



MEMORANDUM

To: Finance and Audit (F&A) Committee
From: Chad V. Seely, ERCOT Vice President, General Counsel and Corporate Secretary
Date: April 20, 2022
Re: Agenda Item 2, Confirm Committee Membership

On March 29, 2022, the Chair and Vice Chair of the ERCOT Board of Directors (Board) announced the appointment of five Board members to the F&A Committee and the Board Chair's appointment of Board Vice Chair Bill Flores as F&A Committee Chair, as reflected in the attached roster. In coordination with the Committee, ERCOT Legal is drafting proposed modifications to the F&A Committee Charter that will reflect this process for the appointment of Committee members and a Committee Chair as well as changes needed on account of the new independent Board structure created by Senate Bill 2. It is anticipated that a draft revised F&A Committee Charter will be presented to the Committee for its consideration at its June 20, 2022 meeting.

No changes are being proposed to the F&A Committee Charter requirements that all Committee members understand finance as demonstrated by the ability to read and understand financial statements, as well as requiring designation of at least one Committee member as a Financial Expert, which is based on self-identification pursuant to the attached decision. As reflected in the attached table, the Committee complies with these requirements. The Charter will also maintain the requirement that the Committee Chair have accounting or related financial management expertise. F&A Committee Chair Flores satisfies this requirement.

The last meeting of the F&A Committee was held on August 9, 2021, prior to the changes in Board structure and membership to implement Senate Bill 2. All of the F&A Committee members who attended the August 9, 2021 meeting are no longer members of the Board, and none of the new F&A Committee members were Board members at that time. Accordingly, an exception arises to the general rule that might otherwise require the Committee to approve the August 9, 2021 meeting minutes, and the minutes will be entered without approval into the corporate record where nothing prevents treating the minutes as having been previously approved.¹

¹ Robert, H., Honemann, T., Balch, T., Seabold, D., Berber, S. (2020). *Robert's Rules of Order, Newly Revised 12th Edition*, § 48:12, *Minutes and Reports of Officers*.

2022 FINANCE & AUDIT COMMITTEE

Bill Flores (Chair)
Carlos Aguilar
Julie England
Bob Flexon
Peggy Heeg

Confirm Committee Membership

2022 Committee Membership Charter Compliance

Count	Committee Member Name	Board Member Type		Financial Understanding	Financial Expert
		Independent	<i>Ex Officio</i>		
1	Aguilar, Carlos	X		X	
2	England, Julie	X		X	
3	Flexon, Bob	X		X	X
4	Flores, Bill	X		X	X
5	Heeg, Peggy	X		X	

Membership requirements established in the Finance and Audit Committee Charter

Each Committee Member must be able to read and understand fundamental financial statements, including the balance sheet, income statement and cash flow statement.

At least one Committee Member shall be designated a “financial expert” as such term may be defined from time to time by the Board consistent with definitions generally accepted by the accounting industry or other regulatory authorities (the “Financial Expert”).

The Chair of the Committee shall not be the CEO of the Company and shall have accounting or related financial management expertise.

Confirm Committee Membership Financial Expert Designation Process

