OMS

Organization of MISO States

ORGANIZATION OF MISO STATES, INC.
Executive Committee Meeting Minutes
December 20, 2012

Approved April 4, 2013

Robert Kenney, President of the Organization of MISO States, Inc. (OMS), called the December 20, 2012 meeting of the OMS Executive Committee to order via conference call at approximately 1:00 p.m. (CST). The following directors participated in the meeting:

President – Robert Kenney, Missouri
Vice-President – Kari Bennett, Indiana
Treasurer – David Boyd, Minnesota
Secretary – Libby Jacobs, Iowa
Commissioner at Large – Eric Callisto, Wisconsin

Others present on the conference call:
Indiana – Dave Johnston
Wisconsin – Don Neumeyer
OMS Staff – Julie Mitchell, Bill Smith

The directors listed above established the necessary quorum of three (3) Executive Committee members.

The minutes from the November 20, 2012 Executive Committee meeting were accepted with no revisions.

BUSINESS

1. **Discussion: Review of the OMS Planning Meeting, December 12**
   Kari Bennett summarized the OMS Planning Meeting that took place on December 12th.

   It was recommended that the planning meeting suggestions be turned into goals for 2013, so the Indiana Commission will work with Bill Smith to create a draft document for approval at the January 17, 2013 OMS Board Meeting.

   Eric Callisto indicated he would meet with Jessica Govindan and Julie Urban to talk about Order 1000 obligations.

2. **Potential OMS Resource Planning Assessment Project**
   Kari Bennett provided background information on this topic and talked about the progress made on it.

3. **Discussion: Communications with MISO Management and the Transmission Owners**
   Kari Bennett gave an overview of the conversations that occurred between the Executive Committee, MISO Management and the Transmission Owners that occurred during the meetings in Carmel.

4. **Plan for Producing State Fact Sheets on Resource Planning for February AC Hot Topic Discussion**
   Don Neumeyer explained the email he distributed to OMS members regarding a simple survey to provide the necessary data for the state fact sheets to use in responding to MISO's February Hot Topic. The draft will be ready for consideration by the Board at the February 14 Board Meeting.

5. **Financial Disclosure**
   Bill Smith indicated he felt it was time OMS considered a "no hold" financial policy with respect to the OMS office staff, along the same lines as the one that MISO has. MISO has provided a list of securities to OMS that are part of their "no hold" policy.

   It was agreed that Bill Smith would draft a formal policy for Board approval.

6. **Approval of Auditing Firm to File OMS Taxes and Conduct 2012 Audit**
   Approval was requested to give Bill Smith the authority to retain Ryun Givens to file OMS's IRS Form 990 and conduct the 2012 audit required under the terms of the MISO funding agreement.

   Robert Kenney moved to give approval. David Boyd seconded. The motion passed by unanimous voice vote.

7. **Agenda for the January 17 OMS Board Meeting**
   Agenda items for the January 17th board meeting should be submitted to Bill Smith and Kari Bennett.

   Bill Smith indicated that MISO made a "clean up" filing to the MVP approval process and requested guidance on whether to seek an extension of time for OMS to comment so that if desired, the full comment could be considered at the January meeting.

8. **Officer Transition**
   This item is a reminder that the officer transition will occur on January 1, 2013.

   Kari Bennett will be added to the OMS bank accounts. The new Executive Committee will add Orjiakor Isiogu as the at-large member and retain Robert Kenney as the immediate past-president.

Administrative Report

None

The meeting adjourned at approximately 1:48 p.m. CST

Ryun, Givens
& Company, P.L.C.

Certified Public Accountants
Stephen D. Givens, CPA
Curtis E. Brand, CPA
Timothy K. DeVries, CPA

To the Board of Directors
William H. Smith, Jr., Executive Director
Organization of MISO States, Inc.
100 Court Avenue, Suite 315
Des Moines, IA 50309

December 17, 2012

We are pleased to confirm our understanding of the terms, objectives and limitations of the services we are to provide for Organization of MISO States, Inc. for the year ending December 31, 2012.

We will perform the following services:

1. We will audit the statement of financial position of Organization of MISO States, Inc. as of December 31, 2012, and the related statements of activities and cash flows for the year then ended.

   The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion is other than unqualified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

   Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the Organization's attorneys as part of this engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

   An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. We have advised you of the limitations of our audit regarding the detection of fraud and the possible effect on the financial statements (including misappropriation of cash or other assets). We have offered to perform, as a separate engagement, extended procedures specifically designed to detect fraud and you have declined to engage us to do so at this time. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Organization and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the organization from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements.

Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring the Organization complies with applicable laws and regulations.

During the course of our engagement, we will request information and explanations from management regarding the Organization's operations, internal controls, future plans, specific transactions, and accounting systems and procedures. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide certain representations in a written representation letter. The procedures we will perform in our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the written and oral representations that we receive from management. In view of the foregoing, the Organization agrees to release our firm and its personnel from any liability and costs relating to our services under this letter resulting from fraudulent representations made to us by any member of the company's management. In addition, the Organization further agrees to indemnify and hold us harmless for any liability and all reasonable costs, including legal fees, that we may incur as a result of the services performed under this engagement in the event there are fraudulent representations made to us by any member of the Organization's management.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Your accountant/bookkeeper will provide us with a detailed trial balance and any supporting schedules we require. We understand that your employees will prepare all cash, accounts receivable, accounts payable, and other confirmations we request and will locate any documents selected by us for testing.

Tim DeVries is the engagement partner and is responsible for supervising the engagement and signing the report. We expect to begin our audit on approximately March 1, 2013 and to complete your information returns and issue our report no later than May 9, 2013.

2. We will assist your accountant/bookkeeper in adjusting the books of accounts so that he (she) will be able to prepare a working trial balance from which financial statements can be compiled. You are responsible for reviewing the entries and understanding the nature and impact they have on the financial statements.

3. We will prepare the necessary federal and state income tax returns coinciding with the statement of financial position date provided above. The returns we will prepare are IRS Form 990 and Indiana Form NP-20.

   We will prepare these returns from information you furnish us. You represent that the information you are supplying to us is accurate and complete to the best of your knowledge and that you have disclosed to us all relevant facts affecting the returns. We will not verify the information you give us; however, we may ask for additional clarification of some information.

We will use our professional judgment to resolve questions in your favor in circumstances where the tax law is unclear or where there are conflicts between the taxing authorities' interpretation of the law and other positions that have reasonable support. We wish to emphasize, however, that even though we prepare the tax returns shown above, the tax returns are your representations and not ours.

These tax returns are subject to review and examination by the taxing authorities. We do not keep any of your original records, so we will return those to you upon the completion of the engagement. When records are returned to you, it is your responsibility to retain and protect the records for possible future use, including potential examination by governmental or regulatory agencies.

Tax law is subject to varying interpretations, and such review and examination may result in the taxing authorities taking a position which may result in the assessment of additional taxes and interest or penalties on these or the owner's tax returns. In some cases, it may be necessary to make certain disclosures in the tax return to avoid exposure to penalties. Accordingly, we will discuss tax positions that may increase the risk of exposure to penalties and any recommended disclosures with you before completing the preparation of the return. Under the terms of this engagement, you remain responsible for any such assessment, including any interest or penalties arising therefrom.

Certain communications involving tax advice are privileged and not subject to disclosure to the IRS. By disclosing the contents of those communications to anyone, or by turning over information about those communications to the government, you, your employees, or agents may be waiving this privilege. To protect this right to privileged communication, please consult with us or your attorney prior to disclosing any information about our tax advice. Should you decide that it is appropriate for us to disclose any potentially privileged communication; you agree to provide us with written, advance authority to make that disclosure.

We have informed you of the "substantiation rules" set forth in Internal Revenue Code Sections 170 and 274; as such rules are set forth on the reverse side of this letter. You represent to us that you have read and understand the requirements of these rules, and you further represent to us that you have, in your possession, the "adequate records" required by these rules.

We have informed you that no deduction is allowed for amounts paid or incurred for membership dues in any club organized for business, pleasure, recreation, or other social purpose. This includes business, social, athletic, luncheon, sporting, airline, and hotel clubs.

The IRS permits you to authorize us to discuss, on a limited basis, aspects of your return for one year after the return's due date. Your consent to such a discussion is evidenced by checking a box on the return. Unless you tell us otherwise, we will check that box authorizing the IRS to discuss your return with us.

The law also imposes a substantial penalty on taxpayers and preparers for failure to disclose "reportable transactions." Reportable transactions are potentially abusive transactions identified by the IRS whose primary purpose is tax avoidance. You represent that you have not and will not enter into any reportable transactions identified under tax law and regulations.

Management is responsible for the proper recording of transactions in the books of accounts, for the safeguarding of assets, and for the substantial accuracy of the financial records and the full and accurate disclosure of all relevant facts affecting the tax return(s). You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign and file them.

Our work does not include any assumption of responsibility for work related to payroll taxes, sales and use taxes, excise taxes, property taxes, or similar non-income taxes. Such work, and the responsibilities inherent in performing such work, are not a part of this engagement. However, we have experience in such areas and will perform such additional services for you upon written request.

4. We will advise you on income tax matters as you may request from time to time throughout the period ending one year subsequent to the balance sheet date provided above, and upon your request, we will represent you with respect to any future inquiries made by taxing authorities regarding tax positions, which may be contrary to yours.

5. We may render such other accounting or consulting services necessary in performing the above services or as you may request from time to time throughout the period ending one year subsequent to the balance sheet date provided above, all of which shall be subject to the terms and conditions of this letter.

You are responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, or experience to oversee the tax services and any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

Our fee for item #1 will be $2,900 and our fee for item #3 will be $775. These fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered. If significant additional time is necessary, we will discuss it with you and arrive at a new fee before we incur the additional costs. Our fees for other services will be based on the approximate time spent at various hourly rates, plus travel and other costs such as report production, typing, postage, etc. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes thirty days or more overdue and will not be resumed until your account is paid in full. A late charge will be assessed in the form of interest at the periodic rate of 1.5% per month (for an annual percentage rate of 18%), on any unpaid balance after deduction of current payments, credits, and allowances made within thirty days from the date of billing. This late charge may be deemed a finance charge under federal and state law. In addition, if additional expenses are incurred by us for collection of any amounts due us because of services we have provided to you as part of this agreement, then you agree to pay (or reimburse us for) reasonable attorney fees and collection costs for such collection efforts, in addition to any fees for our normal services and late charges or interest.

You agree that our liability to you, for any damages alleged or claimed by you under the terms of this engagement, regardless of the nature of any claim or action asserted by you, shall not exceed the total amount paid by you to us for the particular service performed, and shall be limited to such amount. You also agree that, notwithstanding the statutes of limitations established by the laws of the State of Iowa or any other state, any suit or counterclaim based on this engagement must be instituted within 24 months after the performance of our services, unless you have previously provided us with written notice specifically calling our attention to any defects in our services which form the basis of such claim.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy to indicate your acceptance and return it to us. Upon your acceptance, this will be a binding agreement for Ryun, Givens & Company, P.L.C. to provide such services and for Organization of MISO States, Inc. to utilize such services.

Sincerely,

RYUN, GIVENS & COMPANY, P.L.C.

T DeV

Timothy K. DeVries, CPA

TKD/sj
Enclosure

#21400.0

ACCEPTANCE:

This letter correctly sets forth the understanding of Organization of MISO States, Inc., and Organization of MISO States, Inc. does hereby engage the services of Ryun, Givens & Company, P.L.C. in accordance with the terms of the foregoing letter.

Accepted By: ______________________

Title: ______________________

Date: ______________________

SUBSTANTIATION OF CERTAIN DEDUCTIONS AS REQUIRED BY INTERNAL REVENUE CODE §274

No deduction or credit is allowed for:

1. Traveling expenses (while on overnight travel),
2. Meals, entertainment, amusement, or recreation,
3. Gifts, and
4. Autos, other vehicles, computers, and entertainment property.

unless a taxpayer substantiates with "adequate records", these expenses as "directly related to" or "associated with" business. If these expenses are not "directly related to" or "associated with" business, they are not deductible, even if substantiated. Expenses, other than those listed above, are deductible provided that some documentation or reasonable estimation can justify the deduction.

Directly Related To or Associated With

"Directly related to" or "associated with" business means there was business substance to a meeting or discussion, and more than a general expectation of deriving business or goodwill at some indefinite future time.

Substantiation with Adequate Records

The elements of expense to be substantiated by adequate records include:

1. Travel away from home:
   a. Amount of expense,
   b. Date,
   c. Place, and
   d. Business purpose
2. Meals and entertainment:
   a. Amount of expense,
   b. Date,
   c. Place,
   d. Business purpose, and
   e. Business relationship
3. Gifts:
   a. Amount of expense,
   b. Date,
   c. Place,
   d. Business purpose, and
   e. Business relationship
4. Automobiles, other vehicles, computers, and entertainment property:
   a. Amount of expense or cost or property,
   b. Date,
   c. uses (measured by mileage for vehicles and time for the other property), and
   d. Business purpose

Note that detailed automobile records only need to be maintained for business uses. Total mileage for year (from odometer readings) is only time personal mileage needs to be determined and recorded.

Adequate Records

"Adequate records" are defined by the Treasury and include:

1. Account book, diary, log, statement of expense, trip sheets, or similar records, and
2. Documentary evidence

"A contemporaneous log is not required but records made at or near the time of expense or use has a high degree of credibility not present in a statement prepared subsequently when there is a lack of accurate recall. At or near the time of expense or use include a log maintained on a weekly basis. Written evidence such as receipts, paid bills, or similar evidence to support an expenditure is required for:

1. Lodging while traveling away from home, and
2. Any other expenditure of $75 or more except for transportation.

Examples of documentary evidence:

1. Includes a hotel receipt if it contains hotel name, location, date, and separate charges for lodging, meals, and telephone.
2. Includes a restaurant receipt if it contains the restaurant name, location, date, amount, and number of people served.
3. But does not include a cancelled check or charge card slip by themselves.

Aggregation of business use is allowed as follows:

1. Use of an automobile for a business trip away from home over a period of time may be accounted for by a single record of miles traveled.
2. Amounts spent for breakfast, lunch, and dinner may be aggregated.

SUBSTANTIATION OF CERTAIN DEDUCTIONS AS REQUIRED BY INTERNAL REVENUE CODE §170

No deduction is allowed for any contribution of $250 or more unless the taxpayer substantiates the contribution by a contemporaneous written acknowledgment of the contribution by the donee organization that meets the requirements of the "content of acknowledgment."

Content of Acknowledgment

An acknowledgment will meet this requirement if the following information is included:

1. The amount of cash and a description (but not value) of any property other than cash contributed.
2. Whether the donee organization provided any goods or services in consideration for the property contributed.
3. A description and good faith estimate of the value of any goods or services contributed. If the contributed goods or services consist solely of intangible religious benefits, a statement is needed to that effect.

Contemporaneous

An acknowledgment shall be considered to be contemporaneous if the taxpayer obtains the acknowledgment on or before the earlier of:

1. The date on which the taxpayer files a return for the taxable year in which the contribution was made, or
2. The due date (including extensions) for filing such return.

Substantiation not Required for Contributions Reported by the Donee Organization

The substantiation requirements will not apply to a contribution if the donee organization files a return, on such form and in accordance with such regulations as the Secretary may prescribe, which include the information described in the "content of acknowledgment."