



**Date:** September 13, 2011  
**To:** Board of Directors  
**From:** Bill Magness, Vice President and General Counsel  
**Subject:** Call for the Special Meeting of ERCOT Corporate Members for Election of Unaffiliated Director(s)

**Issue for the ERCOT Board of Directors**

**ERCOT Board of Directors Meeting Date:** September 20, 2011

**Agenda Item No.:** 27

**Issue:**

Whether the ERCOT Board of Directors (Board) should call a Special Meeting of ERCOT’s Corporate Members for a vote to approve one or more Unaffiliated Director candidates as soon as practicable after the selection of such candidate(s) by the Nominating Committee for recommendation to the Corporate Members.

**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 has been considering candidates to fill the existing Unaffiliated Director vacancy for the seat previously held by A.D. Patton and for the upcoming Unaffiliated Director vacancy which will occur upon the expiration of Miguel Espinosa’s third and final term later this year. At its meeting on September 20, 2011, the Nominating Committee is expected to continue its consideration of possible candidates to fill one or more Unaffiliated Director seats 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 on December 13, 2011. As such, in order to expedite the filling of the existing Unaffiliated Director vacancy and to plan for the upcoming Unaffiliated Director vacancy, a Special Meeting of Corporate Members would need to be called if these matters are to be addressed by the Corporate Members prior to the Annual Meeting on December 13, 2011. 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 for that seat previously occupied by A.D. Patton since June 16, 2011.
- One Unaffiliated Director seat is expected to become vacant upon the expiration of Miguel Espinosa’s third and final term later this year.



**Alternatives:**

- Call a Special Meeting of ERCOT's Corporate Members as soon as practicable after the announcement of the selection of one or more Unaffiliated Director candidates by the Nominating Committee, for a vote to approve an Unaffiliated Director candidate(s), assuming the Nominating Committee selects a candidate for presentation to the Corporate Members (which may be as early as September 20, 2011); or
- Defer action on these matters at this time and wait until the next regularly-scheduled meeting of ERCOT's Corporate Members on December 13, 2011.

**Conclusion/Recommendation:**

ERCOT staff respectfully recommends that the Board call a Special Meeting of ERCOT's Corporate Members for a vote to approve one or more Unaffiliated Director candidates as soon as practicable after the selection of such candidate(s) by the Nominating Committee for recommendation 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 the ERCOT Corporate Members as soon as practicable for a vote to approve the Unaffiliated Director candidate(s), {Name of Selected Candidate(s)}, to serve on the ERCOT Board who was selected by the Nominating Committee of the Board for recommendation to the ERCOT Corporate Members; and

THEREFORE, BE IT RESOLVED, that the Board hereby calls a Special Meeting of ERCOT's Corporate Members as soon as practicable for a vote to approve the Unaffiliated Director candidate(s), {Name of Selected Candidate(s)}, to serve on the ERCOT Board who was selected by the Nominating Committee of the Board for recommendation to the ERCOT Corporate Members.

**CORPORATE SECRETARY'S CERTIFICATE**

I, Bill Magness, Corporate Secretary of ERCOT, do hereby certify that, at its September 20, 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 September, 2011.

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