Fehrenbach, Nick | City of Dallas | Consumer – Commercial |
| Gresham, Kevin | E.ON North America, LLC | Independent Generator <i>(Not Present for Agenda Items 1 – 2)</i> |
| Karnei, Clifton (Vice Chairman) | Brazos Electric Power Cooperative, Inc. | Cooperative |
| Shellman, Carolyn | CPS Energy | Municipal |
| Walsh, Judy | Unaffiliated | Unaffiliated Director |

Guest Board Members and Segment Alternates:

| Director/ Segment Alternate | Affiliation | Segment |
|--|--|---|
| Carpenter, Mark | Oncor Electric Delivery Company | Investor-Owned Utility Segment Alternate |
| Cochran, Seth | DC Energy Texas, LLC | Independent Power Marketer Segment Alternate |
| Cramton, Peter | Unaffiliated | Unaffiliated Director |
| Crowell, Craven | Unaffiliated | Unaffiliated Director |
| Harper, Sam | Chaparral Steel Midlothian LP | Consumer – Industrial |
| Lyons, Glen | ExxonMobil Power and Gas Services, Inc. | Consumer – Industrial Segment Alternate |



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|----------------|--------------------------|--|
| Magness, Bill | ERCOT | President and Chief Executive Officer (CEO) |
| Mercado, Kenny | CenterPoint Energy, Inc. | Investor Owned Utility |
| Ross, Ned | Direct Energy LP | Independent Retail Electric Provider 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 |
| Tamby, Jeyant | ERCOT Senior Vice President and Chief Administrative Officer |
| 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)

Terry Bulger, F&A Committee Chairman, determined that a quorum was present and called the F&A Committee General Session meeting to order at approximately 12:01 p.m. Chairman Bulger noted the Antitrust Admonition and addressed the following Agenda Items in the order below.

February 11, 2019 General Session Meeting Minutes (Agenda Item 2)

Chairman Bulger entertained a motion to approve the February 11, 2019 General Session Meeting Minutes (Minutes).

Vice Chairman Clifton Karnei moved to approve the Minutes as presented. Nick Fehrenbach seconded the motion. The motion passed by unanimous voice vote with two abstentions (Rick Bluntzer and Judy Walsh).

Committee Education on ERCOT Credit (Agenda Item 3)

Mark Ruane presented the Committee Education on ERCOT Credit and responded to questions and comments from Committee members.

Discussion of 2020-2021 Biennial Budget Assumptions (Agenda Item 4)

Sean Taylor presented the 2020-2021 Biennial Budget Assumptions. He explained that the 2020-2021 biennial budget was scheduled to be considered for vote in June 2019. Mr. Taylor,



Leslie Wiley and Bill Magness responded to questions and comments from Committee members.

Periodic Report on Credit Work Group Activity (Agenda Item 5)

Donald Meek, CWG Chair, presented the Periodic Report on Credit Work Group Activity and responded to questions and comments from Committee members. At Mr. Meek's request, the Committee discussed whether the meeting materials should continue to include the Counter-Party Credit Changes and Credit Exposure tables. Mr. Meek agreed to provide the Committee's feedback to the CWG.

Letter of Credit Issuer Limits (Agenda Item 6)

Mr. Ruane presented the Letter of Credit Issuer Limits. There were no questions or comments from Committee members.

Committee Briefs (Agenda Item 7)

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

Review 2019 Financial Summary (Agenda Item 7.1)

Mr. Taylor presented the 2019 Financial Summary. Mr. Magness commented on the revised format of the Variance to Budget slide.

Periodic Report on Investments (Agenda Item 7.2)

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, 2018 Financial Audit (Agenda Items 8 and 8.1 - 8.2)

Mr. Taylor presented the Review of Requirements for Annual Audit of Financial Statements. There were no questions or comments from Committee members. Mr. Taylor introduced Aaron Worthman of Baker Tilly. Mr. Worthman presented the Report on December 31, 2018 Financial Audit (Financial Statements Audit Report). Mr. Worthman reported that Baker Tilly plans to issue an unmodified opinion for the year ending December 31, 2018. 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 8.3 - 8.4)

Mr. Taylor presented the Review of Audited Financial Statements. There were no questions or comments from Committee members. Chairman Bulger 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. Carolyn Shellman seconded the motion. The motion passed by unanimous voice vote with no abstentions.



Future Agenda Items (Agenda Item 9)

Michael 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

Chairman Bulger recessed General Session at approximately 3:13 p.m. and convened Executive Session at approximately 3:28 p.m. Chairman Bulger reconvened General Session at approximately 4:12 p.m.

Vote on Matters from Executive Session (Agenda Item 11)

Chairman Bulger announced that there was one voting item discussed during Executive Session.

Ms. Walsh 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, 2019. Vice Chairman Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Adjournment (Agenda Item 12)

Chairman Bulger adjourned the meeting at approximately 4:13 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