



**Date:** April 1, 2014  
**To:** Board of Directors  
**From:** Bill Magness, Vice President, General Counsel and Corporate Secretary  
**Subject:** Call for Special Meeting of ERCOT Corporate Members for Election of Unaffiliated Directors and Approval of Bylaws Amendment

**Issue for the ERCOT Board of Directors**

**ERCOT Board of Directors Meeting Date:** April 8, 2014

**Item No.:** 13

**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:

- Elect three Unaffiliated Directors to fill vacancies that will be created at the expiration of the first terms of Craven Crowell, Karl Pfirrmann and Judy Walsh on December 31, 2014 as soon as practicable after the Nominating Committee recommendation for such election; and
- Approve an amendment to the ERCOT Amended and Restated Bylaws (Bylaws) regarding Board member eligibility as soon as practicable after the Board recommendation for such approval.

**Background/History:**

Section 3.7(b) of the Bylaws permits the Board to call a Special Meeting of Corporate Members. Section 13.1(c) of the Bylaws also provides that the Board has discretion to call a Special Meeting of the Corporate Members to vote on a Bylaws amendment.

At its meeting on April 7, 2014, the Nominating Committee is expected to consider the Unaffiliated Director vacancies that will be created at the expiration of the first terms of Craven Crowell, Karl Pfirrmann, and Judy Walsh on December 31, 2014. The Nominating Committee is also expected to select three Unaffiliated Director Candidates for recommendation and presentation to the ERCOT Corporate Members.

At its meeting on April 7, 2014, the Human Resources and Governance (HR&G) Committee is expected to consider a proposed Bylaws amendment on Board member eligibility. The HR&G Committee may recommend that the Board approve a proposed Bylaws amendment. The Board may accept this recommendation and approve the Bylaws amendment proposal for recommendation and 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 9, 2014. In order to have the Unaffiliated Directors seated upon the expiration of the first terms of Craven Crowell, Karl Pfirrmann, and Judy Walsh on December 31, 2014, a Special Meeting of Corporate Members would need to be called so that ERCOT may seek approval of the Unaffiliated Directors by the Public Utility Commission (PUC) before the end of December. In addition, the proposed amendment to the ERCOT Bylaws on Board member eligibility must be approved by the Corporate Members and the PUC before



December 2014 if it is to be effective prior to the 2015 Market Segment elections for Board members, which will occur in November 2014.

**Key Factors Influencing Issue:**

- Sections 3.7(b) and 13.1(c) of the Bylaws give the Board discretion to call Special Meetings of the Corporate Members.
- It is in the best interest of the Corporate Members, ERCOT, and the market for the Unaffiliated Director Candidates to be considered by the Corporate Members as soon as practicable after selection by the Nominating Committee.
- It is in the best interest of the Corporate Members, ERCOT, and the market for the Bylaws amendment to be considered by the Corporate Members as soon as practicable after approval by the Board.
- Calling a Special Meeting as soon as practicable after the April 8, 2014 Board meeting will allow sufficient time for approval by the Corporate Members and the Public Utility Commission of Texas to achieve the following:
  - Seating of Unaffiliated Directors upon the expiration of the first terms of Craven Crowell, Karl Pfirrmann, and Judy Walsh on December 31, 2014; and
  - Amendment to the ERCOT Bylaws related to Board member effective prior to the 2015 Market Segment elections for Board members in November 2014.

**Conclusion/Recommendation:**

ERCOT staff recommends that the Board call a Special Meeting of ERCOT's Corporate Members for a vote to:

- Elect three Unaffiliated Directors to fill vacancies that will be created at the expiration of the first terms of Craven Crowell, Karl Pfirrmann and Judy Walsh on December 31, 2014 as soon as practicable after the Nominating Committee recommendation for such election; and
- Approve an amendment to the ERCOT Bylaws regarding Board member eligibility as soon as practicable after the Board recommendation for such approval.



**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 for a vote to:

- Elect three Unaffiliated Directors to fill vacancies that will be created at the expiration of the first terms of Craven Crowell, Karl Pfirrmann and Judy Walsh on December 31, 2014 as soon as practicable after the Nominating Committee recommendation for such election; and
- Approve an amendment to the ERCOT Amended and Restated Bylaws regarding Board member eligibility as soon as practicable after the Board recommendation for such approval.

THEREFORE, BE IT RESOLVED, that the Board hereby calls a Special Meeting of ERCOT's Corporate Members for a vote to:

- Elect three Unaffiliated Directors to fill vacancies that will be created at the expiration of the first terms of Craven Crowell, Karl Pfirrmann and Judy Walsh on December 31, 2014 as soon as practicable after the Nominating Committee recommendation for such election; and
- Approve an amendment to the ERCOT Amended and Restated Bylaws regarding Board member eligibility as soon as practicable after the Board recommendation for such approval.

**CORPORATE SECRETARY'S CERTIFICATE**

I, Vickie G. Leady, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its April 8, 2014 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, 2014.

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