

**MINUTES OF THE
SPECIAL MEETING OF THE EXECUTIVE BOARD
HOLIDAY INN EXPRESS – VINEYARD ROOM
4525 CONVENTION PLACE
PASCO, WASHINGTON
April 24, 2014 – 2 P.M.**

Committee Members:

Dave Remington, Chair
Will Purser
Skip Orser
Sid Morrison, ex officio

Staff Present: Mark Reddemann, Dale Atkinson, Bob Dutton, Brent Ridge, Steve Lorence (conference call), Cindy Way, Kim Morris and Angela Smith.

Chair Sid Morrison called the special Executive Board meeting to order at 2:03 p.m. and turned the meeting over to Dave Remington Chair of the Compensation Subcommittee.

The Compensation Subcommittee reviewed and discussed the proposed Fiscal Year 2015 At-Risk Compensation (ARC) and Long-term Incentive (LTI).

Specific discussions included stretch, target and threshold for the Columbia ARC and moved on to Energy Services and Development (ESD) ARC. Focus areas included defining the meaning/scope of project success, program success and activities beyond the development of new generation projects. It was discussed and decided to re-label “project success” to “initiative success” to better convey intent.

The committee briefly discussed the latest payouts to Columbia and ESD.

Discussion progressed to the Long-term Incentive portion; specifically, increasing the cost of power on the Columbia portion of the incentive.

Number and weight of incentive measures were also discussed. Benchmarking revealed that plants tend to have one or two measures; some had three but very few had more than three. It was noted that around 80 percent of those benchmarked used only a single measure for incentives. Also, some plants use stock price as the single measure.

In the future the committee will discuss increasing the percentage of the incentive that goes to cost of power. The committee felt it should start low so any unintended consequences are realized.

A brief discussion followed regarding the industry changing index numbers. Mr. Reddemann mentioned the industry peer group gathers every five years and discusses the index numbers. Next meeting would be in 2016, therefore, any expected changes do not affect the Fiscal Year 2015 goals.

Hearing no further discussion, Subcommittee Chair Remington turned the meeting back over to Executive Board Chair Sid Morrison, who adjourned the meetings at 2:50 p.m.

Respectfully submitted by,

Angela Smith
Board Relations