

**Date:** January 8, 2010  
**To:** Texas Reliability Entity, Inc. Board of Directors  
**From:** Larry Grimm, President & CEO  
**Subject:** Authorization to Open Bank Accounts

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

**Agenda Item No.:** 7

**Issue:**

Texas Reliability Entity, Inc. requires authorization from the Board of Directors to negotiate, open, maintain, and sign required documents relating to operating and investment accounts with financial institutions.

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**Background/History:** Texas Reliability Entity, Inc. is the newly formed corporation which was formed to replace the Texas Regional Entity, a division of Electric Reliability Council of Texas, Inc. (ERCOT) to primarily perform standards and enforcement activities in the ERCOT region, under an Amended and Restated Delegation Agreement with North American Electric Reliability Corporation (NERC).

As a newly formed corporation, Texas RE has need to establish bank accounts to maintain deposits of revenues, Membership Fees, NERC fees, penalties, and to pay invoices, salaries, and other corporate expenses. Texas RE has the immediate need to open at least one operating bank account for the deposit of Membership Fees and the payment of expenses related to the corporate formation and membership and director meetings. Texas RE will need to have the authority to open other bank accounts, including investment accounts, to prepare for the implementation of delegated activities under its delegation agreement with NERC.

Larry D. Grimm is the duly elected President and Chief Executive Officer (CEO) of Texas Reliability Entity, Inc. (Texas RE). Article VII, Section 2 of the Texas RE Bylaws states: “[The CEO] shall be responsible for the day-to-day ongoing activities of the Corporation and shall have such other duties as may be delegated or assigned to him or her by the chair. The CEO may enter into and execute in the name of the Corporation contracts or other instruments not in the regular course of business that are authorized, either generally or specifically, by the Board.”

Larry D. Grimm, as CEO, needs documented corporate authority to allow him to:

1. Negotiate, open, and maintain such operating and investment accounts with financial institutions, in the name and on behalf of the Corporation, as he deems necessary.
2. Determine and approve the terms and conditions of such accounts, and to execute and deliver, in the name of and on behalf of Texas RE, such documentation as required to negotiate, open, and maintain such accounts.

3. Delegate his authority, in writing, to negotiate, open, and maintain such accounts and to execute and deliver, in the name of and on behalf of Texas RE, such documentation as required to negotiate, open, and maintain such accounts, to the Corporate Secretary or the Manager, Finance and Accounting.

**Key Factors Influencing Issue:**

Texas RE must establish bank accounts in order to deposit Membership Fees, penalties, NERC fees, and other revenues, and to pay expenses and otherwise operate as a corporation.

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**Alternatives:**

1. Authorize Texas RE to negotiate, open, maintain, and sign required documents relating to operating and investment accounts with financial institutions on behalf of the Corporation or as necessary.
  2. Wait to authorize the opening of bank accounts for Texas RE.
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**Conclusion/Recommendation:**

Authorize Texas Reliability Entity, Inc. to negotiate, open, and maintain operating and investment accounts with financial institutions. Authorize Larry D. Grimm, as CEO to:

1. Negotiate, open, and maintain such operating and investment accounts with financial institutions, in the name and on behalf of the Corporation, as he deems necessary.
2. Determine and approve the terms and conditions of such accounts, and to execute and deliver, in the name of and on behalf of Texas RE, such documentation as required to negotiate, open, and maintain such accounts.
3. Delegate his authority, in writing, to negotiate, open, and maintain such accounts and to execute and deliver, in the name of and on behalf of Texas RE, such documentation as required to negotiate, open, and maintain such accounts to the Corporate Secretary and/or the Manager, Finance and Accounting.

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

, 2010

WHEREAS, Board of Directors (Board) of Texas Reliability Entity, Inc. (the Corporation or Texas RE) deems it desirable and in the best interest of the Corporation that the Corporation open and maintain one or more operating and/or investment accounts with one or more financial institutions, in the name of and for the benefit of the Corporation; and

WHEREAS, the Board deems it in the best interest of the Corporation to authorize Larry Grimm as President & Chief Executive Officer of the Corporation to negotiate, open, and maintain such operating or investment accounts with financial institutions, in the name of and on behalf of the Corporation, as he deems necessary for the operations of the Corporation;

THEREFORE be it RESOLVED that:

1. Texas RE is hereby authorized to negotiate, open, and maintain operating and investment accounts with financial institutions;
2. The Texas RE Board hereby severally designates, authorizes, and empowers Larry D. Grimm, as President and Chief Executive Officer and his Authorized Delegates (as described below) to perform or cause to be performed in the name of Texas RE, all acts and deeds, and to negotiate, make, execute, or deliver, or cause to be executed and delivered, all other agreements, consents, approvals, directors, certificates, documents, or other communications of any kind, without the corporate seal of Texas RE or otherwise, on behalf of Texas RE or otherwise as he or she may deem necessary, appropriate, or advisable to comply with the intent of the foregoing resolutions;
3. The Texas RE Board hereby further authorizes and empowers Larry D. Grimm to delegate the above authority, in writing, to the Corporate Secretary and/or to other corporate offices his "Authorized Delegate".
4. The obligations incurred upon execution and delivery by Texas RE of the documentation required by a financial institution shall be in all respects binding and enforceable obligations of Texas RE.
5. The Texas RE Board hereby severally designates, authorizes, and empowers Larry D. Grimm and his Authorized Delegate, if applicable, to perform or cause to be performed in the name of Texas RE, all acts and deeds, and to make, execute, or deliver, or cause to be executed and delivered, all other agreements, consents, approvals, directors, certificates, documents, or other communications of any kind, without the corporate seal of Texas RE or otherwise, on behalf of Texas RE or otherwise as he or she may deem necessary, appropriate, or advisable to comply with the intent of the foregoing resolutions;
6. All acts and things whether heretofore or hereafter done or performed by Larry D. Grimm or his Authorized Delegates which are in conformity with the intent and purposes of these resolutions, including but not limited to the execution and delivery of any and all agreements, amendments, supplements, instruments, documents or filings as may from time to time be required, such additional or specific authorizations shall be and the same

are hereby in all respects ratified, confirmed, and approved, and adopted as acts by Texas RE; and

7. The Corporate Secretary of Texas RE is hereby authorized and empowered to certify to the passage of the foregoing resolutions without the seal of Texas RE or otherwise.

CORPORATE SECRETARY'S CERTIFICATE

I, \_\_\_\_\_, Corporate Secretary of Texas Reliability Entity, Inc. do hereby certify that, at the \_\_\_\_\_, 2010 Texas RE 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.

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Corporate Secretary