

**DRAFT MINUTES of H.R. & GOVERNANCE COMMITTEE**  
**TEXAS REGIONAL ENTITY, a DIVISION OF ERCOT**

ERCOT Austin  
7620 Metro Center Drive, Room 209  
Austin, Texas 78744

October 16, 2007 at 8:30 a.m.

**Committee Members Present**

Carolyn Lewis Gallagher, Chairperson  
Jan Newton, Vice-Chairperson  
Mark G. Armentrout  
Brad Cox  
Andrew J. Dalton  
Suzi McClellan

**ERCOT Executives, Board Alternates, and Staff Present**

Bob Kahn  
Mike Grable  
Larry Grimm  
Bob Helton  
Nancy Capezzuti  
Lori Cobos

**Others Present**

**Outside Counsel and Staff Present**

David F. Brown, Esq., Hughes & Luce, LLP  
Ginny B. Hayes, Legal Assistant, Hughes & Luce, LLP

**Call to Order**

Chairperson Gallagher called the meeting to order at 8:30 a.m. and immediately went into closed session.

**Closed Session**

The Committee returned from closed session at 8:40 a.m. The Committee reported that the minutes of the September 18, 2007, closed session of the Committee had been approved. The Committee also reported that it had unanimously approved the recommendation of the Chief Compliance Officer search committee.

**Minutes**

Chairperson Gallagher asked if the members had any changes to the minutes of the past monthly meeting. When no changes were requested, Chairperson Gallagher invited a motion to accept.

**Vice Chairperson Newton moved approval of September minutes, and Mr. Cox seconded. The minutes were approved by unanimous voice vote.**

**Open Session – TRE Reporting Structure**

Mr. Grimm and Ms. Cobos re-joined the meeting at 8:40 a.m., followed by Mr. Grable at 8:41 a.m.

The Committee continued a discussion of the existing Texas RE reporting structure and in particular means of ensuring that the Texas RE functions were kept separate from the ERCOT Board functions. Mr. Armentrout requested strongly that counsel help to ensure that market participants weighing in on decisions of the Texas RE be reminded of their fiduciary duties in making such decisions.

Mr. Kahn joined the meeting at 8:45 a.m.

The Committee continued its discussion, but no motion was made and no votes were taken.

**Adjournment**

The meeting was adjourned at 8:56 a.m.