

**GENERAL SESSION MINUTES
AUDIT COMMITTEE MEETING
March 19-20, 2014
ISO Headquarters
Folsom, California**

March 20, 2014

The Audit Committee of the ISO Board of Governors convened the general session meeting at approximately 1:45 p.m. and the presence of a quorum was established.

ATTENDANCE

The following members of the Audit Committee were in attendance:

Ash Bhagwat, Chair
Dave Olsen

The following members of the executive team were present at times throughout the meeting: Eric Schmitt, Mark Rothleder, Keith Casey, Karen Edson, Becky Regan and Roger Collanton

GENERAL SESSION

The following agenda items were discussed in general session:

DECISION ON GENERAL SESSION MINUTES

Governor Olsen moved for approval of the Audit Committee's general session minutes for the December 18-19, 2013 meeting. The motion was seconded by Governor Bhagwat and approved 2-0-0.

ACCEPTANCE OF THE CODE OF CONDUCT CERTIFICATION PROCESS REPORT

Roger Collanton, Vice President, General Council and Chief Compliance Officer, introduced the topic and informed the Committee that they would be hearing from PricewaterhouseCoopers about two minor exceptions contained in the report. Mr. Collanton advised the Committee that once the matter was brought to Management's attention, the exceptions were promptly corrected.

Laura Coletti, on behalf of PricewaterhouseCoopers, provided the Committee with an overview of the results of the agreed-upon procedures code of conduct audit. Ms. Coletti noted that the tariff required an independent review of the ISO's code of conduct compliance. She stated the scope of procedures generally consisted of employees, substantially full-time contractors and the Board of Governors. Ms. Coletti stated the report was issued on February 5, 2014 and that all planned procedures were performed without exception, excluding two potential conflicts identified by employees that were not properly included in the analysis of disclosed potential conflicts. Discussion followed and she informed the Committee that the exceptions were a result of a minor oversight. Ms. Coletti noted appreciation for the high level of commitment and cooperation of ISO staff in completing the report. Discussion followed regarding the topics that were identified as being outside the scope of the review and Ms. Coletti noted they might be included on next year's agreed upon procedures.

Motion

Governor Bhagwat:

Moved, that the Audit Committee of the ISO Board of Governors accepts the Code of Conduct Certification Process Report issued on February 5, 2014 by PricewaterhouseCoopers LLP for the testing of the ISO's code of conduct certification procedures for 2013.

The motion was seconded by Governor Olsen and approved 2-0-0.

DECISION ON MODIFICATION TO RETIREE MEDICAL PLAN INVESTMENT POLICY

Ryan Seghesio, Chief Financial Officer and Treasurer, provided the Committee with an overview of Management's proposed modification to the Retiree Medical Plan Investment Policy. Mr. Seghesio noted it was a minor modification to the definition of the portfolio size from Accumulated Postretirement Benefit Obligation to Net Other Post-Employment Benefits Obligation. Brief discussion followed.

Motion

Governor Olsen:

Moved, that the Audit Committee of the ISO Board of Governors approves the modifications to the ISO Retiree Medical Plan Investment Policy as described in the memorandum dated March 12, 2014.

The motion was seconded by Governor Bhagwat and approved 2-0-0.

INFORMATIONAL REPORT

There were no questions on the informational report titled “Compliance Committee update”.

ADJOURNED

There being no additional general session matters to discuss, the general session was adjourned at approximately 2:00 p.m.