

**MINUTES OF THE BOARD OF DIRECTORS MEETING OF
KLAMATH RIVER RENEWAL CORPORATION
February 8, 2017**

1. Time and Place. The Board of Directors (“Board”) of Klamath River Renewal Corporation (the “Corporation”) held its organizational meeting on February 8, 2017 in Sacramento, CA at 10 a.m. Pacific time.
2. Attendance. The following Directors of the Corporation were present:

Board Member	Appointing Authority
Michael Carrier	State of Oregon
Lester Snow	State of California
James Root	State of Oregon
Michael Barr (via phone)	State of California
Laura Rose Day (via phone)	American Rivers, California Trout, Northern California Council Federation of Fly Fishers, Sustainable Northwest, Trout Unlimited
Wendy George (via phone)	Karuk Tribe
Thomas Jensen	Institute for Fisheries Resources and Pacific Coast Federation of Fishermen’s Associations
Theodore Kulongoski	State of Oregon
Richard Roos-Collins	American Rivers, California Trout, Northern California Council Federation of Fly Fishers, Sustainable Northwest, Trout Unlimited
Leon Szeptycki	State of California
Scott Williams	Yurok Tribe

No Directors of the Corporation were absent.

The following guests were also present by invitation of the Board:

Name	Title and Affiliation
Glen Spain (Board alternate)	Northwest Regional Director, Pacific Coast Federation of Fishermen's Associations and the Institute for Fisheries Resources
Marianna Aue	Attorney, California State Water Resources Control Board
Cheryl Barth (via phone)	Chief Financial Officer, California Environmental Associates
Donald Baur	Partner, Perkins Coie
Amy Cordalis	General Counsel, Yurok Tribe
Daniel Cordalis	Consultant, Yurok Tribe
Molly Deringer Croll	Senior Associate, California Environmental Associates
Mitchelle De Leon	Research Associate, California Environmental Associates

Thomas Gibson	Undersecretary, California Natural Resources Agency
Terri Reaves Gilmore	Special Assistant, Deputy Regional Director's Office, U.S. Bureau of Reclamation
David Hillemeier	Director, York Tribal Fisheries Department
Larry Hendrix	Council Member, Orick District, Yurok Tribal Council
Lloyd Lowy	Partner, Hawkins Delafield & Wood LLP
Olivia Mahony	Associate, California Environmental Associates
Kirk Marckwald	Principal, California Environmental Associates
Jack Mattz	Council Member, North District, Yurok Tribal Council
Lana McCovey	Council Member, South District, Yurok Tribal Council
Brady Moss	Assistant Secretary for Policy, California Natural Resources Agency
Peter Okurowski	Director, California Environmental Associates
Thomas P. O'Rourke	Chairman, Yurok Tribal Council
Eric Petersen (via phone)	Partner, Hawkins Delafield & Wood LLP
Mark Quehrn	Partner, Perkins Coie
Erin Ragazzi	Water Quality Certification Program Manager, California State Water Resources Control Board
Kristin Stauffacher	Appointments Advisor, Office of Governor Edmond G. Brown Jr.
Parker Thaler	Senior Specialist, Water Quality Certification Program, California State Water Resources Control Board
Craig Tucker	Natural Resources Policy Advocate, Karuk Tribe
Richard Welsh	Deputy Regional Director, U.S. Bureau of Reclamation
Darcy Wheelles	Director, California Environmental Associates
Richard Whitman	Interim Director, Oregon Department of Environmental Quality

3. Call to Order. Mr. Carrier called the meeting to order and acted as Chair thereof, and Ms. Mahony acted as Recording Secretary of the meeting. After a roll call of Board members, Mr. Carrier announced that a quorum of the Directors was present and that the meeting, having been duly convened, was ready to proceed with its business.

Newly-appointed Directors Mr. Barr and Mr. Szeptycki introduced themselves to the Directors and guests of the meeting. Mr. Carrier then introduced special guests of the meeting.

Chairman Thomas P. O'Rourke introduced himself and Yurok Tribal Council Members and Yurok staff. He provided an overview of the Yurok Tribe's history on the Klamath River and the status of the river. He shared the Tribe's commitment to the restoration of the River and to the work of the Corporation and the Klamath Hydroelectric Settlement Agreement ("KHSA"), as amended in 2016.

4. Approval of Agenda. Mr. Carrier updated the Board that the presentation by Mr. Patrick Reiten, Berkshire Hathaway Energy, is postponed until the next Board meeting. Upon

motion duly made by Mr. Snow, seconded by Mr. Roos-Collins, and unanimously carried, the agenda was approved.

10:19 a.m. Richard Welsh joined the meeting.

10:26 a.m. Glen Spain joined the meeting.

5. Approval of Minutes. Mr. Carrier presented the minutes of the December 14, 2016 Board meeting for approval. Upon motion duly made by Mr. Jensen, seconded by Mr. Snow and unanimously carried, the minutes were approved.
6. Comments from the President. Mr. Carrier welcomed all Directors and guests to the meeting and provided an update on the work by and status of the Corporation since the December 14, 2016 Board meeting. He noted the two new California Board appointments and the approval by the Oregon Public Utilities Commission (“OPUC”) for the final funding agreement of the Oregon surcharge dollars estimated to be \$190,000,000 on January 24, 2017. In addition, the Corporation retained Perkins Coie as regulatory counsel. Mr. Carrier then updated the attendees on the Board subcommittees and the status of personnel recruitment. He commented on the continuing communication between the Corporation and state partners. He also shared that the signatories of the KHSA, as amended in 2016, will be coordinating on communications efforts.
7. Presentation by the Yurok Tribe. Ms. Cordalis provided a further overview of the Yurok Tribe, their history on the Klamath River, and the current status of the river and its effect on the Yurok community and economy. There was further discussion of the Tribe’s history and technical expertise. Mr. Hillemeier then presented on the Tribe’s technical expertise and staff further. There was discussion of the Corporation leveraging the Yurok’s technical experience. There was further discussion of coordinating efforts between the Yurok, the Corporation, and other Tribes in the Basin. Mr. Carrier expressed his gratitude to Chairman O’Rourke, Council Members Hendrix, McCovey, and Mattz and staff members for their attendance at the meeting, comments, and commitment to the restoration of the Klamath River and to the work of the Corporation.

10:08 a.m. Daniel Cordalis, Thomas Gibson, Larry Hendrix, Dave Hillemeier, Jack Mattz, and Lana McCovey, left the meeting.

8. Overview of 2017 Budget. Mr. Root presented the budget for the Corporation through June 30, 2017, including an overview of the assumptions and contingencies included in the budget. He noted how all funders were consulted for their input and reactions to this budget. Mr. Marckwald and Ms. Barth provided more detailed explanations of the budget and assumptions. Upon motion duly made by Mr. Jensen, seconded by Mr. Williams, and unanimously carried, the six-month budget was adopted. It was decided that the budget would be revisited at the start of the new fiscal year in June.
 - a. Progress Updates and Status of Funding Agreements. Mr. Whitman presented that, on January 24, 2017, the OPUC issued a unanimous order approving the

funding agreement and reaffirmed the determination that the removal of facilities and surcharge is in the public's best interest. Mr. Lowy provided information about the approved funding with the OPUC. There was discussion of the funding agreement with regards to the budget and March 1 filing with the Federal Energy Regulatory Commission ("FERC"). Mr. Carrier updated that the Corporation and California Natural Resources Agency will be meeting with the California Public Utilities Commission ("CPUC") to discuss the funding agreement, using the approved OPUC funding agreement as a foundation for the discussions.

11:23 a.m. Molly Deringer Croll joined the meeting.

9. Communications and External Relations Update. Governor Kulongoski presented the communications efforts of the Corporation. There was discussion of the next steps and areas of focus for the Corporation's communication strategy. Ms. Wheelles then presented an overview of stakeholder interviews conducted about the status of the KHSA and the work of the Corporation that the communications subcommittee will review further and incorporate into their efforts.
 - a. Mr. Whitman presented on the current status of the Upper Basin Agreement, with Ms. Reaves-Gilmore, Mr. Welsh, and Mr. Root commenting further.

11:42 a.m. Thomas Gibson rejoined the meeting.

12:25 p.m. Marianna Aue, Erin Ragazzi, and Parker Thaler joined the meeting.

10. Presentation by State Water Resources Control Board. Ms. Rigazzi, Mr. Thaler, and Ms. Aue presented on the status of the California Clean Water Act Section 401 application process ("401 Application"), including an overview of the Notice of Preparation ("NOP") scoping meetings in Arcata, CA, Sacramento, CA, and Yreka, CA. There was discussion of these meetings and of the open comment period, as well as on the next steps in the California 401 Application process, including coordination efforts between the State Water Resources Control Board ("SWRCB"), the Oregon Department of Environmental Quality ("ODEQ"), and the Army Corps of Engineers, and the timeline of the work moving forward, including Tribal consultations and the finalization of the Definite Plan.

12:32 p.m. Richard Roos-Collins joined the meeting.

12:40 p.m. Thomas Gibson and Richard Whitman rejoined the meeting.

12:54 p.m. Marianna Aue, Amy Cordalis, Erin Ragazzi, and Parker Thaler left the meeting.

11. Status of Personnel Recruitment.
 - a. Construction Counsel. Mr. Roos-Collins presented on the status of the Corporation acquiring Construction Counsel, including an overview of interviews of firms in January based on review of written proposals.
 - b. Executive Director or General Manager. Mr. Snow presented on the status of hiring an Executive Director or General Manager and the next steps in the process

for the Board. The subcommittee intends to present a recommendation of top candidates at the next Board meeting.

- c. Technical Representative. Mr. Root presented on the status of hiring a Technical Representative for the Corporation, including an overview of the rigorous, thorough, and fair process of reviewing proposals.

1:00 p.m. Richard Roos-Collins left the meeting.

12. Mr. Tucker provided an update to the Board about the status of the Yurok Tribe, PCFFA, Klamath Riverkeeper, Hoopa Valley Tribe v. U.S. Bureau of Reclamation. On February 8, U.S. District Judge William H. Orrick ordered federal agencies to immediately take steps to protect juvenile coho salmon after several years of deadly disease outbreaks in the Klamath River. There was discussion about this ruling and its potential impact on the work of the Corporation.

1:07 p.m. Thomas Gibson and Darcy Wheelles left the meeting.

13. March 1, 2017 FERC Filing. Mr. Baur and Mr. Quehrn introduced themselves further to the Board and then Mr. Quehrn presented on the status of the March 1 supplemental filing to FERC. There was further discussion about the filing and about the process of review by Board members.

1:23 p.m. Thomas Gibson and Darcy Wheelles rejoined the meeting.

1:29 p.m. Richard Roos-Collins rejoined the meeting.

14. Resolutions.

- a. Financial Controls. After discussion of reviewing and revising the controls as appropriate to conform with FERC's requirements before the March 1 supplemental filing, and upon motion duly made by Mr. Root, seconded by Mr. Snow and unanimously carried, the Board approved the following Resolution:

WHEREAS, the Klamath River Renewal Corporation ("the Corporation") entered into a funding agreement with Oregon Public Utilities Commission ("OPUC") on January 24, 2017;

WHEREAS, Section 4(a)(iii) of the funding agreement with OPUC requires internal policies addressing financial controls, governance and internal operations;

NOW THEREFORE, be it hereby:

RESOLVED, FURTHER: that the Board of Directors of the Corporation approves the Financial Controls, Contractor Selection Process, Governance, and Standard Operating Procedures set forth

in Exhibit 1, which was previously approved by the Executive Committee.

- b. Document Retention Policy. After discussion that the policy would be reviewed and revised as appropriate to conform with FERC's requirements before the March 1 supplemental filing, and upon motion duly made by Mr. Root, seconded by Mr. Szeptycki and unanimously carried, the Board approved the following Resolution:

RESOLVED, FURTHER: that the Board of Directors of the Klamath River Renewal Corporation approves the Document Retention Policy set forth in Exhibit 2.

It was decided that a review of email retention would be reviewed further.

- c. Expense and Mileage. Upon motion duly made by Mr. Roos-Collins, seconded by Mr. Williams and unanimously carried, the Board approved the following Resolution:

RESOLVED, FURTHER: that the Board of Directors of the Klamath River Renewal Corporation approves the Expense and Mileage Reimbursement Policy as presented on August 17, 2016 and modified on February 8, 2017.

- d. CEA Contract. Upon motion duly made by Mr. Jensen, seconded by Mr. Root and unanimously carried, the Board approved the following Resolution:

- i. RESOLVED, FURTHER: that the Board of Directors of the Klamath River Renewal Corporation approves the 2017 Contract of California Environmental Associates as presented on December 14, 2016.

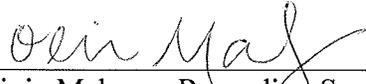
1:44 p.m. Donald Baur, Craig Tucker, and Darcy Wheelles left the meeting.

15. Board Approval of Invoices over \$50,000.

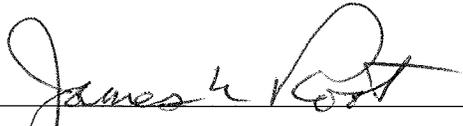
- a. Mr. Carrier presented the November 2016 invoice from California Environmental Associates ("CEA") for \$65,210.49 and the December 2016 invoice from CEA for \$111,945.22. Upon motion duly made by Mr. Williams, seconded by Mr. Root and unanimously carried, the November 2016 and December 2016 CEA invoices were approved.
- b. Mr. Carrier presented the December 2016 invoice from Hawkins, Delafield, and Wood LLP for \$85,724.40. Upon motion duly made by Mr. Snow, seconded by Mr. Roos-Collins, and unanimously carried, the December 2016 Hawkins invoice was approved.

- c. There was discussion of continuing Gordon Culp's contract through CEA to assist with the recruitment process for the Technical Representative. Upon motion duly made by Mr. Snow, seconded by Mr. Jensen and unanimously carried, Mr. Culp's contract extension of \$15,000 was approved.
16. Next Meeting Date(s) and Location. After discussion of dates, the Board approved that the next meetings would be held on March 22, 2017, May 4, 2017, and June 21, 2017. Locations of the meetings will be finalized closer to meeting dates. There was discussion about a public meeting during this time frame.
- a. Fourth Member of Executive Committee. It was decided that the Board will select a fourth Executive Committee member at the next Board meeting.
17. Adjourn. There being no further business to come before the Board, upon motion duly made by Mr. Jensen, seconded by Mr. Roos-Collins and unanimously carried, the meeting was adjourned at 2:25 p.m. Pacific time.

Respectfully submitted,



Olivia Mahony, Recording Secretary



Jim Root, Secretary of the Corporation

EXHIBIT 1

KLAMATH RIVER RENEWAL CORPORATION FINANCIAL CONTROLS, CONTRACTOR SELECTION PROCESS, GOVERNANCE, AND STANDARD OPERATING PROCEDURES

Financial Controls

Internal Controls

1. No person may authorize (approve) his/her own expense reimbursement.
2. No person may authorize (approve) the expense reimbursement of an individual to whom he/she reports either directly or indirectly.
3. No person may authorize (approve) any payroll of personnel form that affects his/her salary.
4. No person may authorize (approve) any payroll or personnel form that affects the salary of an individual to whom he/she reports either directly or indirectly.
5. Approval for all expenditures will follow the KRRC Commitment and Expenditure Authorization Policy and no disbursements will be made without prior approval of the underlying expenditure.
6. The Treasurer shall approve the following invoices prior payment:
 - a. All invoices for legal services, based on the recommendation of the Chair of Legal Sub-Committee;
 - b. CEA invoices less than \$5,000.
7. All invoices \$5,000 and less than \$50,000 must be approved by the Treasurer and one other member of the Executive Committee.
8. All capital expenditures and contracts and non-contract operating expenses \$50,000 or above shall be approved by the Board of Directors on recommendation of the Treasurer

Payment Processing

1. The tasks of inputting the transaction amount and due date will be separated from the task of approving the Automated Clearing House (ACH) or check disbursement batch.
2. A cover sheet will be prepared with the current bank balance, listing of proposed payments and ending balance. Invoices along with the evidence of approvals (signed invoices, email approvals) will be provided as back up and retained.
3. Only an Authorized Signer who has bank signing authority can approve ACH transactions on the banking system. The Authorized Signer must use a bank-issued token to approve ACH transactions and must have the check run information readily accessible to check the ACH transactions against the approved check run.

4. Only an Authorized Signer who has bank signing authority can approve checks. The check run cover sheet will be readily accessible to confirm check information against the actual check produced.

Bank Reconciliations

1. Bank reconciliations will be performed by the 15th of every month on the accounting system.
2. The bank reconciliation and statement will be forwarded to the Treasurer after it is approved.

Contractor Selection Process

The Executive Committee has adopted a comprehensive framework to guide the selection of contractor, auditor, and legal services firms.

1. The President has appointed Sub-Committees of the Board to guide the selection of each of the above types of firms.
2. Each Sub-Committee will invite a range of competent firm to submit their qualifications to carry out the identified tasks.
3. The initial evaluation of the received qualifications will be followed by inviting at least three firms or individuals to submit formal proposals to carry out the requested tasks.
4. Once responses have been reviewed and assessed, firms may be interviewed for further clarifications, if the Board selection committee thinks the complexity and/or the magnitude of the contractor services bid so warrants.
5. From time to time, the selection committee may avail themselves of additional technical advisors to evaluate the merits of proposals which have been received.
6. Contractor selections shall be made with the following goals:
 - optimizing the cost, efficiency, timing, expertise and quality of work to be performed;
 - effectively executing the Project;
 - maintaining consistency with applicable industry standards.
7. Once the selection committee has decided upon a candidate, they will recommend that selection to the KRRC Executive Committee for approval and, if the Budget for the requested services is \$50,000 or greater, the full KRRC Board will be asked to approve the expenditure.
8. No officer, employee or agent of KRRC shall solicit or accept gifts, gratuities, favors or anything of monetary value from contractors or subcontractors, provided that the foregoing shall not apply to unsolicited gifts of nominal value.

Governance

The KRRC Board's activities are governed by its adopted Bylaws. Key provisions include:

1. Day-to-day activities of the Board and the staff are managed by an Executive Committee made up of the Officers of the Corporation, plus one non-officer, elected by the members of the Board.
2. Board meetings are held upon the call of the President and additional meetings can be requested by other Board members.
3. In addition to members of the KRRC Board, funding agencies, staff or contract staff, and other invited guests may attend meetings.
4. Once approved by the Board, minutes from each Board meeting are posted on the KRRC's website at www.klamathrenewal.org.

Audit Functions

On October 27, 2016, the KRRC President appointed an Audit Committee, chaired by Scott Williams. In addition to serving as the selection committee for the auditor for the KRRC, the President also directed the Chair to share the KRRC's proposed internal financial controls with the agency responsible providing auditing functions for the KRRC's funding agencies to seek their suggestions for possible improvement and additions.

KLAMATH RIVER RENEWAL CORPORATION COMMITMENT AND EXPENDITURE AUTHORIZATION MATRIX

Authorized Signers	Bank Authorized Signers	Capital Expenditures (>=\$5,000)	Contracts and Non-Contract Operating Expenses	Insurance Policies	Compensation - CEO, COO, CFO
Chief Financial Officer or Contract Chief Financial Officer	x				
General Manager or Contract General Manager		< \$5,000	<\$5,000*		
KRRC Treasurer	x				
KRRC President	x				
KRRC Treasurer and one additional member of Executive Committee		\$5,000 -\$50,000	\$5,000-\$50,000		
KRRC Board of Directors		>\$50,000	> \$50,000	X	X

* Except for any invoices from a contract General Manager firm or any invoices from a legal firm

Note: No commitments or expenditures can be split in order to avoid triggering approval levels.

EXHIBIT 2

KLAMATH RIVER RENEWAL CORPORATION RECORD RETENTION POLICY

General Policy Statement

The purpose of this Policy is to ensure Klamath River Renewal Corporation [KRRC] retains records and documents for the appropriate period that is necessary for historical reference or to comply with contractual or legal requirements. The Policy also ensures that records that are no longer needed are discarded at the proper time. Records and documents outlined in this policy include paper, electronic files, and any form of storage and reproduction.

The information listed in the retention schedule below is intended as a guideline and may not contain all the records KRRC may be required to keep in the future. Questions regarding the retention of documents not listed in this chart should be directed to corporate counsel. The President will periodically review these procedures with legal counsel or the organization's certified public accountant to ensure that they are in compliance with new or revised regulations.

Failure to follow this policy can result in possible civil and criminal sanctions against KRRC and will lead to possible disciplinary action against responsible individuals.

Electronic Documents

Electronic documents will be retained as if they were paper documents. Any electronic files that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time.

Email, Correspondence, and Internal Memoranda

Most correspondence and internal memoranda should be retained for the same period as the document they pertain to or support. For instance, email pertaining to a particular contract would be retained as long as the contract (seven years after expiration). It is recommended that records that support a particular project be kept with the project and take on the retention time of that particular project file.

Correspondence or memoranda that do not pertain to documents having a prescribed retention period should generally be discarded within three years.

Suspension of Record Disposal in Event of Litigation or Claims

In the event KRRC is served with any subpoena or request of documents, any further disposal of documents will be suspended until advice is obtained from counsel. If an employee or associate of KRRC becomes aware of a governmental investigation, audit, or the commencement of any

litigation concerning KRRC, that person should immediately make the President aware and any further disposal of documents will be suspended until advice is obtained from counsel.

Document Storage and Recovery

KRRC’s records will be stored in a safe, secure, and accessible manner. Documents and financial files that are essential to keeping the organization operating in an emergency will be duplicated or backed up on a regular basis and with copies maintained off-site. Backup and recovery methods will be tested on a regular basis.

Nonprofit record retention guidelines developed by the Internal Revenue Service, American Institute of Certified Public Accountants, and Foundation Center were used to develop the guidelines below.

File Category	Item	Retention Period	
Corporate Records	Bylaws and Articles of Incorporation	Permanent	
	Corporate resolutions	Permanent	
	Board and committee meeting agendas and minutes	Permanent	
	Conflict-of-interest disclosure forms	6 years	
Finance and Administration	Financial statements (audited)	7 years	
	Auditor management letters	7 years	
	Payroll records	7 years	
	Check register and checks	7 years	
	Bank deposits and statements	7 years	
	Chart of accounts	7 years	
	General ledgers and journals (includes bank reconciliations)	7 years	
	Investment performance reports	7 years	
	Equipment files and maintenance records	7 years after disposition	
	Contracts and agreements	7 years after all obligations end	
	Correspondence — general	6 years	
	Insurance Records	Policies — occurrence type	Permanent
		Policies — claims-made type	Permanent
Accident reports		7 years	
Safety (OSHA) reports		7 years	
Claims (after settlement)		7 years	
Group disability records		7 years after end of benefits	

Grants	Grant proposal, agreement and modifications, reports and work product produced by grant funds	7 years after completion
Contributions	Endowment gifts or significantly restricted gifts	Permanent
	Other donations	10 years
Legal	Legal memoranda and options (including all subject matter files)	7 years after close of matter
	Litigation files	6 years
	Court Orders	Permanent
	Requests for departure from records retention plan	10 years
Real Estate	Deeds	Permanent
	Leases (expired)	7 years after all obligations end
	Mortgages, security agreements	7 years after all obligations end
Tax	IRS exemption determination and related Correspondence and rulings	Permanent
	IRS Form 990s	7 years
	Charitable Organizations Registration Statements	7 years
Human Resources	Employee personnel files	Permanent
	Retirement plan benefits (plan descriptions, plan documents)	Permanent
	Employee handbooks	Permanent
	Workers comp claims (after settlement)	7 years
	Employee orientation and training materials	7 years after use ends
	Employment applications	6 years
	IRS Form I-9 (store separate from personnel file)	6 years
	Withholding tax statements	7 years
	Timecards	6 years
Technology	Software licenses and support agreements	7 years after all obligations end