



**DRAFT MINUTES OF H.R. & GOVERNANCE COMMITTEE MEETING
OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

7620 Metro Center Drive, Austin, Texas 78704

March 17, 2009

Committee Members Present

Mark Armentrout (Chair)

Jan Newton

Bob Helton

Andrew Dalton

Nick Fehrenbach

A. D. Patton

Board Members and Alternates Present

Barry Smitherman

ERCOT Staff

Bob Kahn

Nancy Capezzuti

Theresa Gage

Susan Westbrook

Guests

Bridget Headrick – Public Utility Commission of Texas

Call to Order

Mr. Armentrout called the meeting to order at 9:00 a.m. and immediately adjourned to Executive Session.

The open session was re-convened at 9:35 a.m.

Minutes

Mr. Fehrenbach moved for approval of the February 17, 2009, open session minutes. Mr. Dalton seconded the motion. The minutes were approved by unanimous voice vote.

Merit Increase Cycle

Ms. Capezzuti reported that the ERCOT merit increase cycle was in process, and that all increases should be approved by March 31, 2009, to be implemented with the pay cycle ending on April 15. Members briefly discussed the evaluation process. Ms. Capezzuti agreed to provide member with the guidelines used for determining merit increases.

External Relations Update

Ms. Gage distributed a summary of ERCOT activities during the preceding month, including meetings with legislative representatives and testimony before the House State Affairs Committee and the House Select Committee on Federal Economic Stabilization Funding. She



noted that more than 200 bills filed during this session could potentially affect the operations of the electric. Ms Gage is actively following 77 bills that might directly impact the electric industry.

Results of Employee Engagement Survey

The Committee agreed to postpone discussion of the survey results until its April meeting.

Other Business

Mr. Armentrout reported that on March 16, the Texas RE Advisory Committee agreed to take next step in evaluating whether TRE functions should be moved to another corporate entity. The members briefly discussed how such a move would affect the ISO, including budget impacts, the potential involvement of NERC rather than the PUCT in enforcement processes, and the need to clearly delineate those ERCOT protocols which are subject to the Texas RE's jurisdiction.

Members also discussed whether ERCOT board members who are not members of the Texas RE Advisory Committee should be permitted to listen to discussions on this matter in that committee's executive session.

The meeting adjourned at 9:54 a.m.

Future agenda items:

April

Consider Board training needs to enhance effectiveness

Employee engagement survey

Merit increase evaluation matrix

TRE separation

Engineering studies cost analysis

May

KPI quarterly report

TML website enhancement & market survey update

June

Review executive compensation and benefit programs

Review bylaws and consider revisions

Performance and retention bonus proposal

July

Review head-count staffing levels

Review employees' and directors' ethics agreements

KPI quarterly report

Report on technical career paths

August

Review external relations communication plan

September

Discuss succession planning for unaffiliated Board members



Discuss compensation for unaffiliated Board members
Report on trial of flextime and telecommuting corporate standard

October

Consult with CEO about senior management succession planning

November

Review and approve goals and objectives for 2010

December

Review external communications plan

January

Elect committee chair and vice-chair

Review committee charter

Evaluate CEO performance against goals and objectives

Distribute committee self-evaluation survey

Poll members regarding membership in NACD

Review 2009 KPIs

February

Review committee self-evaluation survey

Review head-count staffing levels

Review proposed 2010 calendar

Market Participant survey update

March

Review and approve compensation plan for officers for implementation in April

Review and approve contractual employment arrangements

Consult with CEO about senior management succession planning

Susan M. Westbrook, Corporate Counsel