



Date: April 9, 2012
To: Board of Directors
From: Michael Petterson, ERCOT 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: April 16-17, 2012

Agenda Item No.: 14d

Issue:

Whether the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) should approve any or all of the ERCOT staff-proposed modifications or recommend and approve any other changes to the ERCOT Investment Corporate Standard (Standard) to become effective upon approval by the Board.

Background/History:

The Board 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 based on ERCOT staff's review and additional input from the Finance and Audit (F&A) Committee at its February 20, 2012 meeting, as reflected in *Attachment A*, to become effective upon approval by the Board. The F&A Committee considered ERCOT staff's original proposed changes at its February 20, 2012 meeting and is expected to recommend the Board adopt, reject, or amend the revisions at its April 16, 2012 meeting.

Key Factors Influencing Issue:

The key factors influencing the issue are adherence to provisions of Board-approved corporate standards, improved clarity and consistency of policy documents, and the need to provide sound financial guidance for ERCOT's exempt purposes.

Conclusion/Recommendation:

The F&A Committee is expected to review the ERCOT staff-proposed modifications at its meeting on April 16, 2012 and is expected to recommend to the Board whether any revisions should be made to the Standard and whether they should become effective upon approval by the Board.



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

WHEREAS, after its meeting on April 16, 2012, the Finance and Audit (F&A) Committee of the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) has recommended that the Board approve revisions to the Investment Corporate Standard as set forth in *Attachment A*;

WHEREAS, after due consideration of the alternatives, the Board 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 F&A Committee; 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, Vickie G. Leady, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its April 16-17, 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 April, 2012.

Vickie G. Leady
Assistant Corporate Secretary