

# Memorandum

**To:** ISO Board of Governors

**From:** Roger Collanton, Vice President, General Counsel and Chief Compliance Officer

**Date:** December 5, 2018

**Re:** **Decision on Audit Committee membership**

---

***This memorandum requires Board action.***

The bylaws of the California Independent System Operator Corporation require that the ISO Board of Governors appoint an Audit Committee, which must consist of at least two Governors. Due to upcoming changes in the Board's membership as a result of term expirations, the current Audit Committee will soon lack sufficient membership. Therefore, to comply with the bylaws, and to provide the Audit Committee with continuity moving forward until a full Board has been appointed, Management recommends that the Board appoint all current Governors to serve as the Audit Committee.

Upon Board approval, Governors currently in office, and any other Governors duly appointed at a future date, may thereafter collectively serve as the Audit Committee. Thus, the Board will address all audit matters during duly noted Board meetings, general or executive sessions, as appropriate. This will generally include approval of the annual audits and various Internal Audit matters. All meeting materials, including noticed agendas, will be directed to the Board rather than distinguished between the Board and Audit Committee.

Once a full Board is again serving, we would anticipate that the Board would re-form the Audit Committee and appoint the members and Chair to advise the Board pursuant to the Audit Committee Charter. Management's recommendation is based upon best practices, and is consistent with the California Corporations Code and the ISO bylaws. Management recommends that the Board approve the following motion:

***Moved, that the ISO Board of Governors appoints its entire membership to serve as the Audit Committee, effective December 14, 2018; and***

***Moved that the Board will serve simultaneously as the Audit Committee and will address all audit matters during duly noted Board meetings; and***

***Moved that this motion applies to the current Governors in office and any other Governors duly appointed at a future date, as detailed in the memorandum dated December 5, 2018.***