



Date: May 10, 2011
To: Board of Directors
From: Michael Petterson, Vice President of Finance and Treasury
Subject: Approval of Investment Corporate Standard

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: May 17, 2011

Agenda Item No.: 7a

Issue:

Whether to approve any or all of the ERCOT staff-proposed modifications or recommend and approve any other changes to the ERCOT Investment Corporate Standard (the Standard).

Background/History:

The Board of Directors (Board) of ERCOT has established an Investment Corporate Standard, which is reviewed annually and updated as needed. The Board must approve any modifications to the document.

This Standard documents the guidelines and related activities approved by the Board for the investment and management of funds held by ERCOT, whether those funds arise from ERCOT operations or are held by ERCOT on behalf of the ERCOT market.

ERCOT staff has reviewed the Standard and respectfully proposes several changes and clarifications, as reflected in Attachment A. The Finance and Audit (F&A) Committee is expected to recommend the Board adopt, reject, or amend the revisions at the May 17, 2011 Board meeting.

Key Factors Influencing Issue:

The key factors influencing the issue are adherence to provisions of Board-approved corporate standards and improved clarity and consistency of policy documents.

Alternatives:

1. Approve revisions to the Standard as recommended by the F&A Committee;
2. Leave the Standard in its current form; or
3. Remand the Standard to the F&A Committee with instructions.

Conclusion/Recommendation:

The F&A Committee will review these changes at its meeting on May 16, 2011 and is expected to recommend to the Board at the May 17, 2011 Board meeting whether any revisions should be made to the Standard. If the F&A Committee recommends revisions to the Standard, then it is expected that the F&A Committee will recommend that the revisions become effective upon approval by the Board.



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, in order to provide sound financial guidance for its exempt purposes, to approve revisions to the Investment Corporate Standard as recommended by the Finance and Audit (F&A) Committee of the Board;

WHEREAS, at the May 17, 2011 Board Meeting, the F&A Committee recommended that the Board approve the revisions to the Investment Corporate Standard as set forth in Exhibit A; and

THEREFORE, BE IT RESOLVED, that the revised Investment Corporate Standard, as set forth in Attachment A, which is attached hereto and incorporated herein by reference for all purposes, is hereby authorized and approved by the Board in each and every respect to be effective immediately.

CORPORATE SECRETARY'S CERTIFICATE

I, Bill Magness, Corporate Secretary of ERCOT, do hereby certify that, at its May 17, 2011 meeting, the ERCOT Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of May, 2011.

Bill Magness
Corporate Secretary