



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

Electric Reliability Council of Texas, Inc.  
8000 Metropolis Drive (Building E), Suite 100, Boardroom B  
Austin, Texas 78644  
April 27, 2022

Pursuant to notice duly given and after determination that a quorum was present, the meeting of the Finance and 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/Role</b>	<b>Director Category</b>
Aguilar, Carlos	N/A	Independent Director (voting)
England, Julie	N/A	Independent Director (voting)
Flexon, Bob	N/A	Independent Director (voting)
Flores, Bill (Chair)	N/A	Independent Director (voting)
Heeg, Peggy	N/A	Independent Director (voting)

Other Board Members:

<b>Director</b>	<b>Affiliation/Role</b>	<b>Director Category</b>
Foster, Paul (Chair)	N/A	Independent Director (voting)
Jones, Brad	ERCOT, Interim President and Chief Executive Officer (CEO)	<i>Ex Officio</i> (non-voting)
Lake, Peter	Public Utility Commission of Texas (PUCT, Commission), Chairman	<i>Ex Officio</i> (non-voting)
Pokharel, Nabaraj	Office of Public Utility Counsel (OPUC), Director of Energy Market and Regulatory Policy	<i>Ex Officio</i> (voting) ( <i>Alternate Representative for Public Counsel Chris Ekoh</i> )
Smati, Zin	N/A	Independent Director (voting)
Swainson, John	N/A	Independent Director (voting)



**Officers and Guests:**

Day, Betty	ERCOT Vice President of Security and Compliance and Chief Compliance Officer
Gendreau, Jeff	Baker Tilly US, LLP (Baker Tilly), Partner
Glotfelty, Jimmy	PUCT Commissioner
Hobbs, Kristi	ERCOT Vice President of Corporate Strategy and PUC Relations
Levine, Jonathan	ERCOT Assistant General Counsel and Assistant Corporate Secretary
McAdams, Will	PUCT Commissioner
Ögelman, Kenan	ERCOT Vice President of Commercial Operations
Parakkuth, Jayapal	ERCOT Vice President and Chief Information Officer
Rainwater, Kimberly	ERCOT Corporate Counsel
Rickerson, Woody	ERCOT Vice President of System Planning and Weatherization
Ruane, Mark	ERCOT Senior Director of Settlements Retail and Credit
Rychetsky, Penny	ERCOT Director of Internal Audit
Seely, Chad V.	ERCOT Vice President, General Counsel and Corporate Secretary
Slaughter, Sarah	Baker Tilly, Senior Manager
Spak, Mara	ERCOT Vice President of Human Resources
Tamby, Jeyant	ERCOT Senior Vice President, Chief Administrative Officer and Chief of Staff
Taylor, Sean	ERCOT Vice President and Chief Financial Officer
Wiley, Leslie	ERCOT Treasurer

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

Bill Flores, F&A Committee Chairman, determined that a quorum was present and called the F&A Committee meeting to order at approximately 10:16 a.m.

Chair Flores recognized Peter Lake, Chairman of the PUCT. Chairman Lake announced that at the start of the Human Resources and Governance (HR&G) Committee meeting earlier in the day, he had called an Open Meeting of the Commission to order to consider matters which had been duly posted with the Texas Secretary of State for April 27, 2022, and reconvened the meeting.

Chair Flores announced that there were no proxies for the meeting and highlighted the Antitrust Admonition. He addressed the following Agenda Items in the order below.

**Confirm Committee Membership (Agenda Item 2)**

Chair Flores presented the Committee Membership list for 2022. There were no questions or comments from Committee members.

**Designation of Committee Secretary (Agenda Item 3)**

Chair Flores entertained a motion for Committee Secretary.



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

**Notice of Public Written Comment, if Any (Agenda Item 4)**

Chair Flores announced that on the agenda for the meeting, which was posted publicly on April 20, 2022, ERCOT had provided instructions for members of the public who were interested in commenting in person, and that to date no individuals had expressed interest in commenting, which Mr. Seely confirmed. There were no questions or comments from Committee members.

**Charter Review and Approval; Review Committee Charter (Agenda Items 5 and 5.1)**

Jonathan Levine presented the Committee Charter, and he and Mr. Seely responded to questions and comments from Committee members. The Committee discussed proposed changes to the Committee Charter, applying a consistent format to the charters for all Board committees, the division of risk management responsibilities among the Board and its committees, and alignment of the Internal Audit Department Charter with the Committee Charter.

**Review and Approval of Internal Audit Department Charter (Agenda Item 5.2)**

Penny Rychetsky presented the Internal Audit Department Charter and responded to questions and comments from Committee members. The Committee discussed proposed changes to the Internal Audit Department Charter. The Committee also discussed maintaining the Committee's oversight role with respect to internal audit but with Ms. Rychetsky as the Chief Audit Executive also regularly meeting with the full Board. The Committee requested that the Internal Audit Department Charter be revised to reflect the Committee's discussion and deferred voting on approval until the June, 21 2022 Committee meeting.

**Policy Review and Approval; Recommendation regarding Financial Corporate Standard (Agenda Items 6 and 6.1)**

Leslie Wiley presented the Recommendation regarding Financial Corporate Standard. There were no questions or comments from Committee members.

**Ms. England moved to recommend Board approval of the Financial Corporate Standard as presented. Bob Flexon seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

**Recommendation regarding Investment Corporate Standard (Agenda Item 6.2)**

Leslie Wiley presented the Recommendation regarding Investment Corporate Standard. There were no questions or comments from Committee members.

**Ms. Heeg moved to recommend Board approval of the Investment Corporate Standard as presented. Mr. Flexon 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 6.3 – 6.5)**

Sean Taylor presented 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.

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

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

### **Review 2022 Financial Summary (Agenda Item 7.1)**

Mr. Taylor presented the 2022 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. There were no questions or comments from Committee members.

### **Financial Institutions which are Market Participants (Agenda Item 7.3)**

Ms. Wiley presented the Financial Institutions which are Market Participants. 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, 2021 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 Jeff Gendreau and Sarah Slaughter of Baker Tilly. Mr. Gendreau presented the Report on December 31, 2021 Financial Audit (Financial Statements Audit Report) for the year ending December 31, 2021 for both ERCOT and Texas, Inc. and Texas Electric Market Stabilization Funding M, LLC (TEMSFM). Mr. Gendreau reported that Baker Tilly plans to issue unmodified reports on the financial statements of both ERCOT and TEMSFM. He added that Baker Tilly identified no material weakness or significant deficiencies in ERCOT's or TEMSFM's internal controls. Mr. Gendreau, Mr. Seely, 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 and responded to questions and comments from Committee members. Chair Foster entertained a motion for the Recommendation regarding Acceptance of Financial Statements Audit Report.

**Ms. Heeg moved to recommend that the Board accept the audited financials and Financial Statements Audit Report as presented. Carlos Aguilar seconded the motion. The motion passed by unanimous voice vote with no abstentions.**



### **Future Agenda Items (Agenda Item 9)**

Mr. Taylor presented the Future Agenda Items and responded to questions and comments from the Committee members, including a request by the Committee to be presented quarterly financial statements and debt financing covenants.

### **Other Urgent Business (Agenda Item 10)**

No other urgent business was discussed at this time.

### **Executive Session**

Chair Flores recessed General Session at approximately 11:40 a.m. and convened Executive Session at approximately 11:50 a.m. Chair Flores reconvened General Session at approximately 1:41 p.m.

### **Vote on Matters from Executive Session (Agenda Item 11)**

Chair Flores entertained a motion for one matter discussed during Executive Session.

**Mr. Flexon moved to recommend that the Board (1) select the company discussed during Executive Session under Agenda Item ES 4.2 as the qualified public accounting firm to perform ERCOT's financial statements audits, including subsidiaries and consolidation, and Form 990 review for the year ending December 31, 2022; and (2) ratify the engagement of Baker Tilly to perform the financial statements audit of TEMSFM and consolidation procedures for the year ending December 31, 2021. Ms. England seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

### **Adjournment (Agenda Item 12)**

Chairman Flores adjourned the meeting at approximately 1:42 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/).

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Jonathan M. Levine  
Assistant Corporate Secretary