

**MINUTES OF THE BOARD OF DIRECTORS MEETING OF  
KLAMATH RIVER RENEWAL CORPORATION  
December 14, 2016**

1. Time and Place. The Board of Directors (“Board”) of Klamath River Renewal Corporation (the “Corporation”) held its organizational meeting on December 14, 2016 in Portland, OR at 8:30 a.m. Pacific time.
2. Attendance. The following Directors of the Corporation were present:

<b>Board Member</b>	<b>Appointing Authority</b>
Michael Carrier	State of Oregon
Lester Snow	State of California
James Root	State of Oregon
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
Scott Williams	Yurok Tribe

The following Director of the Corporation was absent:

Laura Rose Day	American Rivers, California Trout, Northern California Council Federation of Fly Fishers, Sustainable Northwest, Trout Unlimited
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The following guests were also present by invitation of the Board:

<b>Name</b>	<b>Title and Affiliation</b>
Glen Spain (Board alternate)	Northwest Regional Director, Pacific Coast Federation of Fishermen's Associations and the Institute for Fisheries Resources
Cheryl Barth (via phone)	Chief Financial Officer, California Environmental Associates
Jason Eisdorfer	Utility Program Director, Oregon Public Utilities Commission
Jennifer Frozena	Attorney, U.S. Department of the Interior
Thomas Gibson	Undersecretary, California Natural Resources Agency
Terri Reaves Gilmore (via phone)	Special Assistant, Deputy Regional Director’s Office, U.S. Bureau of Reclamation
Jason Jones	General Counsel/Assistant Attorney General Oregon Public Utilities Commission, Oregon Department of Justice
Lloyd Lowy	Partner, Hawkins Delafield & Wood LLP

Dennis Lynch	Associate Regional Director, Northwest Region, United States Geological Survey
Catherine Macdonald	Oregon Conservation Director, The Nature Conservancy
Olivia Mahony	Associate, California Environmental Associates
Erica Maltz	Fisheries Program Manager, Burns Paiute Tribe
Kirk Marckwald	Principal, California Environmental Associates
Jason Miner	Natural Resources Policy Advisor, State of Oregon
Brady Moss	Assistant Secretary for Policy, California Natural Resources Agency
Renee Moulun	Senior Assistant Attorney General, State of Oregon
Eric Nigg	Water Quality Program Manager, Eastern Region, Oregon Department of Environmental Quality
Peter Okurowski	Director, California Environmental Associates
Eric Petersen	Partner, Hawkins Delafield & Wood LLP
Kevin Takei (via phone)	Counsel, California Department of Fish and Wildlife
Camille Touton	Deputy Assistant Secretary, Office of Water and Science, U.S. Department of the Interior
Craig Tucker (via phone)	Natural Resources Policy Advocate, Karuk Tribe
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.
4. Approval of Agenda. Upon motion duly made by Mr. Snow, seconded by Mr. Roos-Collins, and unanimously carried, the agenda was approved.
5. Approval of Minutes. Mr. Carrier presented the minutes of the October 27, 2016 Board meeting for approval. Upon motion duly made by Mr. Williams, seconded by Mr. Root and unanimously carried, the minutes were approved.
6. Comments from the President. Mr. Carrier welcomed all attendees and guests to the meeting, noting how much work the Corporation has achieved since April 2016 as well as how critical 2017 will be for the Corporation's success.

*10:20 a.m. Renee Moulun joined the meeting.*

7. Federal and State Agency Introductions and Comments. Ms. Touton introduced herself and presented the current status of the U.S. Department of the Interior's work in the Klamath basin, as well as provided an overview of the Federal Administration transition plan. Mr. Lynch, Ms. Frozena, and Ms. Reaves Gilmore provided further perspective on

Ms. Touton's comments focusing further on the regional work of the U.S. Department of the Interior. There was further discussion about next steps with staff and new Federal appointments.

Mr. Eisdorfer introduced himself and the Oregon Public Utilities Commission ("OPUC"). He then provided an overview of the status of the Funding Agreement between the Corporation and OPUC.

Mr. Nigg then introduced himself and the Oregon Department of Environmental Quality ("ODEQ") and provided an overview of the current status of the Oregon Clean Water Act Section 401 application and the coordinating efforts between ODEQ and the California State Water Resources Control Board ("SWRCB").

Ms. Moulun introduced herself and provided an overview on her work for the Corporation with the Oregon Governor's office on the Oregon Funding Agreement.

*8:54 a.m. Glen Spain and Craig Tucker joined the meeting.*

8. State Agency Transition Plans. Mr. Gibson, Mr. Miner, and Mr. Whitman discussed their continued roles with the Corporation and implementing the Klamath Hydroelectric Settlement Agreement ("KHSA"), as amended in 2016. The Board expressed its appreciation for the continued support of Governor Kate Brown and Governor Jerry Brown for the work of the Corporation.

*9:45 a.m. Jason Miner and Darcy Wheelles left the meeting.*

*9:50 a.m. Jason Jones joined the meeting.*

*9:52 a.m. Richard Whitman joined the meeting.*

9. Progress Updates and Status of Personnel Recruitment.
  - a. Technical Representative. Mr. Root presented on the status of hiring a Technical Representative for the Corporation thus far, including an overview of the Request for Qualifications and Request for Proposal process. Mr. Okurowski and Mr. Petersen presented a more in-depth timeline of next steps for the Board.
  - b. Regulatory and Construction Counsel. Mr. Roos-Collins presented on the status of the Corporation acquiring Regulatory Counsel and Construction Counsel, including an overview of the Regulatory Counsel interviews in November, and then provided an in-depth timeline of next steps for the Board.
  - c. General Manager. Mr. Snow presented on the status of hiring a General Manger, including finalizing the position description and next steps for the Board.

*10:17 a.m. Cheryl Barth joined the meeting.*

10. Status of Funding Agreements. Mr. Lowy presented the status of the Funding Agreements between the Corporation and the California Public Utilities Commission (“CPUC”) and OPUC, as well as provided an overview of the Corporation’s obligations and submitting requirements in the Agreements. There was further discussion about the next steps in finalizing both Funding Agreements and on the reporting requirements of the Corporation in the OPUC Funding Agreement.

*10:32 a.m. Thomas Gibson left the meeting.*

*10:41 a.m. Catherine MacDonald joined the meeting.*

*10:54 a.m. Renee Moulun, Jason Jones, Jason Eisdorfer, and Camille Touton left the meeting.*

11. Updates from the President. Mr. Carrier provided an overview of tasks completed by the Corporation since the October 2016 Board meeting, including providing a status update on the Federal Energy Regulation Commission (“FERC”) Transfer and Surrender Applications, Clean Water Act Section 401 applications to the states of California and Oregon, and personnel matters. He then updated the Board on the formation and next steps of the Audit subcommittee, the creation of a Board calendar of key dates and events, and the development of the Corporation’s Procurement policy.

12. New Business.

- a. Repayment of Resources Legacy Fund Grant. Upon motion duly made by Mr. Jensen, seconded by Mr. Snow and unanimously carried, the Board approved the following Resolution:

WHEREAS, Resource Legacy Fund granted \$200,000 to the Klamath River Renewal Corporation (the “Corporation”) on September 2, 2016 to support start-up organizational capital and development of initial planning documents; and

WHEREAS, the Corporation now has sufficient operating funds;

NOW THEREFORE, be it hereby:

RESOLVED that the Corporation’s Board of Directors authorizes the acting Chief Financial Officer of the Corporation to repay the \$200,000 recoverable grant to Resources Legacy Fund.

- b. Immediate Payment of Invoices after Full Board Approval. Upon motion duly made by Mr. Jensen, seconded by Mr. Roos-Collins and unanimously carried, the Board approved the following Resolution:

WHEREAS, the payment and approval of expenditures by the Board of Directors of the Klamath River Renewal Corporation (the “Corporation”) should be made in a timely fashion;

NOW THEREFORE, be it hereby:

RESOLVED that once approved by the full Board of Directors per the Expenditure Authorization policy of the Corporation, invoices over \$50,000 are payable immediately by the Corporation's financial management team, and confirmation of the Board authorization will be sent to the financial management team in writing.

- c. Authorization to enter into a Funding Agreement with OPUC. Upon motion duly made by Mr. Root, seconded by Mr. Snow, and unanimously carried, the Board approved the following Resolution:

WHEREAS, Klamath River Renewal Corporation (the "Corporation") is a party to the Klamath Hydroelectric Settlement Agreement, dated as of February 18, 2010, between and among the United States Department of the Interior, the State of California, the State of Oregon, PacifiCorp, and certain other parties (as it may have been or may hereafter be amended, the "KHSA"); and

WHEREAS, the KHSA provides that certain funds derived pursuant to the Oregon Surcharge Act (as defined in the KHSA) are to be made available to the Corporation for the costs of Facilities Removal (as defined in the KHSA); and

WHEREAS, the Corporation has engaged in discussion with representatives of the State of Oregon and the Oregon Public Utilities Commission ("OPUC") regarding a form of funding agreement for the purpose of disbursing such funds;

NOW THEREFORE, be it hereby:

RESOLVED that the Corporation is authorized to enter into a funding agreement with OPUC (the "OPUC Funding Agreement") substantially on the terms and conditions set forth in Appendix A hereto, and upon such other terms and conditions as may be approved by the President or the Vice President of the Corporation, each of whom are hereby designated as "Authorized Officers" and are authorized to negotiate, prepare, execute, and deliver the OPUC Funding Agreement and any ancillary documents, certificates, or agreements, in the name and on behalf of the Corporation, with such additional terms and conditions as he, she, or they deem appropriate, it being intended that no further action or approval of the Board shall be required for the execution and delivery of the OPUC Funding Agreement or any such ancillary documents, certificates, or agreements. The execution by any Authorized Officer of the OPUC Funding Agreement or any such documents, agreements, certificates, or

instruments shall be conclusive evidence of the approval thereof by an Authorized Officer in accordance with the terms of this Resolution.

*11:27 a.m. Camille Touton and Thomas Gibson rejoined the meeting.*

13. Financial Update. Mr. Root presented the September 2016 invoice from California Environmental Associates (“CEA”) for \$78,152.64. Upon motion made by Mr. Jensen, seconded by Mr. Williams and unanimously approved, the payment of the September 2016 CEA invoice was approved.

Mr. Root presented the October 2016 invoice from CEA for \$55,282.98. Upon motion duly made by Mr. Jensen, seconded by Mr. Williams and unanimously approved, the payment of the October 2016 CEA invoice was approved.

Mr. Root presented CEA’s proposed work plan for the Corporation in calendar year 2017, focusing on key elements of support for the Corporation. There was discussion of how the acquisition of the Technical Representative and a General Manager could affect CEA’s roles and responsibilities for the Corporation.

Mr. Root presented an overview of the Corporation’s 2016 expenditures and a draft 2017 budget. After a discussion, it was decided that a full presentation on the 2016 expenditures and proposed 2017 budget would be discussed at the February Board meeting.

14. Presentation by Catherine Macdonald, The Nature Conservancy. Ms. Macdonald presented on The Nature Conservancy’s (“TNC”) habitat protection, restoration, and stakeholder engagement work and history in the Klamath basin. There was further discussion about habitat restoration and stakeholder engagements opportunities in the Klamath basin.

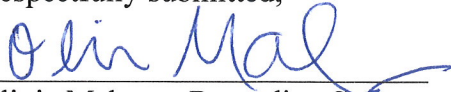
*11:41 a.m. Darcy Wheelles rejoined the meeting.*

*12:00 p.m. Camille Touton and Thomas Gibson left the meeting.*

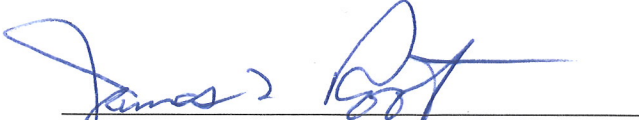
*12:32 p.m. Dennis Lynch left the meeting.*

15. Communications and External Affairs Updates. Governor Kulongoski and Ms. Wheelles presented on the communications, external affairs, and messaging efforts of the Corporation at the local, State, and Federal levels. There was discussion of the next steps and areas of focus for the Corporation’s communication strategy.
16. Potential Next Meeting Date(s) and Location. After discussion of dates, the Board approved the next meeting in Sacramento, CA on February 8, 2017.
17. Adjourn. There being no further business to come before the Board, the meeting was adjourned at 1:03 p.m. Pacific time.

Respectfully submitted,



Olivia Mahony, Recording Secretary



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Jim Root, Secretary of the Corporation

## APPENDIX A

### Principal Terms and Conditions of OPUC Funding Agreement<sup>1</sup>

Purpose:	Disbursement of funds from Oregon Klamath Trust Accounts for application to Facilities Removal pursuant to the KHSA
Disbursements	Semi-annual, based on budget, projected activity descriptions, and appropriate certifications by the Corporation; may be suspended if State Cost Cap is projected to be exceeded unless other funds are available; subject to availability of funds in the Oregon Klamath Trust Account
Budgeting	Based on 3 phases of activity:  <i>Phase 1:</i> Start-up activities; certain planning and regulatory work  <i>Phase 2:</i> Development of the Definite Plan; procurement of contractors for deconstruction and restoration work  <i>Phase 3:</i> Deconstruction and restoration work  Budget modifications must be reported to OPUC; budget modifications of greater than 10% will require certification by the Corporation
Defaults	Breach of agreement following notice and cure period; material misrepresentations; certain bankruptcy events
OPUC Remedies	Suspend funding; action for damages; equitable remedies (e.g., action for specific performance); termination of the agreement
Covenants	Compliance with law, including, if otherwise applicable, prevailing wage requirements; indemnification obligation; adoption of conflict of interest policy and commercially reasonable procurement policies; periodic reporting requirements, including annual third party audit report
Excess Funds	Must be returned to OPUC following completion of Facilities Removal

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<sup>1</sup> All capitalized terms have the respective meanings ascribed to such terms in the KHSA.