



Date: June 8, 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: June 15, 2010

Agenda Item No.: 28

Issue:

Assuming that the Nominating Committee selects an Unaffiliated Director candidate at its joint meeting with the Board of Directors (Board) on June 15, 2010, whether the ERCOT Board of Directors (Board) should call a Special Meeting of ERCOT's Corporate Members as soon as practicable thereafter for a vote to approve such an Unaffiliated Director candidate.

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."

The Nominating Committee is currently considering candidates to fill the Unaffiliated Director vacancy created by the resignation of Jan Newton, effective May 18, 2010. At its Joint Nominating Committee and Board of Directors Meeting on June 15, 2010, the Nominating may consider possible candidates to fill the Unaffiliated Director vacancy and may select a candidate for presentation to the ERCOT Corporate Members.

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. In addition to this Unaffiliated Director vacancy, one other Unaffiliated Director seat on the Board remains vacant since the resignation of Mark Armentrout in December 2009; however, a Special Meeting of the Corporate Members has been called for June 18, 2010, for the election of Jorge Bermudez as an Unaffiliated Director for a term to begin 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.
- Two Unaffiliated Director seats remain vacant for those seats previously occupied by Jan Newton and Mark Armentrout; however, a Special Meeting of the Corporate Members has been called for June 18, 2010 for the election of Jorge Bermudez as an Unaffiliated Director for a term to begin by July 1, 2010.



Alternatives:

- Call a Special Meeting of ERCOT's Corporate Members as soon as practicable after the June 15, 2010 Joint Nominating Committee and Board meeting, for a vote to approve an Unaffiliated Director candidate, assuming the Nominating Committee selects a candidate for presentation to the Corporate Members; 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 practicable after the June 15, 2010 Joint Nominating Committee and Board meeting, for a vote to approve an Unaffiliated Director candidate, assuming the Nominating Committee selects a candidate for presentation to the Corporate Members.



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 practicable after the June 15, 2010 Joint Nominating Committee and Board meeting, for a vote to approve the Unaffiliated Director candidate, {Name of Selected Candidate}, who was selected by the Nominating Committee of the Board for service on the ERCOT Board; and

THEREFORE, BE IT RESOLVED, that the Board hereby calls a Special Meeting of ERCOT's Corporate Members as soon as practicable after the June 15, 2010 Joint Nominating Committee and Board meeting, for a vote to approve the Unaffiliated Director candidate, {Name of Selected Candidate}, who was selected by the Nominating Committee of the Board for service on the ERCOT Board.

CORPORATE SECRETARY'S CERTIFICATE

I, Bill Magness, Interim Corporate Secretary of ERCOT, do hereby certify that, at its June 15, 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 June, 2010.

Bill Magness
Interim Corporate Secretary