



**Date:** May 11, 2010  
**To:** Board of Directors  
**From:** Bill Magness, Interim Vice President and General Counsel  
**Subject:** Call for the Special Meeting of ERCOT Corporate Members for Election of Unaffiliated Director

**Issue for the ERCOT Board of Directors**

**ERCOT Board of Directors Meeting Date:** May 18, 2010

**Agenda Item No.:** 18

**Issue:**

Whether the ERCOT Board of Directors (Board) should call a Special Meeting of ERCOT's Corporate Members as soon as June 18, 2010, or as soon as practicable thereafter, for a vote to approve the Unaffiliated Director candidate, Jorge Bermudez, who was selected unanimously by the Nominating Committee of the Board for service on the ERCOT Board starting July 1, 2010.

**Background/History:**

Section 4.3(b)(3) of ERCOT's Amended and Restated Bylaws (Bylaws) provides that "[t]he Nominating Committee shall interview the qualified candidates [for an Unaffiliated Director seat] and select, by at least a two-thirds majority, an Unaffiliated Director(s) (as such seat is vacant) to present to ERCOT Membership for its approval."

At the March 22, 2010 Joint Nominating Committee and Board of Directors Meeting, Jorge Bermudez was selected unanimously as the Unaffiliated Director candidate to present to the ERCOT Corporate Membership for the currently vacant Unaffiliated Director seat for a term effective July 1, 2010.

The next regularly-scheduled meeting of the Corporate Members is not anticipated to be held until the Annual Meeting of Corporate Members in December 2010. One Unaffiliated Director seat on the Board remains vacant since the resignation of Mark Armentrout in December 2009. A Special Meeting of the Corporate Members would need to be called in order to seat Jorge Bermudez by July 1, 2010. Section 3.7(b) of ERCOT's Bylaws provides that "[s]pecial meetings of the Corporate Members may be called by the Board."

**Key Factors Influencing Issue:**

- Section 4.2 of ERCOT's Bylaws provides that the Board should be comprised, in part, of five Unaffiliated Directors.
- One Unaffiliated Director seat has remained vacant since the resignation of Mark Armentrout in December 2010.
- On March 22, 2010, the Nominating Committee of the Board has unanimously selected Jorge Bermudez as the Unaffiliated Director candidate to present to ERCOT's Corporate Members for approval.



**Alternatives:**

- Call a Special Meeting of ERCOT's Corporate Members as soon as June 18, 2010, or as soon as practicable thereafter, for a vote to approve the Unaffiliated Director candidate, Jorge Bermudez, who was selected unanimously by the Nominating Committee of the Board for service on the ERCOT Board starting July 1, 2010; or
- Defer action at this time and wait until the next regularly-scheduled meeting of ERCOT's Corporate Members in December 2010.

**Conclusion/Recommendation:**

ERCOT staff respectfully recommends that the Board call a Special Meeting of ERCOT's Corporate Members as soon as June 18, 2010, or as soon as practicable thereafter, for a vote to approve the Unaffiliated Director candidate, Jorge Bermudez, who was selected unanimously by the Nominating Committee of the Board for service on the ERCOT Board starting July 1, 2010.



**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**  
**BOARD OF DIRECTORS RESOLUTION**

WHEREAS, after due consideration of the alternatives, the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) deems it desirable and in the best interest of ERCOT to call a Special Meeting of ERCOT's Corporate Members as soon as June 18, 2010, or as soon as practicable thereafter, for a vote to approve the Unaffiliated Director candidate, Jorge Bermudez, who was selected unanimously by the Nominating Committee of the Board for service on the ERCOT Board starting July 1, 2010; and

THEREFORE, BE IT RESOLVED, that the Board hereby calls a Special Meeting of ERCOT's Corporate Members as soon as June 18, 2010, or as soon as practicable thereafter, for a vote to approve the Unaffiliated Director candidate, Jorge Bermudez, who was selected unanimously by the Nominating Committee of the Board for service on the ERCOT Board starting July 1, 2010.

**CORPORATE SECRETARY'S CERTIFICATE**

I, Bill Magness, Interim Corporate Secretary of ERCOT, do hereby certify that, at its May 18, 2010 meeting, the ERCOT Board of Directors passed a motion approving the above Resolution by \_\_\_\_\_.

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

\_\_\_\_\_  
Bill Magness  
Interim Corporate Secretary