



**Date:** February 14, 2012  
**To:** Board of Directors  
**From:** Bill Magness, Vice President, General Counsel and Corporate Secretary  
**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:** February 21, 2012

**Agenda Item No.:** 16

**Issue:**

Whether the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) should call a Special Meeting of ERCOT's Corporate Members for a vote to approve an Unaffiliated Director candidate as soon as practicable after the selection of such candidate 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."

At its meeting on February 20, 2012, the Nominating Committee is expected to consider possible candidates to fill the expected Unaffiliated Director vacancy which will occur upon the expiration of Michehl Gent's second term on or about March 20, 2012. The Nominating Committee may select a candidate for presentation to the ERCOT Corporate Members at this meeting or in the near future.

The next regularly-scheduled meeting of the Corporate Members is not anticipated to be held until the Annual Meeting of Corporate Members on December 11, 2012. As such, in order 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 11, 2012. 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 is expected to become vacant upon the expiration of Michehl Gent's second term on or about March 20, 2012.

**Conclusion/Recommendation:**

ERCOT staff respectfully recommends that the Board call a Special Meeting of ERCOT's Corporate Members for a vote to approve an Unaffiliated Director candidate as soon as practicable after the selection of such candidate 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, {Name of Selected Candidate}, 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, {Name of Selected Candidate}, 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, Vickie G. Leady, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its February 21, 2012 meeting, the ERCOT Board passed a motion approving the above Resolution by \_\_\_\_\_.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of February, 2012.

\_\_\_\_\_  
Vickie G. Leady  
Assistant Corporate Secretary