Minutes of Meeting
of the Board of Directors
of the Independent Electricity System Operator

December 6, 2017, 8:30 a.m.

16th Floor Boardroom, 120 Adelaide Street West, Toronto, Ontario

Attendees:
Tim O'Neill, Chair
Cynthia Chaplin
Murray Elston
Christopher Henderson
Susanna Han
Margaret Kelch
Glenn Rainbird
Ersilia Serafini
Deborah Whale
Carole Workman
Peter Gregg

Regrets:
None

Members of Staff in Attendance:

John Rattray
Michael Lyle *(portion of meeting)*
Kim Marshall *(portion of meeting)*
Sorana Ionescu *(portion of meeting)*
Leonard Kula *(portion of meeting)*
Terry Young *(portion of meeting)*
Elizabeth Squissato *(portion of meeting)*
Glenn McDonald *(portion of meeting)*
Lia Kosic (portion of meeting)
Julia McNally *(portion of meeting)*
David Chong Tai *(portion of meeting)*
Jessica Savage *(portion of meeting)*
Chris Earp *(portion of meeting)*
Mag Wadie *(portion of meeting)*
Susan Harrison*(portion of meeting)*
Alexander DeAngelis *(portion of meeting)*
Mag Wadie *(portion of meeting)*

By Invitation:
Mike Risavy, MNP *(portion of meeting)*
Jacques Levesque, Transform Management Consulting Inc. *(portion of meeting)*
Richard Arthurs, MNP *(portion of meeting)*

Minutes

Mr. Tim O'Neill chaired the meeting and Mr. John Rattray acted as Secretary.

Constitution of the Meeting

The Chair noted that due notice of the meeting had been given; a quorum of members of the Board of Directors were present; and that, accordingly, the meeting was duly and properly constituted.

Approval of the Proposed Agenda

The Chair reviewed the Agenda with the Board. The Agenda was found to be satisfactory and, on motion duly made and seconded, the following resolution was unanimously carried,

BE IT RESOLVED THAT the Agenda of items for consideration at this meeting of the Board of Directors is hereby approved.

Conflicts

The Chair enquired whether any Committee member had a conflict of interest to report. None were reported.

CONSENT AGENDA ITEMS:

On motion duly made and seconded, the Board unanimously approved the Consent Agenda as amended and in so doing, the following resolution was unanimously carried,

Approval of Minutes

BE IT RESOLVED THAT the Minutes of the Meetings of the Board of Directors of the Independent Electricity System Operator held on October 25, 2017, are hereby approved.

REPORTS

[redacted]

Report of the CEO

In addition to Mr. Peter Gregg's written report, which had been provided to each Director for review prior to the meeting, Mr. Gregg advised that the Auditor General's report would be released at 12:30 p.m. and discussed those areas of the report that related to the IESO.

[redacted]

Report of the Audit Committee

Ms. Carole Workman, on behalf of the Audit Committee, reported on the agenda items considered by the Audit Committee. Ms. Workman described the Audit Committee's extensive consideration of the Auditor General's request to undertake the financial statement audit of the corporation. Ms. Workman summarized the available options as considered by the Audit Committee: agree to have the Auditor General undertake the financial statement audit for the year ending December 31, 2017; agree to a joint financial statement audit by the Auditor General and KPMG with one opinion being issued; parallel financial statement audits conducted by the Auditor General and KPMG; and sequential audits whereby KPMG completes its financial statement audit and reports to the Auditor General on the audit as contemplated by the *Auditor General Act*, at which point the Auditor General will determine what, if any, further audit enquiries she will undertake. Ms. Workman advised that the Audit Committee was recommending to the Board for approval that the Board will not rescind the appointment of KPMG as the financial statement auditor; the Board does not believe that a joint audit engagement is practical; KPMG will be instructed to comply with its obligations under the *Auditor General Act*; on completion by KPMG of the financial statement audit for the year ending December 31, 2017 it will deliver a report to the Auditor General and make available working papers on request. It was the Audit Committee's recommendation that proceeding in this manner will enable KPMG to complete the audit in a timely and effective manner, serve the interests of the IESO and its stakeholders, and the Auditor General's ability to exercise her statutory authorities.

Risk Assessment RFP

Ms. Workman advised the Board that following consideration of the process, objectives and the lack of impact on the independence of KPMG as auditor, the Audit Committee had approved the selection of KPMG to provide non-audit market renewal risk assessment services.

[redacted]

[redacted]

IESO-N-0015805

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Auditor General – Financial Statement Audit

A letter and attachment from the Auditor General of Ontario to the Chair of the IESO Board, dated November 16, 2017; and a letter and attachment from the Auditor General of Ontario to KPMG, dated November 27, 2017, were provided to Directors for review prior to the meeting. The Chair summarized the prior consideration of this item by the Audit Committee and its recommendation to the Board regarding the response to the Auditor General.

Following further discussion regarding the Financial Statement Audit and the proposed response to the Auditor General, and associated risks, the Board indicated that it was satisfied with the recommendations before it and, on motion duly made and seconded, the following resolution was unanimously carried,

BE IT RESOLVED THAT the Board concurs with the recommendations of the Audit Committee and approves the form of the letter response to the Auditor General as presented and discussed at the Board meeting held on December 6, 2017.

Mr. Gregg updated the Board regarding the release of the Auditor General's report as discussed earlier today in his President's Report.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]