

**Date:** January 8, 2010  
**To:** Texas Reliability Entity, Inc. Board of Directors  
**From:** Texas Reliability Entity, Inc. Formation Directors  
**Subject:** Election of President and Chief Executive Officer

**Texas Reliability Entity, Inc. Board of Directors Meeting Date:** January 18, 2010

**Agenda Item No.:** 2

**Issue:**

Election of a President and Chief Executive Officer for Texas Reliability Entity, Inc.

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**Background/History:**

The Texas RE Board of Directors (Board) is required to nominate and elect a President and Chief Executive Officer (CEO), in accordance with Article VII, Section 2 of the Bylaws. Larry D. Grimm serves as Chief Executive Officer and Chief Compliance Officer for Texas Regional Entity (predecessor to Texas Reliability Entity, Inc.) The Board finds that Mr. Grimm has the experience required by the CEO and is qualified to be the CEO for Texas Reliability Entity, Inc., to manage the day-to-day activities of Texas Reliability Entity, Inc. (Texas RE), and to perform such other duties as set forth in the Bylaws or assigned to him by the Board. The Board finds that it would be in the best interest of Texas RE to elect Mr. Grimm as the President and CEO for Texas RE.

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**Key Factors Influencing Issue:**

The Bylaws requirement that the Board appoint a CEO to run the day-to-day operations of Texas RE and perform such other duties as set forth in the Bylaws or assigned to him by the Board.

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**Alternatives:**

1. Elect Larry D. Grimm as President and Chief Executive Officer.
  2. Wait to appoint a Chief Executive Officer.
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**Conclusion/Recommendation:**

Elect Larry D. Grimm as President and Chief Executive Officer of Texas Reliability Entity, Inc.

**RESOLUTION OF THE BOARD OF DIRECTORS**  
**TEXAS RELIABILITY ENTITY, INC.**

, 2010

WHEREAS, the Board of Directors of Texas Reliability Entity, Inc. (Board) finds Larry Grimm to be qualified to serve as President and Chief Executive Officer; and

WHEREAS, the Board deems it desirable and in the best interest of Texas Reliability Entity, Inc. to elect Larry D. Grimm to serve as President and Chief Executive Officer;

THEREFORE be it RESOLVED, that the Board hereby elects Larry D. Grimm to serve as President and Chief Executive Officer of Texas Reliability Entity, Inc., to oversee and manage the daily activities of Texas Reliability Entity, Inc. and perform all duties set forth in the Bylaws or assigned to him by the Board.

**CORPORATE SECRETARY'S CERTIFICATE**

I, \_\_\_\_\_, Corporate Secretary of Texas Reliability Entity, Inc. do hereby certify that, at the January 18, 2010 Texas Reliability Entity, Inc. Board Meeting, the Board of Directors approved the above referenced Resolution. The Motion passed by \_\_\_\_\_.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
Corporate Secretary