



**GENERAL SESSION MINUTES OF THE FINANCE & AUDIT COMMITTEE  
OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

Electric Reliability Council of Texas, Inc.  
7620 Metro Center Drive, Room 206  
Austin, Texas 78744  
February 11, 2020 at 9:00 a.m.

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 (Chairman)	Unaffiliated	Unaffiliated Director
Fehrenbach, Nick	City of Dallas	Consumer – Commercial
Gresham, Kevin	RWE Renewables Americas LLC	Independent Generator
Karnei, Clifton (Vice Chairman)	Brazos Electric Power Cooperative, Inc.	Cooperative
Sargent, Jackie	Austin Energy	Municipal
Walsh, Judy	Unaffiliated	Unaffiliated Director

Guest Board Members and Segment Alternates:

<b>Director/ Segment Alternate</b>	<b>Affiliation</b>	<b>Segment</b>
Crowell, Craven	Unaffiliated	Unaffiliated Director
Magness, Bill	ERCOT	President and Chief Executive Officer (CEO)
Ross, Ned	Direct Energy	Independent Retail Electric Provider Segment Alternate
Schleimer, Steven	Calpine Corporation	Independent Generator Segment Alternate



Officers and Guests:

Barnes, Bill	NRG Texas Power LLC, Market Credit Working Group (MCWG) Chair
Day, Betty	ERCOT Vice President of Security and Compliance and Chief Compliance Officer
Dreyer, Jerry	ERCOT Senior Vice President and Chief Information Officer
Holler, Mark	Tenaska Power Services Co., Credit Work Group (CWG) Chair
Levine, Jonathan	ERCOT Senior Corporate Counsel
Ögelman, Kenan	ERCOT Vice President of Commercial Operations
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
Spells, Vanessa	ERCOT Manager of Credit
Taylor, Sean	ERCOT Vice President and Chief Financial Officer
Tamby, Jeyant	ERCOT Senior Vice President and Chief Administrative Officer
Wiley, Leslie	ERCOT Treasurer

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

Chairman Crowell, Board Chairman, determined that a quorum was present and called the F&A Committee General Session meeting to order at approximately 9:00 a.m. Board Chairman Crowell noted the Antitrust Admonition.

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

Board Chairman Crowell presented the Committee Membership list for 2020, 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.

**Kevin Gresham nominated Terry Bulger as Committee Chair and Clifton Karnei as Committee Vice Chair. Nick Fehrenbach seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

With the election of Mr. Bulger as Committee Chairman, Board Chairman Crowell handed the meeting over to Chairman Bulger. Chairman Bulger welcomed new F&A Committee member Jackie Sargent and 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.





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

**December 9, 2019 General Session Meeting Minutes (Agenda Item 3)**

Chairman Bulger entertained a motion to approve the December 9, 2019 General Session Meeting Minutes (Minutes).

**Mr. Fehrenbach moved to approve the Minutes as presented. Mr. Gresham seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

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

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

**Vice Chairman Karnei moved to recommend for Board approval the Committee Charter as presented. Ms. Sargent 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)**

Chairman Bulger presented the Internal Audit Department Charter and reported that there were no revisions being proposed. There were no questions or comments from Committee members.

**Mr. Gresham moved to approve the Internal Audit Department Charter as presented. Mr. Fehrenbach 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. Sargent 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. Judy Walsh 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 there were minor revisions being proposed, and reviewed the revisions with the Committee. There were no questions or comments from Committee members.

**Rick Bluntzer 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 and reported there were minor revisions 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 Investment Corporate Standard as presented. Mr. Gresham 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 and responded to questions and comments from Committee members.

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

Mr. Ruane presented the 2020 CWG Chair and Vice Chair for confirmation. He reported that on January 15, 2020 by email vote, CWG elected Mark Holler, Tenaska Power Services Co., as Chair and Loretto Martin, Direct Energy, as Vice Chair.

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

Chairman Bulger thanked 2019 CWG Chair Donald Meek for his contributions and welcomed Mr. Holler to his first F&A Committee meeting as CWG Chair.

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

Mr. Holler presented the Periodic Report on Credit Work Group Activity, and he, Mr. Ruane, Vanessa Spells, Leslie Wiley and Bill Barnes responded to questions and comments from Committee members.

### **Committee Education Plan for 2020 (Agenda Item 8)**

Mr. Taylor presented the Committee Education Plan for 2020 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 2019 Financial Summary (Agenda Item 10.1)**

Mr. Taylor presented the 2019 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. Taylor 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 10:00 a.m. to convene Executive Session at approximately 10:12 a.m.

There were no voting items from Executive Session.

Chairman Bulger adjourned the meeting upon the conclusion of Executive Session at approximately 11:07 a.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 blue ink, appearing to read "Jonathan M. Levine".

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Jonathan Levine  
Senior Corporate Counsel