

**Minutes of the
Energy Northwest
Special Compensation Subcommittee Meeting
of the Executive Board
Lacey Conference Center – Blue Sky Executive Room
975 Carpenter Rd NE
Lacey, Wash.
Jan. 27, 2016**

Committee Members:

Dave Remington, Chair
Skip Orser
Will Purser
Sid Morrison
Jack Janda

Staff Present: Mark Reddemann; Brad Sawatzke; Brent Ridge; Bob Dutton; Steve Lorence; and Carla Martinez; Juliet Gaffney and Cindy Way via teleconference.

Subcommittee Chair Dave Remington called the Special Compensation Subcommittee meeting to order at 7:39 a.m.

Mr. Skip Orser moved to approve the October subcommittee minutes. Mr. Sid Morrison seconded. MOTION CARRIED.

Changes to the subcommittee charter were reviewed. Appendix B includes excerpt only (section 14) of Resolution 1675, otherwise all other changes reflect input from the last meeting.

The subcommittee discussed proposed changes to the Executive Compensation Policy in accordance with charter requirements. Secondary proxy data is publicly available. Discuss pricing with the vendor. Update table 1 to reflect current organization structure. Include debt management calculation detail in the policy or some agreed upon formula (e.g. base number plus CPI); Mr. Brent Ridge and Subcommittee Chair Remington will discuss.

Mr. Steve Lorence presented FY16 At-Risk Compensation and Long-Term Incentive status including year-end projections. Industry equipment reliability index changes were discussed. The subcommittee will discuss FY17 criteria at the next meeting applying a “zero-based budget” approach, recognizing that some criteria should stay.

The annual planning calendar was distributed.

Commitment Review/Provide Majority-based Direction

- Question vendor on pricing for secondary proxy data – Steve Lorence
- Discuss methodology to capture debt management impact – Brent Ridge

Subcommittee Chair Remington adjourned the meeting at 9:17 a.m.

Respectfully submitted by,

Carla Martinez
Board Relations