



Date: April 7, 2015
To: Board of Directors
From: Bill Magness, General Counsel, Sr. Vice President – Governance, Risk & Compliance & Corporate Secretary
Subject: Call for Special Meeting of ERCOT Corporate Members for Election of Unaffiliated Director

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: April 14, 2015

Item No.: 11

Issue:

Whether the ERCOT Board of Directors (Board) 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 or its subcommittee shall interview the qualified candidates; and the Nominating Committee shall 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 upcoming Unaffiliated Director vacancy which will occur upon the expiration of Michehl Gent’s third and final term in May 2015. At its meeting on April 13, 2015, the Nominating Committee is expected to continue its consideration of possible candidates to fill the Unaffiliated Director seat 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 8, 2015. 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 8, 2015. Section 3.7(b) of ERCOT’s Bylaws provides that “[s]pecial meetings of the Corporate Members may be called by the Board.”

In the event that the Nominating Committee does select a candidate at its April 13, 2015 meeting, the Board is being provided with an opportunity to call a Special Meeting at this time. If the Nominating Committee does not make a selection, then the Board may defer this agenda item.

At the February 9-10, 2015 Board meeting, the Board called a Special Meeting of Corporate Members to vote to approve a Bylaws amendment; however, such meeting has not been called yet. For efficiency, if the Nominating Committee does select a candidate at its April 13, 2015 meeting, then both Membership votes will be submitted for one Special Meeting to be called as soon as practicable after the April 14, 2015 Board meeting.



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 third and final term in May 2015.

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(s), (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 April 14, 2015 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, 2015.

Vickie G. Leady
Assistant Corporate Secretary