



Date: February 7, 2017
To: Board of Directors
From: Chad Seely, Vice President, General Counsel and Corporate Secretary
Subject: Call for Special Meeting of ERCOT Corporate Members for Election of Unaffiliated Directors

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: February 14, 2017

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 three Unaffiliated Director candidates as soon as practicable after the selection of such candidates 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."

At its meeting on February 13, 2017, the Nominating Committee is expected to consider the expiration of Craven Crowell's, Karl Pfirrmann's and Judy Walsh's second terms, all set to expire on December 31, 2017. Mr. Crowell, Mr. Pfirrmann and Ms. Walsh have provided timely notice of their intent to seek re-election for their third and final terms, beginning on January 1, 2018. The Nominating Committee may select candidates for presentation to the ERCOT Corporate Members at their February 13, 2017 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 12, 2017. As such, in order to plan for the expiration of Mr. Crowell's, Mr. Pfirrmann's and Ms. Walsh's second terms on December 31, 2017, 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 12, 2017. 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.



- Mr. Crowell, Mr. Pfirrmann and Ms. Walsh are Unaffiliated Directors and their second terms expire on December 31, 2017.
- The Board currently has one Unaffiliated Director vacancy, due to Jorge Bermudez' resignation in October 2016.

Conclusion/Recommendation:

ERCOT staff recommends that the Board call a Special Meeting of ERCOT's Corporate Members for a vote to approve three Unaffiliated Director candidates as soon as practicable after the selection of such candidates 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 Unaffiliated Director candidates, Craven Crowell, Karl Pfirrmann and Judy Walsh, to serve on the ERCOT Board who were selected by the Nominating Committee of the Board for recommendation to the ERCOT Corporate Members;

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 Unaffiliated Director candidates, Craven Crowell, Karl Pfirrmann and Judy Walsh, to serve on the ERCOT Board who were 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 14, 2017 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, 2017.

Vickie G. Leady
Assistant Corporate Secretary