

**Minutes of the  
Regular Executive Board Meeting and  
Administrative, Energy and Member Services Workshop  
The Historic Davenport Hotel  
Elizabethan Room  
10 South Post St.  
Spokane, Wash.  
Aug. 24 – 26, 2016**

Administrative, Energy and Member Services Committee Chair Tim Sheldon called the regular meeting / workshop of the Executive Board of Energy Northwest to order at 12:20 p.m. There was a quorum present. An environmental analysis of the meeting agenda was prepared which reflected that all items on the agenda were exempt from further procedural compliance with the State Environmental Policy Act.

## **Roll Call**

### **Executive Board Members**

Sid Morrison, Chair	Present
Jack Janda, Vice Chair	Present
Lori Sanders, Secretary	Present
Linda Gott, Assistant Secretary	Present
Marc Daudon	Present
Jim Moss	Present
Skip Orser	Present
Will Purser	Present
Dave Remington	Present
Tim Sheldon	Present
Kathy Vaughn	Present

### **Others Present:**

**Wednesday:** Rick Jacobs.

**Wednesday and Thursday:** Public Power Council – Kevin O’Meara.

**Thursday:** Pillsbury – Jeff Merrifield and Tim Walsh.

**Friday:** Energy Northwest contractor – Andy Winzelberg.

### **Staff Present:**

**All days:** Mark Reddemann; Brad Sawatzke; Brent Ridge; Grover Hettel; Bob Dutton; Jim Gaston; Mike Paoli; David Briggs; Steve Lorence; Carla Martinez; and Angela Smith.

## Executive Board Meeting

### Executive Session

AEM Committee Chair Sheldon called the meeting into a one-and-a-half hour Executive Session at 12:20 p.m. in accordance with RCW 42.30.110(1)(g):

To evaluate the qualifications of an applicant for public employment or to review the performance of a public employee.

The executive session recessed at 1:50 p.m. for a break and reconvened at 1:55 p.m. for a one-hour extended executive session.

The executive session was extended for 30 minutes at 2:55 p.m.

The executive session ended at 3:20 p.m.

The meeting recessed at 3:20 p.m. for a break; and reconvened as a public meeting at 3:28 p.m.

### Public Comments

Hearing no comments from members of the public, the next item on the agenda was addressed.

### CNSRB Report

Mr. Rick Jacobs, external Corporate Nuclear Safety Review Board member, presented the CNSRB report. Key highlights included: CSNRB's view of performance; challenges; and closing comments.

Mr. Jacobs acknowledged several employees that he was impressed with during his interactions at Columbia Generating Station including: Jeremy Hauger; James Darling; Shannon Kinnunen; Denise Brandon; Joel Carter; Reg Wainwright; and Mike Kennedy.

### Chief Executive Officer Report

Mr. Mark Reddemann, Chief Executive Officer, discussed the following in his CEO report: Horn Rapids Solar Storage and Training Center grant; spent fuel claim update; TRIDEC land purchase; general manager advisory group; nuclear production tax credit; CEO recognition lunch; recent Electric Power Research Institute meeting; and high-level asset performance review.

### Chief Nuclear Officer Report

Mr. Brad Sawatzke, Chief Operating Officer / Chief Nuclear Officer, presented the Chief Nuclear Officer Report. Key points included: plant status; significant plant work; human performance; regulatory update; Columbia Generating Station indicators; and upcoming events.

Hearing no additional questions or comments, the meeting recessed at 5:05 p.m. until dinner.

## **Executive Board Dinner Meeting**

The Executive Board meeting reconvened at the Steam Plant Restaurant in the Commons Room at 6 p.m. for a social and dinner. The dinner meeting recessed for the evening at 7:30 p.m.

## **Executive Board Meeting (cont'd)**

The Executive Board meeting and workshop reconvened at 8:02 a.m. on Thursday, Aug. 25, 2016 by AEM Committee Chair Sheldon.

### **At-Risk Compensation Overview**

Mr. Dave Remington presented an overview of the at-risk compensation program. Key highlights included: compensation subcommittee charter; executive compensation policy; compensation components; plan components; and current issues.

### **Strategic Planning – Phase 1: Mission & Vision Discussion**

Mr. Brent Ridge, Vice President for Corporate Services and Chief Financial / Risk Officer, facilitated a discussion with the board regarding amending the agency's mission and vision.

Consensus was to change the mission and vision statements as follows; however, the statements will be brought back to the December strategic planning workshop for further discussion and approval.

Vision statement: A regional leader in clean power generation and energy solutions through sustained excellence in performance and innovation.

Mission statement: Provide our public power members and regional customers with safe, reliable, cost-effective, responsible power generation and energy solutions.

A commitment was also made to include time at the strategic planning workshop to discuss who Energy Northwest's customers are and the tiers of customers.

### **Alternative Concerns Program & Policy**

Mr. Bob Dutton, General Counsel and Chief Ethics Officer, facilitated a discussion with the board regarding an alternative concerns program and policy. Key highlights included: the approach; options for an alternative concerns program; EN procedures and processes; summary of policy; and recommendation.

A commitment was made to bring back a new draft to the October board meeting.

The meeting recessed at 10:24 a.m. for a break; the meeting reconvened at 10:40 a.m.

**Notification Protocol**

Mr. Mike Paoli, Chief Communication Officer and Public Affairs manager, facilitated a discussion with the board regarding the notification protocol. Key highlights included: the current notification to board members between meetings and proposed notification at board meetings.

The board requested that for all the notifications made “between meetings,” that notification is made by close of the next business day.

Board members requested staff identify if there is an individual preference of receiving text versus email. Additionally, the board requested we identify what events warrant an immediate text.

Staff also committed to ensuring an event is added to the protocol that states for any anticipated media coverage, that staff will notify the board immediately (by close of the next business day).

Staff will send the revised notification protocol to board members with the intention for the document to be a de facto policy.

**Response to Recommendations**

Mr. Sawatzke presented staff response to the Phase 1 investigation report recommendations. For each allegation, Mr. Sawatzke provided proposed actions.

The meeting recessed at 12:09 p.m. for lunch; the meeting reconvened at 12:40 p.m.

**Executive Session**

Chair Morrison called a two-hour executive session beginning at 12:40 p.m. in accordance with:

RCW 42.30.110(1)(f):

To receive and evaluate complaints or charges brought against a public officer or employee.

RCW 42.30.110(1)(i):

To discuss with legal counsel representing the agency matters relating to agency enforcement actions, or to discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency.

The executive session recessed for a break at 2:40 p.m.; and reconvened at 2:50 p.m.

The executive session was extended by 30 minutes at 2:50 p.m.

The executive session was extended by 40 minutes at 3:20 p.m.

The executive session was extended by 30 minutes at 4 p.m.

The executive session was extended by 15 minutes at 4:30 p.m.

The meeting reconvened as an open public meeting at 4:40 p.m.

The meeting recessed at 4:40 p.m.

The Executive Board meeting was called back to order and reconvened at 4:45 p.m.

Chair Morrison stated the Executive Board would like to meet on Sept. 26, 2016 in Seattle, Wash. to continue the discussions made during the executive session.

Chair Morrison called a 30-minute executive session beginning at 4:51 p.m. in accordance with:

RCW 42.30.110(1)(f):

To receive and evaluate complaints or charges brought against a public officer or employee.

RCW 42.30.110(1)(i):

To discuss with legal counsel representing the agency matters relating to agency enforcement actions, or to discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency.

The executive session was extended by 20 minutes at 5:21 p.m.

The meeting reconvened as an open public meeting at 5:40 p.m.

The meeting recessed for the day at 5:40 p.m.

### **Executive Board Meeting (*cont'd*)**

The Executive Board meeting reconvened at 7:37 a.m. on Friday, Aug. 26, 2016 by AEM Committee Chair Tim Sheldon.

#### **Excellence in Governance**

Mr. Andy Winzelberg, Energy Northwest contractor, facilitated a discussion on Executive Board Excellence in Governance focusing on their self-assessment.

Board members and staff shared several positives including: Meeting setup/logistics; board member meeting attendance; intrusive and critical conversations; and board support for nuclear power (e.g., Op-eds).

Board members and staff shared several opportunities for improvement including: time needed for other business conversations; board self-evaluation; increase interaction with public, Board of Directors and other peer organizations; take personal responsibility for board member growth; increase participation in activities at Columbia; be accountable for how the board uses management's time; and bringing discussions to a conclusion.

**Executive Session**

AEM Committee Chair Sheldon called the meeting into a two-hour Executive Session at 9:05 a.m. in accordance with RCW 42.30.110(1)(g):

To evaluate the qualifications of an applicant for public employment or to review the performance of a public employee.

The executive session recessed at 10:15 a.m. for a break; and reconvened at 10:25 a.m.

The executive session was extended by 20 minutes at 11:05 a.m.

The executive session was extended by 15 minutes at 11:25 a.m.

The executive session was extended by 15 minutes at 11:40 a.m.

The executive session was extended by 10 minutes at 11:55 a.m.

The executive session ended at 12:03 p.m. and recessed for a break; the meeting reconvened as a public meeting at 12:13 p.m.

**Board Actions**

**MOTION 2016-13**

Mr. Dave Remington moved to approve Motion 2016-13: It is moved that the Executive Board enter into the revised employment agreement with the Chief Executive Officer Mark E. Reddemann as discussed and recommended by the Compensation Subcommittee of the Executive Board during the Aug. 24 – 26, 2016 Executive Board meeting.

Mr. Skip Orser moved to amend the motion to: It is moved that the Executive Board enter into the revised employment agreement with the Chief Executive Officer Mark E. Reddemann as discussed during the Aug. 24 – 26, 2016 Executive Board meeting. Ms. Kathy seconded. MOTION CARRIED by majority vote.

**MOTION 2016-12**

Mr. Dave Remington moved to approve Motion 2016-12: It is moved that the Executive Board approve the Chief Executive Officer's compensation recommendations for the Executive Officers (excluding the CEO) as discussed during the Aug. 24 – 26, 2016 Executive Board meeting. Mr. Skip Orser seconded. MOTION CARRIED by majority vote. Mr. Jim Moss voted no.

**Approval of Minutes**

The following meeting minutes were presented for approval:

- Executive Board Ad Hoc Subcommittee – May 20, 2016

Ms. Linda Gott moved that the minutes be approved. Mr. Jack Janda seconded. MOTION CARRIED.

- Joint Executive Board / Board of Directors – July 27, 2016

Mr. Tim Sheldon moved that the minutes be approved. Mr. Will Purser seconded. MOTION CARRIED.

- Regular Executive Board Meeting – July 27 – 28, 2016

Ms. Kathy Vaughn moved that the minutes be approved. Ms. Linda Gott seconded. MOTION CARRIED.

- Executive Board Ad Hoc Subcommittee – July 22, 2016

Ms. Linda Gott moved that the minutes be approved. Mr. Jim Moss seconded. MOTION CARRIED.

**Upcoming Meetings**

The board was reminded of the newly scheduled Sept, 26, 2016 board meeting to be held in Seattle. The board was also reminded of the Oct. 26 – 27, 2016 joint EB/BOD/PRB meeting; followed by the Public Power Forum on Oct. 27 – 28, 2016. Both will be held at the Three Rivers Convention Center in Kennewick, Wash.

**Calendar Year 2017 Board Meeting Schedule**

Ms. Carla Martinez, Public Affairs assistant manager, provided an overview of the proposed 2017 board meeting schedule. Ms. Lori Sanders recommended that given the difficulty in scheduling special meetings, that meeting days be added to the 2017 schedule for the months of February; May; and September to be used only as/if needed.

**MOTION 2016-17**

Ms. Lori Sanders moved to approve Motion 2016-17: It is moved that the Executive Board approves the Calendar Year 2017 Board Meeting Schedule, dated Aug. 26, 2016, as discussed during the Aug. 24 – 26, 2016 Executive Board meetings to also include additions for February, May and September with notations that those three meetings will only be conducted if business is needed. Ms. Kathy Vaughn seconded.

Discussion ensued. Ms. Linda Gott noted that this year the board ended up meeting in February, May and September for one day only.

Ms. Sanders clarified the 2017 meeting dates for the three months would be for one day only as follows Feb. 23; May 25; and Sept. 28 (as needed).

AEM Committee chair called for the vote. MOTION CARRIED by majority vote. Mr. Jim Moss voted no.

### **Fiscal Year 2016 ARC & LTI**

#### **MOTION 2016-15**

AEM Committee Chair Sheldon moved to approve Motion 2016-15: It is moved that the Executive Board approve the Fiscal Year 2016 At-Risk Compensation Plan payments for the Energy Northwest executives as discussed during the August 24 – 26, 2016 Executive Board meeting. Mr. Dave Remington seconded. MOTION CARRIED.

#### **MOTION 2016-16**

AEM Committee Chair Sheldon moved to approve Motion 2016-16: It is moved that the Executive Board approve the Fiscal Year 2016 Long Term Incentive Plan performance results for the Energy Northwest executives and other selected management employees as discussed during the August 24 – 26, 2016 Executive Board meeting. Ms. Kathy Vaughn seconded. MOTION CARRIED.

### **Public Affairs Update**

Mr. Paoli shared with the board that Public Affairs has a solid plan moving forward. He will provide more information at a future board meeting given the current limited time available.

### **Executive Board Policy: Risk Appetite**

#### **MOTION 2016-11**

AEM Committee Chair Sheldon moved to approve Motion 2016-11: It is moved that the Executive Board of Energy Northwest adopt the amendments of the Executive Board Policies pertaining to Risk Appetite as discussed at the Aug. 26, 2016 Executive Board meeting. Mr. Jack Janda seconded. MOTION CARRIED.

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

- Schedule time during December strategic planning workshop for further discussion and approval of mission and vision statements – Angela Smith
- Schedule time during the December strategic planning workshop for discussion regarding who Energy Northwest's customers are and the tiers of customers – Angela Smith
- Schedule time during the October board meeting for Legal to bring back a new draft of alternative concerns program options – Angela Smith schedule / Legal present
- Update board notification protocol:
  - For all the board notifications made "between meetings," notification should be made by close of the next business day – Angela Smith
  - Identify if there is an individual preference of receiving text versus email – Angela Smith
  - Identify what events warrant an immediate text – TBD



- Add event to the protocol that states for any anticipated media coverage, that staff will notify the board immediately (by close of the next business day) – Angela Smith
- Send the revised notification protocol to board members with the intention for the document to be a de facto policy – Angela Smith
- Purchase Energy Northwest sweatshirts for all EB members – Angela Smith

Hearing no further discussion, Chair Morrison thanked everyone for attending and wished them a safe journey home. The regular meeting adjourned at 12:45 p.m.

Respectfully submitted by,

Angela Smith  
Board Relations