

**Minutes of the Energy Northwest  
Board of Directors Ad Hoc Inside Director Committee Meeting  
Multi-Purpose Facility – Glenn C. Walkley room  
Teleconference  
3000 George Washington Way  
Richland, Wash.  
Sept. 2, 2014 – 3:30 p.m.**

The meeting of the Ad Hoc Inside Director Committee of the Energy Northwest Board of Directors was called to order at 3:30 p.m. by Committee Chair Steve Houston.

Committee Members Present:

Steve Houston, Chair  
Terry Brewer  
Linda Gott, ex officio  
Judy Ridge  
Kathy Vaughn

Staff Present: Mark Reddemann, Brent Ridge, Bob Dutton, Carla Martinez, Angela Smith

Others Present: Participants Review Board member – Stu Nelson.

Committee Chair Houston requested a review of the discussion from the July 2014 Board of Directors Meeting regarding the intention to establish an ad hoc committee. Minutes were briefly reviewed which state "... establish an ad-hoc committee to research and discuss options for future Inside Director elections to include researching the history behind the Revised Code of Washington regarding terms, voting and floor nominations."

Committee members were also asked to review the Revised Code of Washington 43.52.374 (posted to BoardDocs) which states the law regarding operating agency executive board specific to members terms, removal, rules, proceedings, managing director, civil immunities defense and indemnification.

Bob Dutton, General Counsel and Chief Ethics Officer, provided a brief history of the law. Specifically (1)(a) of the RCW states "Five members of the executive board shall be elected to four-year terms by the board of directors from among the members of the board of directors."

Mr. Dutton said if it was the desire of the board, additional research into the history of the law would need to be conducted to better understand the intention of the law regarding staggered terms. One option is to ask for an Attorney General Opinion.

Discussion ensued amongst committee members on what the desire is of other Board of Directors members.

The topic of voting was discussed on whether or not the Board of Directors could elect the inside directors by a secret vote. Mr. Dutton stated that per the law (RCW 42.30.060) secret voting is prohibited by a governing body of a public agency.

Mr. Dutton also shared that contrary to some member's belief, the casting of the vote is not a personal decision, it is on behalf of the member utility. It was noted that staff can do a better job to make that point.

It was recommended that starting at the October meeting prior to the following April's election, staff will provide Board of Directors members information on the rules, law and process for inside director elections with a reminder at the January meeting. In addition to providing information at the meetings, staff will also send an email with the information included to ensure those who were not able to attend the meeting still have the information. Note, the next Inside Director Election will be held in April 2018.

The committee also discussed amending the Board of Directors rules to include information on the Inside Director Election process similar to Appendix A which describes the Outside Director election process.

Discussion continued on if staff should request an Attorney General Opinion on staggered terms.

Discussion progressed to discuss floor nominations. In the last election process, those who were interested in running were asked to provide their resume and letter indicating their interest. However, on the day of the election anyone could run either through their own indication or through a floor nomination. It was discussed on what might be the appropriate and consistent process.

Mr. Dutton said the ad hoc committee could research and make a recommendation to the Board of Directors for a rule amendment.

The committee agreed they would like to review the informal process staff currently uses for the Inside Director Election, revise it and then make a recommendation to the Board of Directors for a rule amendment.

The committee requested staff send the committee the current informal process.

The discussion returned back to staggered terms. In determining if there is a desire of the Board of Directors to have staggered terms for the Executive board, the committee agreed to each call several Board of Directors members and ask them if there is a desire to have staggered terms for the Executive Board?

Committee Chair Houston requested that staff divide the names of Board of Directors members between the five Ad Hoc Committee Members for each to call.

A follow up Ad Hoc Committee Meeting will be scheduled to discuss the findings. Based on the information, the committee will decide whether or not to pursue additional research on the history of the law as it pertains to staggered terms. This may include an Attorney General's Opinion, staff conducting research or hiring an outside firm to conduct the research.

**Commitment Review/Provide Majority-based Direction**

- Email committee members the informal process used for Inside Director Elections – Angela Smith – week of Sept. 2
- Email committee members names of Board of Directors members (divided between the five committee members) to call asking each member if there a desire to have staggered terms for the Executive Board – Angela Smith – week of Sept. 2

Hearing no further discussion, the Ad Hoc Search Committee meeting was adjourned at 4:12 p.m.

Respectfully submitted,

Angela Smith  
Board Relations