

The Human Resources and Governance (HR&G) Committee is expected to consider HR&G Committee Agenda Item 5.2:

***Recommendation regarding
Ratification of Officers of Texas
Electric Market Stabilization
Funding M LLC***

at its meeting on February 26, 2024.

The Board of Directors is expected to hear the HR&G Committee’s recommendation on this matter as part of the HR&G Committee Report at the Board meeting on February 27, 2024.

Attached are the Board materials in relation to these agenda items.



Date: February 20, 2024
To: Board of Directors
From: Peggy Heeg, Human Resources and Governance (HR&G) Committee Chair
Subject: Ratification of Officers of Texas Electric Market Stabilization Funding M LLC

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: February 27, 2024

Item No.: 10.3

Issue:

Ratification of the officers of Texas Electric Market Stabilization Funding M LLC (TEMSFM).

Background/History:

On October 27, 2021, TEMSFM was formed, with Electric Reliability Council of Texas, Inc. (ERCOT) as its sole member, to support ERCOT's obligations under the bonds subsequently issued pursuant to Texas Utilities Code Chapter 39 Subchapter M. Pursuant to the *Amended and Restated Limited Liability Company Agreement of Texas Electric Market Stabilization Funding M LLC (Company Agreement)* dated November 12, 2021, the following persons are designated by ERCOT in its capacity as sole member to be the initial officers of TEMSFM:

President and Chief Executive Officer – Chad V. Seely;
Vice President and Chief Financial Officer – Sean Taylor; and
Vice President and Treasurer – Leslie Wiley.

On November 15, 2023, at the annual meeting of the managers and officers of TEMSFM, the managers of TEMSFM re-elected the above officers.

Sections 8.2 and 4.10(c) of the *Amended and Restated Bylaws of Electric Reliability Council of Texas, Inc. (Bylaws)* requires that the ERCOT Board of Directors (Board) ratify ERCOT officers for terms not to exceed one year. Section 8.2 further provides that officers may be re-elected or re-ratified for consecutive terms without limitation and that all officers shall hold office until their successors are chosen and qualified or until their earlier resignation or removal. While not required by the Company Agreement, ERCOT Legal staff has recommended that the Board similarly ratify the officers of TEMSFM on a periodic basis, consistent with best practice and the requirement for annual ratification of ERCOT officers.

At its meeting on February 26, 2024, the HR&G Committee will consider the ratification of officers of TEMSFM.



Key Factors Influencing Issue:

- The Bylaws require the ratification of ERCOT officers at least annually.
- ERCOT Legal staff has recommended that the officers of TEMSFM be ratified on a periodic basis.
- TEMSFM can have officers to perform its statutory and corporate functions.

Conclusion/Recommendation:

The HR&G Committee will consider recommending whether, at its February 27, 2024 Board meeting, the Board should ratify the following officers of TEMSFM:

President and Chief Executive Officer – Chad V. Seely;
Vice President and Chief Financial Officer – Sean Taylor; and
Vice President and Treasurer – Leslie Wiley.



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

WHEREAS, on October 27, 2021, Texas Electric Market Stabilization Funding M LLC (TEMSFM) was formed, with Electric Reliability Council of Texas, Inc. (ERCOT) as its sole member, to support ERCOT's obligations under the bonds subsequently issued pursuant to Texas Utilities Code Chapter 39 Subchapter M;

WHEREAS, pursuant to Sections 8.2 and 4.10(c) of the *Amended and Restated Bylaws of Electric Reliability Council of Texas, Inc.* (Bylaws), the Board of Directors (Board) of ERCOT shall ratify ERCOT officers for a term while employed not to exceed one year;

WHEREAS, ERCOT Legal staff has recommended that the Board ratify the officers of TEMSFM on a periodic basis, consistent with best practice and the requirement for annual ratification of ERCOT officers; and

WHEREAS, the Board deems it desirable and in the best interest of ERCOT to ratify the officers of TEMSFM;

THEREFORE, BE IT RESOLVED, the Board hereby ratifies the following officers of TEMSFM:

President and Chief Executive Officer – Chad V. Seely;
Vice President and Chief Financial Officer – Sean Taylor; and
Vice President and Treasurer – Leslie Wiley.

CORPORATE SECRETARY'S CERTIFICATE

I, Jonathan M. Levine, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its February 27, 2024 meeting, the Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of February, 2024.

Jonathan M. Levine
Assistant Corporate Secretary