



Date: July 31, 2018
To: Board of Directors
From: Chad V. Seely, Vice President, General Counsel and Corporate Secretary
Subject: Call for Special Meeting of ERCOT Corporate Members

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: August 7, 2018

Item No.: 12

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 votes to approve amendments to the *Amended and Restated Bylaws of Electric Reliability Council of Texas, Inc.* (Bylaws) and the *Amended and Restated Articles of Incorporation of Electric Reliability Council of Texas* (Articles), subject to approval by the Public Utility Commission of Texas (PUCT or Commission).

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 Corporate Members to vote on a Bylaws amendment.

At its meeting on August 6, 2018, the HR&G Committee is expected to consider (1) proposed Bylaws amendments, including the definitions of "Affiliate" and "Officer," legal reference updates and correction of scrivener's errors; and (2) proposed amendments to the Articles to conform with current corporate and tax-exempt organization legal requirements, maintain ERCOT's tax-exempt organization status, and update factual and legal references. The HR&G Committee may recommend that the Board approve a proposed Bylaws amendment, a proposed Articles amendment, or both. The Board may accept this recommendation and approve the Bylaws and/or Articles amendment proposal(s) for recommendation and presentation to the ERCOT Corporate Members, subject to approval by the PUCT.

The next regularly-scheduled meeting of the Corporate Members is not anticipated to be held until the Annual Meeting of Corporate Members (Annual Meeting) on December 11, 2018. ERCOT Legal recommends against waiting until the Annual Meeting for Corporate Member approval of these proposed amendments to the Articles and Bylaws. If the amendments were submitted for Membership approval in December, this timing would delay ERCOT Legal's filing of the amendments to be approved by the Commission until mid-December 2018, which would then delay Commission approval likely until late Q1 2019 or early Q2 2019 (well into the 2019 Membership year).



As such, in order to have the amendments be effective for the 2019 Membership year, ERCOT Legal would recommend that the Board call a Special Meeting of Corporate Members to address these matters prior to the Annual Meeting on December 11, 2018.

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 Bylaws and Articles amendments to be considered by the Corporate Members as soon as practicable after approval by the Board.
- Submitting the Bylaws and Articles amendments for Membership approval at the Annual Meeting in early December 2018 would delay ERCOT Legal's filing of the amendments to be approved by the Commission until mid-December 2018, which would then delay Commission approval likely until late Q1 2019 or early Q2 2019.

Conclusion/Recommendation:

ERCOT staff recommends that the Board call a Special Meeting of ERCOT's Corporate Members as soon as reasonably practicable for votes to approve amendments to the Bylaws and Articles, subject to approval by the Commission.



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 reasonably practicable for votes to approve (1) proposed amendments to the *ERCOT Amended and Restated Bylaws* (Bylaws), including the definitions of “Affiliate” and “Officer,” legal reference updates and correction of scrivener’s errors; and (2) proposed amendments to the *Amended and Restated Articles of Incorporation of Electric Reliability Council of Texas* (Articles) to conform with current corporate and tax-exempt organization legal requirements, maintain ERCOT’s tax-exempt organization status, and update factual and legal references;

THEREFORE, BE IT RESOLVED, that the Board hereby calls a Special Meeting of ERCOT’s Corporate Members as soon as practicable for votes to amend the Bylaws and Articles 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 August 7, 2018 meeting, the ERCOT Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of August, 2018.

Vickie G. Leady
Assistant Corporate Secretary