



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

PUBLIC AFFAIRS

August 24, 2010

In reply refer to: DK-7

Dan Seligman
Attorney at Law
Columbia Research Corporation
PO Box 99249
Seattle, WA 98139

BPA-2010-01467-F

Dear Mr. Seligman

This letter is in response to the request for information that you made to the Bonneville Power Administration (BPA) under the Freedom of Information Act (FOIA), 5 U.S.C. 552.

Response:

1. All documents – including contracts, memoranda of understanding, and written or electronic communications – between BPA and the BEF that describe BPA's role (i.e., its rights and responsibilities) on the BEF Board of Directors.
2. All BEF board meeting minutes or other summaries of BEF board meetings since 1998.

Enclosed are a copy of the Bylaws of the Bonneville Environmental Foundation (BEF), meeting minutes, and a memorandum outlining the rules of participation of a BPA official on the BEF Board. These documents are provided in their entirety.

If you are dissatisfied with this determination, you may appeal within thirty (30) days from the date you received this letter to The Director, Office of Hearings and Appeals, Department of Energy, 1000 Independence Avenue, SW, Washington, DC 20585. The appeal must be in writing and both the envelope and letter must be clearly marked "Freedom of Information Act Appeal."

I appreciate the opportunity to assist you. Please contact Laura M. Atterbury, FOIA/Privacy Act Specialist at (503) 230-7305 with any questions about this letter.

Sincerely,

Christina J. Munro

Christina J. Munro
Freedom of Information Act/Privacy Act Officer

Enclosures (3)

BYLAWS

of

**BONNEVILLE ENVIRONMENTAL FOUNDATION
(As Amended Through April 1, 2007)**

ARTICLE I. Name and Office

Section 1.01. Name. The name of this corporation is Bonneville Environmental Foundation (the Foundation). The Foundation is a charitable and nonprofit public benefit corporation and is not an agency or establishment of the United States.

Section 1.02. Principal Executive Office. The principal executive office of the Foundation shall be located in Portland, Oregon.

ARTICLE II. Purposes and Objectives

The Foundation has been established pursuant to the Articles of Incorporation, as may be amended (the Articles), filed with the State of Oregon under the Oregon Nonprofit Corporation Law, to complement the Bonneville Power Administration's (Bonneville) obligations under the Pacific Northwest Electric Power Planning and Conservation Act, Public Law 96-501 (Northwest Power Act) by:

- (1) accepting and administering private gifts of property to:
 - (A) develop or apply new nonhydro renewable energy resources within the Pacific Northwest and throughout North America ; and/or
 - (B) acquire, maintain, preserve, restore, protect, or manage fish and wildlife habitat within the Pacific Northwest and throughout North America ;
- (2) participating with, making distributions to, or otherwise assisting entities and individuals to:
 - (A) undertake and conduct activities that will further the development or application of new nonhydro renewable energy resources within the Pacific Northwest and throughout North America ; and/or
 - (B) acquire, maintain, preserve, restore, protect, or manage fish and wildlife habitat within the Pacific Northwest and throughout North America; and

- (3) Purchasing, marketing and selling environmentally preferred power, or the environmental attributes thereof, from renewable resources that may be within or without the Pacific Northwest.

Such purposes are to be accomplished in a manner not inconsistent with the appropriate power plan and fish and wildlife program, including implementation activities, adopted by the Pacific Northwest Electric Power and Conservation Planning Council (Council).

In addition, this charitable and educational corporation is formed for purposes of performing all things incidental to, or appropriate in, the achievement of the foregoing specific and primary purposes. However, the Foundation shall not, except to an insubstantial degree, engage in activities or exercise any powers that are not in the furtherance of its specific and primary purposes.

The Foundation shall hold and may exercise all powers conferred upon the Foundation by the State of Oregon as may be necessary to administer the Foundation and attain the purposes of the Foundation, provided, however that in no event shall the Foundation engage in activities which are not permitted to be carried on by a corporation exempt under Section 501(c)(3) of the Internal Revenue Code (IRC) of 1986, as amended, or the corresponding section of any future federal tax laws or by a corporation, contributions to which are deductible under Section 170(c)(2) of the IRC or the corresponding section of any future federal tax laws.

The Foundation shall be nonprofit and nonpartisan. No substantial part of the activities of the Foundation shall be carrying on propaganda, or otherwise attempting, to influence legislation, and the Foundation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.

The Foundation shall not have any members.

ARTICLE III. Declaration of Assets

The principal and income of all property received and accepted by the Foundation are irrevocably dedicated to charitable and educational purposes. No part of the net earnings of the Foundation shall inure to the benefit of, or be distributable to members of the Board, officers, or other private persons, except that the Foundation may pay reasonable compensation for services rendered, and may make payments and distributions in furtherance of the purposes set forth in Article II hereof.

ARTICLE IV. Board of Directors

Section 4.01. Powers. Subject to the provisions of law, the Articles or these Bylaws, the activities and affairs of the Foundation shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board of Directors (the Board).

Section 4.02. Number of Directors. The governing Board shall consist of at least nine and no more than thirteen voting Directors.

Section 4.03. Bonneville Power Administration Liaison. The Administrator of Bonneville (the Administrator) shall designate an employee of Bonneville (the Bonneville Representative) to be the Bonneville liaison to the voting Directors. The Bonneville Representative shall represent Bonneville's interests and will have no vote and no fiduciary duty to the Foundation.

Section 4.04. Qualifications of Directors. Each Director shall be a United States citizen. It is the intent of the Board that at least three Directors be committed to, knowledgeable of, and experienced in nonhydro renewable energy technologies or resources, at least three Directors be committed to, knowledgeable of, and experienced in the principles of fish or wildlife habitat, and at least one Director represent Native American interests. The membership of the Board, to the extent practicable, shall represent diverse geographical areas. The Board shall have the exclusive power and authority to determine whether the qualifications of Directors have been met.

Section 4.05. Appointment and Term of Office. Except for shorter terms for some initial directors specified in the Articles for the purpose of creating staggered terms, Directors shall serve for terms of 4 years or until their successors are selected. Terms shall end at the Annual Meeting closest to the anniversary of each Director's appointment.

Section 4.06. Vacancies and Removal. The Board shall use its best efforts to fill a vacancy on the Board within 60 days of said vacancy. A person appointed to fill a vacancy occurring prior to the expiration of a member's full term shall be appointed only for the remainder of that specific term. A vacancy in the Board shall be deemed to exist on the occurrence of the following:

- (1) the death, resignation, or removal of any Director;
- (2) the declaration by the Board of a vacancy in the office of a Director who has missed three consecutive regularly scheduled meetings; or
- (3) an increase in the authorized number of Directors.

Any member may resign at any time effective upon giving written notice to the Board, unless the notice specifies a later time of the effectiveness of the resignation.

The term of office of any Board member may be terminated at any time upon the affirmative vote in favor of termination by at least a two-thirds majority of the entire Board. The Chief Executive Officer shall notify the affected Board member of the termination by making appropriate record of the termination in the minutes of the meeting at the end of which such termination becomes effective.

Section 4.07. Compensation. Members may be reimbursed for the actual and necessary traveling and subsistence expenses incurred by them in the performance of the duties of the Foundation if such reimbursement is requested and approved in advance by the Chairman with the concurrence of the Chief Executive Officer. Members may be otherwise compensated for the performance of their duties if such compensation is approved in advance by the Board.

Section 4.08. Powers. The Board shall have the general power to manage and control the affairs and property of the Foundation, and shall have full power by majority vote, to adopt rules and regulations governing the action of the Board and the delegation of authority to committees or individuals and shall have full and complete authority with respect to the distribution and payment of the monies received by the Foundation from time to time; provided, however, that in amending the Articles the fundamental and basic purposes of the Foundation, as expressed in the Articles, shall not thereby be amended or changed; and provided further that the Board may not permit any part of the net earnings or capital to inure to the benefit of any private individual or corporation except in furtherance of the purposes set forth in the Articles.

Section 4.09. Directors Emeritus. The Board or the Executive Committee of the Board may, in their discretion, designate any former Director or Directors as Directors Emeritus. Director Emeritus status shall be for the lifetime of the person so designated, unless the Director Emeritus resigns or is removed by vote of the Board or the Executive Committee of the Board. Directors Emeritus may attend meetings of the Board and participate in the discussion, but may not vote, be counted in determining the presence of a quorum, or otherwise have any of the powers or duties of a Director.

ARTICLE V. Officers

Section 5.01. Officers. The officers of the Foundation shall consist of a Chairman, a Vice Chairman, a Secretary and a Treasurer, all of whom shall be Directors, and a Chief Executive Officer and such other officers as the Board may from time to time determine, all of whom shall be either Directors or employees of the corporation

The Chairman and Vice Chairman shall be appointed for a 2-year term. They, and all other officers of the Foundation shall hold office at the pleasure of the Board.

Any officer may resign at any time by giving written notice to the Board, the Chairman or the Chief Executive Officer, without prejudice to the rights, if any, of the Foundation under

any contract to which such officer is a party. Any resignation shall take effect on the date of the receipt of such notice or at any later time specified in the resignation. Unless otherwise specified in the resignation, the acceptance of the resignation shall not be necessary to make it effective.

In addition to the duties specified in this Article V, officers shall perform all other duties customarily incident to their office and such other duties as may be required by law, by the Articles or by these Bylaws, subject to control of the Board, and shall perform such additional duties as the Board shall from time to time assign.

Section 5.02. Duties of the Chairman. The Chairman shall, when present, preside at all meetings of the Board and the Executive Committee. The Chairman shall have authority to execute in the name of the Foundation all contracts, deeds, leases, and other written instruments authorized either generally or specifically by the Board to be executed by the Foundation, except when by law the signature of the Chief Executive Officer is required.

Section 5.03. Duties of the Vice Chairman. The Vice Chairman shall serve in the absence or incapacity of the Chairman.

Section 5.04. Duties of the Chief Executive Officer. The Chief Executive Officer shall be knowledgeable and experienced in matters relating to nonhydro renewable energy technologies and/or resources or fish and wildlife habitat.

The Chief Executive Officer shall manage the day-to-day operation and administration of the business of the Foundation. Where appropriate, the Board shall place the Chief Executive Officer under a contract of employment. The Chief Executive Officer shall be responsible to and governed by the Board, shall report to and advise the Board on all significant matters of the Foundation's business, and shall see that all orders and resolutions of the Board are carried into effect. The Chief Executive Officer shall be the officer responsible for administering policies established in these Bylaws and subsequent resolutions of the Board. The Chief Executive Officer shall be empowered to act, speak for or otherwise represent the Foundation between meetings of the Board within the boundaries of policies and purposes established by the Board and set forth in the Articles and these Bylaws. The Chief Executive Officer is authorized to contract, receive, deposit, disburse, and account for funds of the Foundation in fulfillment of the Foundation's objectives; to execute in the name of the Foundation all contracts, deeds, leases, and other written instruments authorized either generally or specifically by the Board to be executed by the Foundation; and to negotiate all material business transactions of the Foundation.

Section 5.05. Duties of the Secretary. The Secretary shall record or cause to be recorded, and shall keep or cause to be kept, a book of minutes of actions taken at all meetings of Directors and committees, with the time and place of holding, the notice given, the names of those present at such meetings, and the proceedings of such meetings.

Section 5.06. Duties of the Treasurer. The Treasurer shall keep and maintain or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Foundation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital and other matters customarily included in financial statements.

The Treasurer shall deposit or cause to be deposited all moneys and other valuables in the name and to the credit of the Foundation with such depositories as may be designated by the Board. The Treasurer shall disburse or cause to be disbursed the funds of the Foundation as may be ordered by the Board, and shall render to the Chairman and Directors, whenever they request it, an account of all of the Treasurer's transactions as Treasurer and of the financial condition of the Foundation.

Section 5.07. Compensation. The Chief Executive Officer shall receive such compensation as is fixed from time to time by the Board.

ARTICLE VI. Meetings

Section 6.01. Frequency. The Board shall meet at least two times a year at dates and times to be determined by the Board. The last regularly scheduled Board meeting during each calendar year shall also be the Annual Meeting. The Bonneville Representative shall be invited to all meetings of the Board. Special meetings of the Board may be called by or at the request of the Chairman or any two members of the Board. Prior written notice shall be given at least 1 week (7 days) before any special meeting of the Board; delivered personally or sent by mail, electronic mail or facsimile to each Director and the Bonneville Representative at his or her address as shown by the records of the Foundation. The general nature of the business to be transacted at the meeting should be specified in the notice.

Section 6.02. Action at a Meeting: Quorum and Required Vote. A majority of the voting members of the Board constitute a quorum for meetings of the Board and the transaction of business. Every act done or decision made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board, unless a greater number is required by the Articles, these Bylaws or by law. Each member of the Board shall, at every meeting, be entitled to one vote in person upon each subject properly submitted to vote.

Section 6.03. Action by Consent. Any action required or permitted to be taken by the Board or any committee may be taken without a meeting if all of the members of the Board or the committee then in office consent in writing to the adoption of a resolution authorizing the action. The resolution and its consents written by the members of the Board or committee shall be filed with the minutes of the proceedings of the Board or committee. Such consents shall be treated as votes of the Board or committee for all purposes.

ARTICLE VII. Committees

Section 7.01. Committees of Directors. The Board, may by majority vote, designate one or more committees existing for such time and performing such duties as assigned them by the Board, except those duties which by law, the Articles, or these Bylaws they are prohibited from delegating to such committees.

Each committee shall consist of three or more Directors. The appointment or manner of appointment of committee members requires the vote of a majority of the Directors present at a meeting at which a quorum is present. The Board may remove any member of such committee at any time, with or without cause. The Board may fill any vacancy in a committee occurring from any cause whatsoever.

Any committee, to the extent of the powers specifically delegated in the resolution of the Board or in these Bylaws, may have all or a portion of the authority of the Board, **except that no committee may**, regardless of Board resolution:

- (1) Approve any action that by law or the Articles requires the consideration and approval by the full Board.
- (2) Fill vacancies on the Board or in any committee that has the authority of the Board.
- (3) Fix compensation for the Directors for serving on the Board or on any committee.
- (4) Amend or repeal the Articles or these Bylaws or adopt new Articles or Bylaws.
- (5) Change the fundamental purposes of the Foundation.
- (6) Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable.
- (7) Appoint any other committees of the Board or the members of such committees.
- (8) Approve or revoke a plan of voluntary dissolution, bankruptcy or reorganization or the sale, lease, or exchange of all or substantially all of the property and assets of the Foundation otherwise than in the usual and regular course of its business.
- (9) Borrow money or other property on behalf of the Foundation.
- (10) Approve any self-dealing transaction.
- (11) Approve or engage in any actions prohibited by law.

No committee shall bind the Foundation in a contract or agreement or expend Foundation funds, unless authorized to do so by these Bylaws or by the Board.

Section 7.02. Meetings and Actions of Committees. Each committee shall conduct its business in the same manner as these Bylaws provide for the Directors. The Board may adopt rules not inconsistent with the provisions of these Bylaws for the governance of any committee. Minutes shall be kept of each committee meeting and shall be filed with the Foundation records. The Chief Executive Officer shall send or cause to be sent to each Director a summary report of the business conducted at any meeting of any committee of the Board.

Section 7.03. Executive Committee. The Board may appoint three or more Directors, one of whom shall be the Chairman, to serve as the Executive Committee of the Board. The Executive Committee, unless limited in a resolution of the Board, shall have and may exercise all the authority of the Board in the management of the business and affairs of the Foundation between meetings of the Board; provided, however, that the Executive Committee shall not have the authority of the Board in reference to those matters enumerated in Section 7.01 of this Article VII, and further provided that the Executive Committee shall not have the authority to exercise those duties and responsibilities delegated to the Project Committee in Section 7.04 of this Article VII.

Section 7.04. Watershed and Renewable Energy Committees. The Board shall appoint not less than two Directors each to serve as the Watershed Committee and the Renewable Energy Committee. Each committee shall select from its members at each meeting a spokesperson for the committee to present the findings, actions and recommendations of the committee to the Board at each meeting of the Board. The vote of a majority of the members of each committee shall constitute committee action and be sufficient to decide any question brought before the committee. Meetings of the Watershed Committee and Renewable Energy Committee shall be open to any interested member of the Board.

The Watershed Committee and the Renewable Energy Committee shall have and exercise the following duties and responsibilities:

- (1) Consult with affected Indian tribes to insure proposed projects do not interfere with Bonneville's trust responsibilities to the tribes and are not in conflict with tribal fish and wildlife restoration programs, cultural values, or cultural resources.
- (2) Propose projects for funding, evaluate projects proposed for funding, offer recommendations regarding project selection and assist the Board in prioritizing projects for funding as and when the Board from time to time may request.
- (3) Report on the slate of projects approved, deferred or recommended for other action by the committee to the Board at each meeting of the Board.
- (4) Evaluate funded projects annually and present findings to Board.

The Watershed Committee and the Renewable Energy Committee shall have and exercise such other duties and responsibilities as are delegated to them by the Board from time to time.

Section 7.05. Finance Committee. The Board may appoint three or more Directors to serve as the Finance Committee of the Board. The Finance Committee shall have and exercise the following duties and responsibilities:

- (1) Monitor and review the Foundation budget.
- (2) Oversee all Foundation investments maintained by financial and investment institutions.
- (3) Monitor and oversee the travel and subsistence expenses for Board members and officers.
- (4) Review the annual, independently prepared audit.

The Finance Committee shall have and exercise such other duties and responsibilities as are delegated to it by the Board from time to time.

Section 7.06. Audit Committee. In order to fully meet its statutory and fiduciary duties and responsibilities, the Board shall appoint three or more Directors to serve as the Audit Committee of the Board. In making such appointments, the Board shall consider a member's business experience; knowledge of the organization's operations, finances and accounting practices; practical knowledge of the management of nonprofit institutions; facility in obtaining information by inquiry; commitment to the organization; and commitment to give Audit Committee responsibilities sufficient time and attention. At the Board's discretion, the Audit Committee members may also serve as Finance Committee members.

The Audit Committee shall meet not less often than twice annually, and more often as necessary to fulfill their duties and responsibilities. The Audit Committee shall have unrestricted access to all organization personnel and documents, and will be provided with the resources and authority necessary to discharge its responsibilities. The Audit Committee shall have and exercise the following duties and responsibilities:

- (1) Oversee the organization's internal financial control structure and mechanisms.
- (2) Review the organization's accounting policies and policy decisions.
- (3) Review management and staff expenses, expense policies and controls.
- (4) Review compliance with IRS and other governmental regulations.
- (5) Review policies established to avoid conflicts of interest.
- (6) Annually nominate the independent auditors, confirm the auditors' independence, review the annual audit plan, and review all audit findings and conclusions.

- (7) Review auditor's recommendations to the organizations contained in any auditor's management letters, and review the organizational response to such recommendations.
- (8) At least annually, provide the Board with a report summarizing the activities, conclusions and recommendations of the committee with respect to the organization's past and future activities, including any auditor's recommendations and organization responses.
- (9) Review this statement of duties and responsibilities annually and propose any recommended changes to the Board.

Section 7.07 Compensation Committee. The Board may appoint two or more Directors to review the annual performance of the executive officers and to approve changes in compensation for them. At the Board's discretion, the Compensation Committee members may also serve as Executive Committee members.

ARTICLE VIII. General Provisions

Section 8.01. Fiscal Year. The fiscal year of the Foundation shall be the period from April 1 to March 31.

Section 8.02. Checks and Drafts. All checks, drafts and orders for payment of money drawn on banks or other depositories of funds to the credit of the Foundation, or in special accounts of the Foundation, shall be signed in the name of the Foundation by such Board members, officers, employees or agents of the Foundation as the Board shall authorize from time to time for that purpose.

Section 8.03. Contracts, Conveyances or Other Instruments. The Board may, in its discretion, determine the method and designate the signatory officer or officers or other person or persons, to execute any Foundation instrument or document, or to sign the Foundation name without limitation, except when otherwise provided by law, and such execution or signature shall be binding upon the Foundation. Unless otherwise specifically determined by the Board or otherwise required by law, formal contracts of the Foundation, deeds of Foundation, and other Foundation instruments or documents shall be executed, signed, or endorsed by the Chairman, Vice Chairman, or Chief Executive Officer. The Board shall have power to designate the officers, employees or agents who shall have authority to execute any instrument on behalf of the Foundation.

Section 8.04. Contributions. The Board may solicit and receive contributions, gifts, bequests or other monies to fund its work. Nothing herein shall prohibit the Foundation from accepting any contribution whatsoever, from any source including federal, State or local governments or agencies of the United States Government, consistent with all applicable laws, the Articles and these Bylaws, for any purpose to further the purposes of the Foundation.

Section 8.05. Investments. Any funds held by the Foundation may be retained in whole or in part in cash or be invested and reinvested from time to time as the Board in its sole discretion may deem appropriate.

ARTICLE IX. Reports

The Foundation shall provide to the Directors as soon as practicable after the end of each fiscal year, a report of its proceedings and activities during such year, including a full and complete statement of its receipts, expenditures, and investments, and a description of all acquisitions and disposals of donated real property. The Foundation shall as soon as practicable after the end of each fiscal year, transmit a copy of this report to the Bonneville Representative and to the Council and make such report available to interested members of the public.

ARTICLE X. Standard of Care

Section 10.01. General. A Director shall perform the duties of a director, including duties as a member of any committee of the Board on which the Director may serve, in good faith, in a manner such Director believes to be in the best interest of the Foundation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

Section 10.02. Loans. The Foundation shall not make any loan of money or property to, or guarantee the obligation of, any Director or officer.

Section 10.03. Insurance. The Foundation shall have the power to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, Directors, employees, and agents, against any liability asserted against or incurred by such person in such capacity or arising out of the person's status as such.

ARTICLE XI. Nondiscrimination

The Foundation shall not discriminate in providing services, hiring employees, or otherwise upon the basis of sex, race, creed, marital status, sexual orientation, religion, color, age, or national origin.

ARTICLE XII. Amendments

These Bylaws may be altered or amended by a two-thirds vote of the Directors at any meeting of the Board where there is a quorum present, provided that notice of the proposed amendment be given in writing to all Board members at least 10 days before the Board meeting.

Certification

The foregoing are the Bylaws of Bonneville Environmental Foundation as duly adopted and amended by the Board of Directors through April 1, 2007.

Secretary _____



Board of Directors
Meeting Minutes
October 15, 2009

The meeting was called to order at 9:30. There was a quorum.

Board members present: Walt Pollock, Rachel Shimshak, Tom Starrs, Brett Wilcox and Anita Decker with Ralph Cavanagh and Bill Towey via telephone

Board members absent: Direlle Calica and Bill Drummond

Others present: Angus Duncan, Margie Gardner, Joanna Gilson, Rob Harmon, Todd Reeve, Pat Nye, Bryce Smith, Felicia Phillips and Terry Oliver with cameo appearances by Bev Colisch, Gary McGee and Nathalie Renner

The minutes of the last meeting were unanimously approved.

Mr. Pollock introduced new staff members David Wang and Shankar Sharma. Alden Boetsch was introduced in absentia.

Mr. Wilcox and Felicia Phillips introduced Gary McGee and Nathalie Renner who presented the FY 09 audits. All reports are unqualified per BEF tradition; there were no disagreements with management. The year was one of great transition, which is reflected in the financial audit. The Management Letter indicates that BEF grew so fast that it grew out of some of its processes. They cited the increased volume of transactions, complexity of transactions, increase in number of staff, shifts in responsibilities, etc.

Mr. Starrs pointed out a significant downward flow of cash position and Ms. Gardner replied that some big investments had been made, which should provide financial returns over the longer term, but which reduce cash in the near term.

Ms. Shimshak asked why there was such a high expense for contractors. Ms. Phillips suggested that much of it was for marketing contractors and the new web sites, but said she would follow up with more detail.

The Board met in Executive Session to discuss the audit. Afterward, Mr. Wilcox asked Ms. Phillips to follow-up at each Board meeting with ongoing reports at on how the audit issues are being addressed. The audit was unanimously approved. Mr. Pollock thanked Ms. Phillips and Ms. Colisch for all the work they've done this year.

Ms. Shimshak asked about whether or not BEF was considering changing auditors. Ms. Phillips replied that as a rule she would consider a change every five years or so and planned to send out an RFP this coming year or the one after if only to do due diligence on pricing. Considering the many process changes being made, it may be later rather than sooner. She will discuss with the Finance Committee.

Ms. Phillips presented the financial reports for the 1st quarter and August. Mr. Pollock expressed his assumptions that Ms. Phillips and Ms. Gardner would consult with both the Executive and Finance Committees if there appears to be a deficit problem.

Mr. Reeve reported on the latest model watershed project proposals. Mr. Lichatowich commented that the thorough staff work made the committee's task easy. The Board unanimously approved new ten-year projects with the Friends of the Teton and the Mattole Restoration and Range Partnership.

Regarding renewal of Board tenure and new committee assignments, Mr. Pollock spoke with Mr. Drummond, Mr. Towey, Ms. Shimshak, Ms. Calica and Ms. Decker, who all agreed to accept their new assignments. The Board unanimously approved all Board renewals and committee assignments.

The 2010 meeting calendar was presented.

Ms. Gardner offered a brief show and tell of marketing materials and reported that a second annual staff satisfaction survey had been conducted. The survey indicated that BEF had many committed staff members, but that there was concern over several issues, including the ERP system, accountability and compensation, all of which are being addressed.

Ms. Phillips announced that BEF had placed in the 100 Oregon Best Non-Profits and thanked Ms. Gilson for her participation in that endeavor.

Ms. Gardner offered a brief slide presentation:

"What is BEF's strategic direction for the next 6-9 months and who needs to be involved discussion which issues?"

1. Climate Business Group
 - Improve management of trading risk
 - Ms. Phillips to discuss with FinCom in February
 - Board meeting in March
2. Climate Business Group
 - Scenario planning
 - Best guesses on federal legislation, California policy, portfolio standards, utility mandated renewable energy programs
 - Implications for REC & offsets: products, price and position
 - Board consultations now thru February
 - Schedule meetings around Ms. Shimshak and Mr. Starrs for continuity; others, including Mr. Cavanagh and appropriate staff

3. Watersheds
 - Lessons learned and new strategic directions
 - Watershed committee - retreat in November – final in June
 - Mr. Wilcox interested in WRC's as well

4. Project Management Group
 - New VP
 - Strategic direction for expanded impact and profitability
 - How related to BEF Inc?
 - Late summer or fall 2010
 - Mr. Starrs as liaison; take larger issues to Board

5. BEF's overall Strategic Plan
 - Create whole that is greater than the sum of its parts
 - Consult/retreat in March or June
 - Final by Oct 2010

Mr. Smith gave a Project Management Group update and announced several awards:

- Idaho Teacher of the Year to one of the S4RS science teacher champions
- Interstate Renewable Energy Council's Renewable Energy Innovation Award for S4Rs Programs
- Center for Resource Solutions Best Green Power Education Outreach Program

Mr. Nye offered a Climate Business Group update, including an award from the EPA for Green Power Supplier of the Year. He also reported that NRDC is funding a contractor here at BEF doing research on how to take solar or thermal power to all major league sports. Web sales have taken a dip due to individual household economies, the challenges of the new platform and the decision to concentrate on commercial customers. On that front, no major customers have retreated, but renewals have become harder to close, requiring more staff time.

Mr. Harmon gave a legislative update, thanking Ms. Shimshak and Mr. Duncan for their help.

The meeting was adjourned at 12:15 after which staff joined the Board for lunch.

Mr. Pollock expressed appreciation to the staff by presenting a BEF Kleen Kanteen water bottle to each one.

Signature: _____

Date:



Board of Directors
Meeting Minutes
March 12, 2009

The meeting was called to order at 9:30. There was a quorum.

Board members present: Walt Pollock, Ralph Cavanagh, Rachel Shimshak, Jaime Pinkham, Bill Drummond, Bill Towey, Tom Starrs, Brett Wilcox and Anita Decker

Board members absent: Jim Lichatowich

Others present: Angus Duncan, Margie Gardner, Joanna Gilson, Rob Harmon, Todd Reeve, Pat Nye, Heidi Eggert, Bryce Smith, Felicia Phillips and Terry Oliver with cameo appearances by Bev Colisch, Alice Bray, Bill Eddie, Johanna Garth and Isaac Regenstreif

Mr. Pollock introduced new staff members and new BPA representatives Anita Decker and Terry Oliver.

New staff:

Noah Cable – Sales Representative

Robert Warren – Watershed Program Manager

Ben Stuart – PR and Marketing Coordinator

Will Villota – Brand Manager, Carbon Offsets and New Products

Kendra Smith – Director, Willamette Model Watershed Program

The minutes of the last meeting were unanimously approved.

Ms. Gardner gave a presentation highlighting accomplishments in FY 2009 and objectives for 2010 based on the strategic plan. She pointed out that after several years of rapid growth the rise in revenue trajectory is projected to taper off based on the current economic forecast. 2010 will be a year of consolidation as a result of this and several other factors, including the fact that the Foundation hired 14 new staff in the past 14 months, doubling in size, and added more office space.

She went through each program, showing how each is "Creating the Curve," from Climate Business Group's revenues, 6 to 10 model watersheds, 130 existing solar projects, Water Restoration Certificates to BEF Renewable Inc's biodigester.

To ensure a sustainable financial position, there will be improvements in financial accountability and communication, as well as efforts to create more revenue from non-tradable commodities. To achieve 60% satisfaction with operational systems by 2010, operations will become more efficient and BEF will aspire to become the "Apple" of the environmental world and create a culture that supports the mission.

Ms. Gardner and Mr. Pollock led a discussion on potential business ideas and direction by asking the following questions:

1. What do you see as potential business opportunities for BEF in the stimulus package (or elsewhere) and how would we go about investigating them?
2. What are the most important criteria to consider when deciding whether to "focus" or "stretch" at this point in our development?

There is a two-year window for stimulus funds; should BEF consolidate, based on the strategic plan just presented or go after stimulus money? Mr. Cavanagh reported that changes in renewable energy tax credits are more important than the large sums of money available through DOE, but the guidelines are not yet well defined. He thought the money could be used for any of the BEF renewable energy projects, but that the states are not ready to use it. Mr. Duncan suggested that the agricultural funding guidelines are not a good fit with the model watershed projects. Mr. Wilcox suggested that it's a chance to make a lot of money, but BEF would be on the hook for 20%. Ms. Decker commented that there would be money for schools.

Mr. Pollock suggested that, as seductive as it is to think about the opportunities possible with the stimulus money, staff should not take their eye off the ball as outlined in strategic plan. Mr. Starrs suggested that there are more experts out there who can go after these things aggressively, whereas BEF is not equipped to do so.

Ms. Gardner asked about bringing in an outside resource to track the opportunities. Mr. Oliver suggested that BEF could go after quick, very clearly defined prospects that wouldn't take a lot of time. Mr. Duncan suggested that if there was an obvious opportunity it could be worth exploring. Ms. Shimshak said that if there is an existing program and BEF can find a partner then it could be worth it without a big loss of staff time and money. Mr. Drummond suggested that the dollars are attractive, but could be a distraction, so BEF might monitor things to look for surgical opportunities. Mr. Towey agreed. Mr. Wilcox suggested that as much as we don't want to divert our attention, if there are product champions here on staff, they could bring opportunities to the Board, percolating up from the staff not top down from the Board. Ms. Decker suggested we try to find the right niche for schools because of our existing program. Ms. Shimshak commented that it didn't make sense to hire more staff for stimulus money that will go away in 2 years.

Ms. Gardner summarized that we will likely focus on our goals in the strategic plan and go after stimulus money only if it supports those goals and/or makes them easier to achieve.

Ms. Phillips presented the 2009-2010 operating budget, suggesting that the projections were fairly conservative with total revenue \$9.7 million. She pointed the Board to the major budget assumptions and business drivers.

Mr. Starrs asked what was the biggest up and downside, to which Ms. Phillips replied that it was water tags on both sides.

Mr. Pinkham asked where that money would go and Ms. Phillips replied that there had been discussions on how to allocate funds and that they not be Board directed, except in the annual budget, so as to retain flexibility. Mr. Pinkham said he thought the Board had decided to stabilize watershed funds with White Creek funds. Ms. Gardner said that she and Mr. Pollock would work on this in consultation with the Finance Committee. Mr. Pollock said that, despite the premise of 10 year commitments, we don't need to restrict the funds as an accounting issue, but rather express the idea that watersheds are a priority and indicate that in the budget in a way that doesn't impair the balance sheet

Mr. Drummond asked if we were planning to blow past our sales projections as in the past. Mr. Nye said that so far, no one is backing away from contracts and that green building is actually taking off. We walked away from lots of deals where we were not the lowest bidder and now some of the highest bidders are in trouble.

Ms. Phillips showed expenses of \$9.3 million and replied to Mr. Starrs question that the admin program numbers were placeholders and would be appropriately directed throughout year.

Ms. Decker suggested that there should be some color-coding and the budget was adopted with one change.

Mr. Wilcox and Ms. Phillips presented new draft signing authorities, simplifying check signing, banking signatures and debt management, based on expanding staff and expenses. Ms. Shimshak said she would miss BEF visits to co-sign larger checks and contracts and suggested that the Finance Committee keep tabs on the new process. Ms. Phillips said that it will be covered by requiring 2 signatures on checks over \$10k and Mr. Wilcox assured the Board that things would always be consistent with approved budget and policies.

The new signing authorities were adopted unanimously.

Ms. Phillips presented a brief executive summary pulling together all the numbers and said that in the future she will highlight any significant variances to last year as well as to the budget.

Mr. Cavanagh commented that the greatest financial risk was not covered and asked how we capture the commodities risk. Ms. Phillips replied that she would provide a monthly rolling forecast that will show this. And Mr. Wilcox reminded us that there is a risk management/hedge policy, which has worked well so far with the Finance Committee keeping track of it. And Mr. Nye commented that there is more volatility in the markets, but the contracts are stable so far. Mr. Wilcox said that the Finance Committee could review larger contracts and whether we should buy or sell long or not.

Mr. Pollock nominated Mr. Starrs to the Finance Committee since he now has a job and will stay in the region. The nomination was approved unanimously.

The Board met with the CEO and President in executive session to discuss the board seat vacated by Jaime Pinkham. After discussing the process and potential candidates, the Board agreed to offer the seat to Direlle Calica. Ms. Gardner and Portland Board members will be invited to a lunch with Direlle to confirm her interest and welcome her to the Board.

Ms. Gardner introduced several BEF Renewable Inc Board members – Johanna Garth and Isaac Regenstrief.

Ms. Garth, the Board Chair, gave a brief overview of projects. Inc got financing for the first project at EPCC (starting construction next month), which was remarkable considering the credit market, showing support of renewable energy and BEF in general. The next two are Portland Water Bureau and Rieke Elementary with several others in the pipeline. Mr. Regenstrief commented that it may take a bit longer to get new deals due to the economy, but the fact that Inc got the first financing deal bodes well. Mr. Eddie said that he sees lots of opportunities, but it's more opportunity triage than anything else.

The Board unanimously adopted the resolution to appoint both Jaime Pinkham and Steve Hickok as Directors Emeritus.

The meeting was adjourned at 12:30 after which staff joined the Board for lunch.

Signature _____ Date _____

Board of Directors
Meeting Minutes
March 11, 2010

The meeting was called to order at 9:30. There was a quorum.

Board members present: Walt Pollock, Rachel Shimshak, Tom Starrs, Jim Lichatowich, Bill Drummond, Ralph Cavanagh and Anita Decker, ex-officio and non-voting BPA Representative.

Board members absent: Brett Wilcox, Direlle Calica and Bill Towey

Others present: Angus Duncan, Margie Gardner, Joanna Gilson, Rob Harmon, Todd Reeve, Dick Wanderscheid, Felicia Phillips, Heidi Eggert, Molly Moreland, a cameo appearance by David Wang, a late arrival by Terry Oliver and John Taves via telephone

Mr. Pollock introduced new staff members:

Alden Boetsch – Watershed Program Associate

Dick Wanderscheid – Vice President, Project Management Group

Tina Wood – Administrative Coordinator

The minutes of the last meeting were unanimously approved with one revision.

Ms. Phillips presented the 3rd Q financial reports and an update of 4th Q financials, as well as the proposed FY 2011 budget. Mr. Starrs asked if the cash flow was going to be in the black this year, to which Ms. Phillips replied that this year it was in the red \$1 million due to cash outflow for projects, something that was not anticipated for the coming year.

Mr. Drummond asked about Water Restoration Certificates and Mr. Harmon and Mr. Reeve reported that BEF just received a \$1,000 check from a Rogue Basin consortium - the first purchase from that watershed. There are also two \$50,000 contracts with Intel, one for WRCs and one for research in New Mexico, for which BEF has hired a contractor for \$30,000. The WRC initiative hasn't been as staffed up internally as initially anticipated and Mr. Starrs suggested again that more sales effort be dedicated to this effort. Ms. Gardner commented that once there are more sales and we are further through the recession, that decision will be reviewed.

The FY 2011 budget was unanimously approved.

Ms. Phillips then presented the BEF Renewable Inc fifteen-month budget and raised the question about the viability of its solar project line. BEF's executive staff is reasonably comfortable with the progress of the biodigester and landfill projects. However, external forces beyond BEF's control led to questions about continuation of the solar project line at this time. Financing continues to be very tight and investors in the solar projects have proven very difficult to come by. The pool of funds available for BETC qualified projects has been significantly reduced.

Ms. Phillips asked the Board to adopt the Finance Committee recommendation to approve the BEF Inc FY 2010-2011 Operating Budget through May 31, 2010 with the stipulation that the Finance Committee review recommendations by the Inc. board on how to proceed with the solar project line at its May committee meeting.

This resolution was unanimously approved.

Ms. Gardner introduced a discussion on a number of issues pertaining to managing BEF's trading risk. She cited the fact that the market for RECs and offsets is changing dramatically; it is relatively unstable, susceptible to emerging regulations. Yet many new players are entering the market, which is reducing margins. BEF does not have access to the same type of capital resources as other actors (such as Goldman-Sachs) and we cannot afford to put as much at risk.

In addition to the market shifts external to BEF, our business has also changed dramatically over the last few years in terms of the geographic scope, number of transactions, number of suppliers and customers.

As a result, management started a process a few months ago to identify risks, develop tools to measure the risk and set processes in place to mitigate potential losses.

BEF has, in the past, been quite successful making margins in the REC market. We anticipate continuing to make significant margins when we sell to retail customers. However, in some cases, the margins from the retail customer sales have probably masked the risks assumed from the wholesale trading/managing of a large supply portfolio. So, BEF needs a bridge from what our portfolio is to what we would like it to be. Ms. Decker commented that there needs to be a set of bookends on where we want to be and how it affects BEF.

The Finance Committee recommended several small steps and will reconvene in April. At some point the Board will be asked to approve a risk management policy based on guidance from the Committee.

Ms. Gardner gave several business updates.

The Cascade Policy Institute sent us a draft of an "audit" on BEF, which we found to contain major flaws. The Climate Trust, about whom CPI had written last year, sent them a reply. BEF's strategy is to prepare to respond to the media if and when this paper becomes public. Mr. Harmon commented that this has provided the opportunity for the environmental community to come together and circle the wagons in the face of this.

A BPA ROD was not posted for the latest BPA-BEF contract, reflecting a flaw in BPA's internal process. It is not a reflection on BEF per se and none of the complainants have faulted BEF. In light of this, BPA legal is currently looking into the process for all ROD's.

There are some legal issues regarding the Larimer landfill project. Poudre Valley is charging that the LLC has sold the offsets along with the electricity and REC's, despite the fact that BEF already sold the offsets to Climate Trust. Unfortunately, the contract language is somewhat unclear on the point. They have not threatened to sue, but have asked how we are going to rectify the situation. BEF feels that we are operating within standard industry practice, and within the contract and just need to clarify that with them.

Ms. Gardner presented a memo update from Ms. Phillips on how BEF is complying with the audit recommendations from FY 2009.

Mr. Reeve answered questions about current fast-moving watershed initiatives.

The meeting was adjourned at 11:30 and the Board met in Executive Session, discussing the status of BEF business issues.

Signature: _____ Date: _____

Background

At our last Board of Directors meeting in March, BEF management requested guidance from the Finance Committee regarding BEF's risk position in terms of our REC and Offset business.

Since that meeting, the Risk Team has had regular weekly reports (schedules allowing) and has met with the Finance Committee. We have walked through our current position each week, tracked changes, received direction on initial next steps, and have reported results on those steps back to the committee.

Status Since First Measurements

The following compares our risk position at the time we first reported to the Finance Committee on this topic with our most recent report for May.

BEF's Portfolio Status as of February 18, 2010:

Total Position: 908,849 RECs (2010 through 2015)

Total VAR: \$1,302,204

95% Max Loss: \$1,905,901

VAR Limit: \$100,000

VAR Violation: Yes

Mark to Market: (\$603,705)

BEF's Portfolio Status as of May 25, 2010:

Total Position: 695,216 RECs (2010 through 2015)

Total VAR: \$549,257

95% Max Loss: \$1,598,790

VAR Limit: \$100,000

VAR Violation: Yes

Mark to Market: (\$1,004,533)

United States Government

Department of Energy
Bonneville Power Administration

memorandum

DATE: April 6, 2010

REPLY TO
ATTN OF: LC-7

SUBJECT: Bonneville Environmental Foundation

to: Anita Decker, Chief Operating Officer, K-7

By the by-laws of the Bonneville Environmental Foundation (BEF), the Deputy Administrator of the Bonneville Power Administration (BPA) is designated the *ex-officio* non-voting board member of the BEF. You were asked to take over this role after Deputy Administrator Steve Hickok retired. Participation on the BEF is in your official capacity as a DOE/BPA employee, and you do not receive any additional compensation for performance of any duties from the BEF.

The Office of General Counsel has determined that you do not need a waiver to participate on the BEF Board. However, as a federal employee of the executive branch there are three areas of concern in which you need to exercise caution. They are:

1. Fundraising (5 C.F.R. § 2635.808) – You may not participate in any fundraising engaged in by the BEF. This would include instances of signing your name to grant applications or letters sent for solicitation of funds to support a specific local project.
2. Representations (18 U.S.C. § 205) – You are prohibited by this criminal statute from making representations to the government on behalf of the BEF. An example of this would be making telephone calls to another federal agency on behalf of the BEF urging them to approve a grant application to provide assistance on a specific project.
3. Conflict of Financial Interest (18 U.S.C. § 208) – In your official capacity as COO, you are prohibited by this criminal statute from participating personally and substantially in any particular matter that will have a direct and predictable effect on BEF's financial interest. An example of this would be participating in BPA funding decisions that affect to BEF.

If at any time while you are on the BEF Board you have concerns regarding ethics issues and what actions you can appropriately take within the regulations, please contact me. If I am not available Jeri Krier or Mary Wooldridge should be able to assist you.

Donna Oden-Orr,
Attorney-Advisor

cc: M. Wooldridge, LC-7

Section 4.02. Number of Directors. The governing Board shall consist of at least nine and no more than thirteen voting Directors.

Section 4.03. Bonneville Power Administration Liaison. The Administrator of Bonneville (the Administrator) shall designate an employee of Bonneville (the Bonneville Representative) to be the Bonneville liaison to the voting Directors. The Bonneville Representative shall represent Bonneville's interests and will have no vote and no fiduciary duty to the Foundation.

Section 4.04. Qualifications of Directors. Each Director shall be a United States citizen. It is the intent of the Board that at least three Directors be committed to, knowledgeable of, and experienced in nonhydro renewable energy technologies or resources, at least three Directors be committed to, knowledgeable of, and experienced in the principles of fish or wildlife habitat, and at least one Director represent Native American interests. The membership of the Board, to the extent practicable, shall represent diverse geographical areas. The Board shall have the exclusive power and authority to determine whether the qualifications of Directors have been met.

Section 4.05. Appointment and Term of Office. Except for shorter terms for some initial directors specified in the Articles for the purpose of creating staggered terms, Directors shall serve for terms of 4 years or until their successors are selected. Terms shall end at the Annual Meeting closest to the anniversary of each Director's appointment.

Section 4.06. Vacancies and Removal. The Board shall use its best efforts to fill a vacancy on the Board within 60 days of said vacancy. A person appointed to fill a vacancy occurring prior to the expiration of a member's full term shall be appointed only for the remainder of that specific term. A vacancy in the Board shall be deemed to exist on the occurrence of the following:

- (1) the death, resignation, or removal of any Director;
- (2) the declaration by the Board of a vacancy in the office of a Director who has missed three consecutive regularly scheduled meetings; or
- (3) an increase in the authorized number of Directors.

Any member may resign at any time effective upon giving written notice to the Board, unless the notice specifies a later time of the effectiveness of the resignation.

The term of office of any Board member may be terminated at any time upon the affirmative vote in favor of termination by at least a two-thirds majority of the entire Board. The Chief Executive Officer shall notify the affected Board member of the termination by making appropriate record of the termination in the minutes of the meeting at the end of which such termination becomes effective.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

PUBLIC AFFAIRS

August 24, 2010

In reply refer to: DK-7

Dan Seligman
Attorney at Law
Columbia Research Corporation
PO Box 99249
Seattle, WA 98139

BPA-2010-01467-F

Dear Mr. Seligman

This letter is in response to the request for information that you made to the Bonneville Power Administration (BPA) under the Freedom of Information Act (FOIA), 5 U.S.C. 552.

Response:

1. All documents – including contracts, memoranda of understanding, and written or electronic communications – between BPA and the BEF that describe BPA's role (i.e., its rights and responsibilities) on the BEF Board of Directors.
2. All BEF board meeting minutes or other summaries of BEF board meetings since 1998.

Enclosed are a copy of the Bylaws of the Bonneville Environmental Foundation (BEF), meeting minutes, and a memorandum outlining the rules of participation of a BPA official on the BEF Board. These documents are provided in their entirety.

If you are dissatisfied with this determination, you may appeal within thirty (30) days from the date you received this letter to The Director, Office of Hearings and Appeals, Department of Energy, 1000 Independence Avenue, SW, Washington, DC 20585. The appeal must be in writing and both the envelope and letter must be clearly marked "Freedom of Information Act Appeal."

I appreciate the opportunity to assist you. Please contact Laura M. Atterbury, FOIA/Privacy Act Specialist at (503) 230-7305 with any questions about this letter.

Sincerely,

Christina J. Munro

Christina J. Munro
Freedom of Information Act/Privacy Act Officer

Enclosures (3)

BYLAWS

of

**BONNEVILLE ENVIRONMENTAL FOUNDATION
(As Amended Through April 1, 2007)**

ARTICLE I. Name and Office

Section 1.01. Name. The name of this corporation is Bonneville Environmental Foundation (the Foundation). The Foundation is a charitable and nonprofit public benefit corporation and is not an agency or establishment of the United States.

Section 1.02. Principal Executive Office. The principal executive office of the Foundation shall be located in Portland, Oregon.

ARTICLE II. Purposes and Objectives

The Foundation has been established pursuant to the Articles of Incorporation, as may be amended (the Articles), filed with the State of Oregon under the Oregon Nonprofit Corporation Law, to complement the Bonneville Power Administration's (Bonneville) obligations under the Pacific Northwest Electric Power Planning and Conservation Act, Public Law 96-501 (Northwest Power Act) by:

- (1) accepting and administering private gifts of property to:
 - (A) develop or apply new nonhydro renewable energy resources within the Pacific Northwest and throughout North America ; and/or
 - (B) acquire, maintain, preserve, restore, protect, or manage fish and wildlife habitat within the Pacific Northwest and throughout North America ;
- (2) participating with, making distributions to, or otherwise assisting entities and individuals to:
 - (A) undertake and conduct activities that will further the development or application of new nonhydro renewable energy resources within the Pacific Northwest and throughout North America ; and/or
 - (B) acquire, maintain, preserve, restore, protect, or manage fish and wildlife habitat within the Pacific Northwest and throughout North America; and

- (3) Purchasing, marketing and selling environmentally preferred power, or the environmental attributes thereof, from renewable resources that may be within or without the Pacific Northwest.

Such purposes are to be accomplished in a manner not inconsistent with the appropriate power plan and fish and wildlife program, including implementation activities, adopted by the Pacific Northwest Electric Power and Conservation Planning Council (Council).

In addition, this charitable and educational corporation is formed for purposes of performing all things incidental to, or appropriate in, the achievement of the foregoing specific and primary purposes. However, the Foundation shall not, except to an insubstantial degree, engage in activities or exercise any powers that are not in the furtherance of its specific and primary purposes.

The Foundation shall hold and may exercise all powers conferred upon the Foundation by the State of Oregon as may be necessary to administer the Foundation and attain the purposes of the Foundation, provided, however that in no event shall the Foundation engage in activities which are not permitted to be carried on by a corporation exempt under Section 501(c)(3) of the Internal Revenue Code (IRC) of 1986, as amended, or the corresponding section of any future federal tax laws or by a corporation, contributions to which are deductible under Section 170(c)(2) of the IRC or the corresponding section of any future federal tax laws.

The Foundation shall be nonprofit and nonpartisan. No substantial part of the activities of the Foundation shall be carrying on propaganda, or otherwise attempting, to influence legislation, and the Foundation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.

The Foundation shall not have any members.

ARTICLE III. Declaration of Assets

The principal and income of all property received and accepted by the Foundation are irrevocably dedicated to charitable and educational purposes. No part of the net earnings of the Foundation shall inure to the benefit of, or be distributable to members of the Board, officers, or other private persons, except that the Foundation may pay reasonable compensation for services rendered, and may make payments and distributions in furtherance of the purposes set forth in Article II hereof.

ARTICLE IV. Board of Directors

Section 4.01. Powers. Subject to the provisions of law, the Articles or these Bylaws, the activities and affairs of the Foundation shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board of Directors (the Board).

Section 4.02. Number of Directors. The governing Board shall consist of at least nine and no more than thirteen voting Directors.

Section 4.03. Bonneville Power Administration Liaison. The Administrator of Bonneville (the Administrator) shall designate an employee of Bonneville (the Bonneville Representative) to be the Bonneville liaison to the voting Directors. The Bonneville Representative shall represent Bonneville's interests and will have no vote and no fiduciary duty to the Foundation.

Section 4.04. Qualifications of Directors. Each Director shall be a United States citizen. It is the intent of the Board that at least three Directors be committed to, knowledgeable of, and experienced in nonhydro renewable energy technologies or resources, at least three Directors be committed to, knowledgeable of, and experienced in the principles of fish or wildlife habitat, and at least one Director represent Native American interests. The membership of the Board, to the extent practicable, shall represent diverse geographical areas. The Board shall have the exclusive power and authority to determine whether the qualifications of Directors have been met.

Section 4.05. Appointment and Term of Office. Except for shorter terms for some initial directors specified in the Articles for the purpose of creating staggered terms, Directors shall serve for terms of 4 years or until their successors are selected. Terms shall end at the Annual Meeting closest to the anniversary of each Director's appointment.

Section 4.06. Vacancies and Removal. The Board shall use its best efforts to fill a vacancy on the Board within 60 days of said vacancy. A person appointed to fill a vacancy occurring prior to the expiration of a member's full term shall be appointed only for the remainder of that specific term. A vacancy in the Board shall be deemed to exist on the occurrence of the following:

- (1) the death, resignation, or removal of any Director;
- (2) the declaration by the Board of a vacancy in the office of a Director who has missed three consecutive regularly scheduled meetings; or
- (3) an increase in the authorized number of Directors.

Any member may resign at any time effective upon giving written notice to the Board, unless the notice specifies a later time of the effectiveness of the resignation.

The term of office of any Board member may be terminated at any time upon the affirmative vote in favor of termination by at least a two-thirds majority of the entire Board. The Chief Executive Officer shall notify the affected Board member of the termination by making appropriate record of the termination in the minutes of the meeting at the end of which such termination becomes effective.

Section 4.07. Compensation. Members may be reimbursed for the actual and necessary traveling and subsistence expenses incurred by them in the performance of the duties of the Foundation if such reimbursement is requested and approved in advance by the Chairman with the concurrence of the Chief Executive Officer. Members may be otherwise compensated for the performance of their duties if such compensation is approved in advance by the Board.

Section 4.08. Powers. The Board shall have the general power to manage and control the affairs and property of the Foundation, and shall have full power by majority vote, to adopt rules and regulations governing the action of the Board and the delegation of authority to committees or individuals and shall have full and complete authority with respect to the distribution and payment of the monies received by the Foundation from time to time; provided, however, that in amending the Articles the fundamental and basic purposes of the Foundation, as expressed in the Articles, shall not thereby be amended or changed; and provided further that the Board may not permit any part of the net earnings or capital to inure to the benefit of any private individual or corporation except in furtherance of the purposes set forth in the Articles.

Section 4.09. Directors Emeritus. The Board or the Executive Committee of the Board may, in their discretion, designate any former Director or Directors as Directors Emeritus. Director Emeritus status shall be for the lifetime of the person so designated, unless the Director Emeritus resigns or is removed by vote of the Board or the Executive Committee of the Board. Directors Emeritus may attend meetings of the Board and participate in the discussion, but may not vote, be counted in determining the presence of a quorum, or otherwise have any of the powers or duties of a Director.

ARTICLE V. Officers

Section 5.01. Officers. The officers of the Foundation shall consist of a Chairman, a Vice Chairman, a Secretary and a Treasurer, all of whom shall be Directors, and a Chief Executive Officer and such other officers as the Board may from time to time determine, all of whom shall be either Directors or employees of the corporation

The Chairman and Vice Chairman shall be appointed for a 2-year term. They, and all other officers of the Foundation shall hold office at the pleasure of the Board.

Any officer may resign at any time by giving written notice to the Board, the Chairman or the Chief Executive Officer, without prejudice to the rights, if any, of the Foundation under

any contract to which such officer is a party. Any resignation shall take effect on the date of the receipt of such notice or at any later time specified in the resignation. Unless otherwise specified in the resignation, the acceptance of the resignation shall not be necessary to make it effective.

In addition to the duties specified in this Article V, officers shall perform all other duties customarily incident to their office and such other duties as may be required by law, by the Articles or by these Bylaws, subject to control of the Board, and shall perform such additional duties as the Board shall from time to time assign.

Section 5.02. Duties of the Chairman. The Chairman shall, when present, preside at all meetings of the Board and the Executive Committee. The Chairman shall have authority to execute in the name of the Foundation all contracts, deeds, leases, and other written instruments authorized either generally or specifically by the Board to be executed by the Foundation, except when by law the signature of the Chief Executive Officer is required.

Section 5.03. Duties of the Vice Chairman. The Vice Chairman shall serve in the absence or incapacity of the Chairman.

Section 5.04. Duties of the Chief Executive Officer. The Chief Executive Officer shall be knowledgeable and experienced in matters relating to nonhydro renewable energy technologies and/or resources or fish and wildlife habitat.

The Chief Executive Officer shall manage the day-to-day operation and administration of the business of the Foundation. Where appropriate, the Board shall place the Chief Executive Officer under a contract of employment. The Chief Executive Officer shall be responsible to and governed by the Board, shall report to and advise the Board on all significant matters of the Foundation's business, and shall see that all orders and resolutions of the Board are carried into effect. The Chief Executive Officer shall be the officer responsible for administering policies established in these Bylaws and subsequent resolutions of the Board. The Chief Executive Officer shall be empowered to act, speak for or otherwise represent the Foundation between meetings of the Board within the boundaries of policies and purposes established by the Board and set forth in the Articles and these Bylaws. The Chief Executive Officer is authorized to contract, receive, deposit, disburse, and account for funds of the Foundation in fulfillment of the Foundation's objectives; to execute in the name of the Foundation all contracts, deeds, leases, and other written instruments authorized either generally or specifically by the Board to be executed by the Foundation; and to negotiate all material business transactions of the Foundation.

Section 5.05. Duties of the Secretary. The Secretary shall record or cause to be recorded, and shall keep or cause to be kept, a book of minutes of actions taken at all meetings of Directors and committees, with the time and place of holding, the notice given, the names of those present at such meetings, and the proceedings of such meetings.

Section 5.06. Duties of the Treasurer. The Treasurer shall keep and maintain or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Foundation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital and other matters customarily included in financial statements.

The Treasurer shall deposit or cause to be deposited all moneys and other valuables in the name and to the credit of the Foundation with such depositories as may be designated by the Board. The Treasurer shall disburse or cause to be disbursed the funds of the Foundation as may be ordered by the Board, and shall render to the Chairman and Directors, whenever they request it, an account of all of the Treasurer's transactions as Treasurer and of the financial condition of the Foundation.

Section 5.07. Compensation. The Chief Executive Officer shall receive such compensation as is fixed from time to time by the Board.

ARTICLE VI. Meetings

Section 6.01. Frequency. The Board shall meet at least two times a year at dates and times to be determined by the Board. The last regularly scheduled Board meeting during each calendar year shall also be the Annual Meeting. The Bonneville Representative shall be invited to all meetings of the Board. Special meetings of the Board may be called by or at the request of the Chairman or any two members of the Board. Prior written notice shall be given at least 1 week (7 days) before any special meeting of the Board; delivered personally or sent by mail, electronic mail or facsimile to each Director and the Bonneville Representative at his or her address as shown by the records of the Foundation. The general nature of the business to be transacted at the meeting should be specified in the notice.

Section 6.02. Action at a Meeting: Quorum and Required Vote. A majority of the voting members of the Board constitute a quorum for meetings of the Board and the transaction of business. Every act done or decision made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board, unless a greater number is required by the Articles, these Bylaws or by law. Each member of the Board shall, at every meeting, be entitled to one vote in person upon each subject properly submitted to vote.

Section 6.03. Action by Consent. Any action required or permitted to be taken by the Board or any committee may be taken without a meeting if all of the members of the Board or the committee then in office consent in writing to the adoption of a resolution authorizing the action. The resolution and its consents written by the members of the Board or committee shall be filed with the minutes of the proceedings of the Board or committee. Such consents shall be treated as votes of the Board or committee for all purposes.

ARTICLE VII. Committees

Section 7.01. Committees of Directors. The Board, may by majority vote, designate one or more committees existing for such time and performing such duties as assigned them by the Board, except those duties which by law, the Articles, or these Bylaws they are prohibited from delegating to such committees.

Each committee shall consist of three or more Directors. The appointment or manner of appointment of committee members requires the vote of a majority of the Directors present at a meeting at which a quorum is present. The Board may remove any member of such committee at any time, with or without cause. The Board may fill any vacancy in a committee occurring from any cause whatsoever.

Any committee, to the extent of the powers specifically delegated in the resolution of the Board or in these Bylaws, may have all or a portion of the authority of the Board, **except that no committee may**, regardless of Board resolution:

- (1) Approve any action that by law or the Articles requires the consideration and approval by the full Board.
- (2) Fill vacancies on the Board or in any committee that has the authority of the Board.
- (3) Fix compensation for the Directors for serving on the Board or on any committee.
- (4) Amend or repeal the Articles or these Bylaws or adopt new Articles or Bylaws.
- (5) Change the fundamental purposes of the Foundation.
- (6) Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable.
- (7) Appoint any other committees of the Board or the members of such committees.
- (8) Approve or revoke a plan of voluntary dissolution, bankruptcy or reorganization or the sale, lease, or exchange of all or substantially all of the property and assets of the Foundation otherwise than in the usual and regular course of its business.
- (9) Borrow money or other property on behalf of the Foundation.
- (10) Approve any self-dealing transaction.
- (11) Approve or engage in any actions prohibited by law.

No committee shall bind the Foundation in a contract or agreement or expend Foundation funds, unless authorized to do so by these Bylaws or by the Board.

Section 7.02. Meetings and Actions of Committees. Each committee shall conduct its business in the same manner as these Bylaws provide for the Directors. The Board may adopt rules not inconsistent with the provisions of these Bylaws for the governance of any committee. Minutes shall be kept of each committee meeting and shall be filed with the Foundation records. The Chief Executive Officer shall send or cause to be sent to each Director a summary report of the business conducted at any meeting of any committee of the Board.

Section 7.03. Executive Committee. The Board may appoint three or more Directors, one of whom shall be the Chairman, to serve as the Executive Committee of the Board. The Executive Committee, unless limited in a resolution of the Board, shall have and may exercise all the authority of the Board in the management of the business and affairs of the Foundation between meetings of the Board; provided, however, that the Executive Committee shall not have the authority of the Board in reference to those matters enumerated in Section 7.01 of this Article VII, and further provided that the Executive Committee shall not have the authority to exercise those duties and responsibilities delegated to the Project Committee in Section 7.04 of this Article VII.

Section 7.04. Watershed and Renewable Energy Committees. The Board shall appoint not less than two Directors each to serve as the Watershed Committee and the Renewable Energy Committee. Each committee shall select from its members at each meeting a spokesperson for the committee to present the findings, actions and recommendations of the committee to the Board at each meeting of the Board. The vote of a majority of the members of each committee shall constitute committee action and be sufficient to decide any question brought before the committee. Meetings of the Watershed Committee and Renewable Energy Committee shall be open to any interested member of the Board.

The Watershed Committee and the Renewable Energy Committee shall have and exercise the following duties and responsibilities:

- (1) Consult with affected Indian tribes to insure proposed projects do not interfere with Bonneville's trust responsibilities to the tribes and are not in conflict with tribal fish and wildlife restoration programs, cultural values, or cultural resources.
- (2) Propose projects for funding, evaluate projects proposed for funding, offer recommendations regarding project selection and assist the Board in prioritizing projects for funding as and when the Board from time to time may request.
- (3) Report on the slate of projects approved, deferred or recommended for other action by the committee to the Board at each meeting of the Board.
- (4) Evaluate funded projects annually and present findings to Board.

The Watershed Committee and the Renewable Energy Committee shall have and exercise such other duties and responsibilities as are delegated to them by the Board from time to time.

Section 7.05. Finance Committee. The Board may appoint three or more Directors to serve as the Finance Committee of the Board. The Finance Committee shall have and exercise the following duties and responsibilities:

- (1) Monitor and review the Foundation budget.
- (2) Oversee all Foundation investments maintained by financial and investment institutions.
- (3) Monitor and oversee the travel and subsistence expenses for Board members and officers.
- (4) Review the annual, independently prepared audit.

The Finance Committee shall have and exercise such other duties and responsibilities as are delegated to it by the Board from time to time.

Section 7.06. Audit Committee. In order to fully meet its statutory and fiduciary duties and responsibilities, the Board shall appoint three or more Directors to serve as the Audit Committee of the Board. In making such appointments, the Board shall consider a member's business experience; knowledge of the organization's operations, finances and accounting practices; practical knowledge of the management of nonprofit institutions; facility in obtaining information by inquiry; commitment to the organization; and commitment to give Audit Committee responsibilities sufficient time and attention. At the Board's discretion, the Audit Committee members may also serve as Finance Committee members.

The Audit Committee shall meet not less often than twice annually, and more often as necessary to fulfill their duties and responsibilities. The Audit Committee shall have unrestricted access to all organization personnel and documents, and will be provided with the resources and authority necessary to discharge its responsibilities. The Audit Committee shall have and exercise the following duties and responsibilities:

- (1) Oversee the organization's internal financial control structure and mechanisms.
- (2) Review the organization's accounting policies and policy decisions.
- (3) Review management and staff expenses, expense policies and controls.
- (4) Review compliance with IRS and other governmental regulations.
- (5) Review policies established to avoid conflicts of interest.
- (6) Annually nominate the independent auditors, confirm the auditors' independence, review the annual audit plan, and review all audit findings and conclusions.

- (7) Review auditor's recommendations to the organizations contained in any auditor's management letters, and review the organizational response to such recommendations.
- (8) At least annually, provide the Board with a report summarizing the activities, conclusions and recommendations of the committee with respect to the organization's past and future activities, including any auditor's recommendations and organization responses.
- (9) Review this statement of duties and responsibilities annually and propose any recommended changes to the Board.

Section 7.07 Compensation Committee. The Board may appoint two or more Directors to review the annual performance of the executive officers and to approve changes in compensation for them. At the Board's discretion, the Compensation Committee members may also serve as Executive Committee members.

ARTICLE VIII. General Provisions

Section 8.01. Fiscal Year. The fiscal year of the Foundation shall be the period from April 1 to March 31.

Section 8.02. Checks and Drafts. All checks, drafts and orders for payment of money drawn on banks or other depositories of funds to the credit of the Foundation, or in special accounts of the Foundation, shall be signed in the name of the Foundation by such Board members, officers, employees or agents of the Foundation as the Board shall authorize from time to time for that purpose.

Section 8.03. Contracts, Conveyances or Other Instruments. The Board may, in its discretion, determine the method and designate the signatory officer or officers or other person or persons, to execute any Foundation instrument or document, or to sign the Foundation name without limitation, except when otherwise provided by law, and such execution or signature shall be binding upon the Foundation. Unless otherwise specifically determined by the Board or otherwise required by law, formal contracts of the Foundation, deeds of Foundation, and other Foundation instruments or documents shall be executed, signed, or endorsed by the Chairman, Vice Chairman, or Chief Executive Officer. The Board shall have power to designate the officers, employees or agents who shall have authority to execute any instrument on behalf of the Foundation.

Section 8.04. Contributions. The Board may solicit and receive contributions, gifts, bequests or other monies to fund its work. Nothing herein shall prohibit the Foundation from accepting any contribution whatsoever, from any source including federal, State or local governments or agencies of the United States Government, consistent with all applicable laws, the Articles and these Bylaws, for any purpose to further the purposes of the Foundation.

Section 8.05. Investments. Any funds held by the Foundation may be retained in whole or in part in cash or be invested and reinvested from time to time as the Board in its sole discretion may deem appropriate.

ARTICLE IX. Reports

The Foundation shall provide to the Directors as soon as practicable after the end of each fiscal year, a report of its proceedings and activities during such year, including a full and complete statement of its receipts, expenditures, and investments, and a description of all acquisitions and disposals of donated real property. The Foundation shall as soon as practicable after the end of each fiscal year, transmit a copy of this report to the Bonneville Representative and to the Council and make such report available to interested members of the public.

ARTICLE X. Standard of Care

Section 10.01. General. A Director shall perform the duties of a director, including duties as a member of any committee of the Board on which the Director may serve, in good faith, in a manner such Director believes to be in the best interest of the Foundation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

Section 10.02. Loans. The Foundation shall not make any loan of money or property to, or guarantee the obligation of, any Director or officer.

Section 10.03. Insurance. The Foundation shall have the power to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, Directors, employees, and agents, against any liability asserted against or incurred by such person in such capacity or arising out of the person's status as such.

ARTICLE XI. Nondiscrimination

The Foundation shall not discriminate in providing services, hiring employees, or otherwise upon the basis of sex, race, creed, marital status, sexual orientation, religion, color, age, or national origin.

ARTICLE XII. Amendments

These Bylaws may be altered or amended by a two-thirds vote of the Directors at any meeting of the Board where there is a quorum present, provided that notice of the proposed amendment be given in writing to all Board members at least 10 days before the Board meeting.

Certification

The foregoing are the Bylaws of Bonneville Environmental Foundation as duly adopted and amended by the Board of Directors through April 1, 2007.

Secretary _____



Board of Directors
Meeting Minutes
October 15, 2009

The meeting was called to order at 9:30. There was a quorum.

Board members present: Walt Pollock, Rachel Shimshak, Tom Starrs, Brett Wilcox and Anita Decker with Ralph Cavanagh and Bill Towey via telephone

Board members absent: Direlle Calica and Bill Drummond

Others present: Angus Duncan, Margie Gardner, Joanna Gilson, Rob Harmon, Todd Reeve, Pat Nye, Bryce Smith, Felicia Phillips and Terry Oliver with cameo appearances by Bev Colisch, Gary McGee and Nathalie Renner

The minutes of the last meeting were unanimously approved.

Mr. Pollock introduced new staff members David Wang and Shankar Sharma. Alden Boetsch was introduced in absentia.

Mr. Wilcox and Felicia Phillips introduced Gary McGee and Nathalie Renner who presented the FY 09 audits. All reports are unqualified per BEF tradition; there were no disagreements with management. The year was one of great transition, which is reflected in the financial audit. The Management Letter indicates that BEF grew so fast that it grew out of some of its processes. They cited the increased volume of transactions, complexity of transactions, increase in number of staff, shifts in responsibilities, etc.

Mr. Starrs pointed out a significant downward flow of cash position and Ms. Gardner replied that some big investments had been made, which should provide financial returns over the longer term, but which reduce cash in the near term.

Ms. Shimshak asked why there was such a high expense for contractors. Ms. Phillips suggested that much of it was for marketing contractors and the new web sites, but said she would follow up with more detail.

The Board met in Executive Session to discuss the audit. Afterward, Mr. Wilcox asked Ms. Phillips to follow-up at each Board meeting with ongoing reports at on how the audit issues are being addressed. The audit was unanimously approved. Mr. Pollock thanked Ms. Phillips and Ms. Colisch for all the work they've done this year.

Ms. Shimshak asked about whether or not BEF was considering changing auditors. Ms. Phillips replied that as a rule she would consider a change every five years or so and planned to send out an RFP this coming year or the one after if only to do due diligence on pricing. Considering the many process changes being made, it may be later rather than sooner. She will discuss with the Finance Committee.

Ms. Phillips presented the financial reports for the 1st quarter and August. Mr. Pollock expressed his assumptions that Ms. Phillips and Ms. Gardner would consult with both the Executive and Finance Committees if there appears to be a deficit problem.

Mr. Reeve reported on the latest model watershed project proposals. Mr. Lichatowich commented that the thorough staff work made the committee's task easy. The Board unanimously approved new ten-year projects with the Friends of the Teton and the Mattole Restoration and Range Partnership.

Regarding renewal of Board tenure and new committee assignments, Mr. Pollock spoke with Mr. Drummond, Mr. Towey, Ms. Shimshak, Ms. Calica and Ms. Decker, who all agreed to accept their new assignments. The Board unanimously approved all Board renewals and committee assignments.

The 2010 meeting calendar was presented.

Ms. Gardner offered a brief show and tell of marketing materials and reported that a second annual staff satisfaction survey had been conducted. The survey indicated that BEF had many committed staff members, but that there was concern over several issues, including the ERP system, accountability and compensation, all of which are being addressed.

Ms. Phillips announced that BEF had placed in the 100 Oregon Best Non-Profits and thanked Ms. Gilson for her participation in that endeavor.

Ms. Gardner offered a brief slide presentation:

"What is BEF's strategic direction for the next 6-9 months and who needs to be involved discussion which issues?"

1. Climate Business Group
 - Improve management of trading risk
 - Ms. Phillips to discuss with FinCom in February
 - Board meeting in March
2. Climate Business Group
 - Scenario planning
 - Best guesses on federal legislation, California policy, portfolio standards, utility mandated renewable energy programs
 - Implications for REC & offsets: products, price and position
 - Board consultations now thru February
 - Schedule meetings around Ms. Shimshak and Mr. Starrs for continuity; others, including Mr. Cavanagh and appropriate staff

3. Watersheds
 - Lessons learned and new strategic directions
 - Watershed committee - retreat in November – final in June
 - Mr. Wilcox interested in WRC's as well

4. Project Management Group
 - New VP
 - Strategic direction for expanded impact and profitability
 - How related to BEF Inc?
 - Late summer or fall 2010
 - Mr. Starrs as liaison; take larger issues to Board

5. BEF's overall Strategic Plan
 - Create whole that is greater than the sum of its parts
 - Consult/retreat in March or June
 - Final by Oct 2010

Mr. Smith gave a Project Management Group update and announced several awards:

- Idaho Teacher of the Year to one of the S4RS science teacher champions
- Interstate Renewable Energy Council's Renewable Energy Innovation Award for S4Rs Programs
- Center for Resource Solutions Best Green Power Education Outreach Program

Mr. Nye offered a Climate Business Group update, including an award from the EPA for Green Power Supplier of the Year. He also reported that NRDC is funding a contractor here at BEF doing research on how to take solar or thermal power to all major league sports. Web sales have taken a dip due to individual household economies, the challenges of the new platform and the decision to concentrate on commercial customers. On that front, no major customers have retreated, but renewals have become harder to close, requiring more staff time.

Mr. Harmon gave a legislative update, thanking Ms. Shimshak and Mr. Duncan for their help.

The meeting was adjourned at 12:15 after which staff joined the Board for lunch.

Mr. Pollock expressed appreciation to the staff by presenting a BEF Kleen Kanteen water bottle to each one.

Signature: _____

Date:



Board of Directors
Meeting Minutes
March 12, 2009

The meeting was called to order at 9:30. There was a quorum.

Board members present: Walt Pollock, Ralph Cavanagh, Rachel Shimshak, Jaime Pinkham, Bill Drummond, Bill Towey, Tom Starrs, Brett Wilcox and Anita Decker

Board members absent: Jim Lichatowich

Others present: Angus Duncan, Margie Gardner, Joanna Gilson, Rob Harmon, Todd Reeve, Pat Nye, Heidi Eggert, Bryce Smith, Felicia Phillips and Terry Oliver with cameo appearances by Bev Colisch, Alice Bray, Bill Eddie, Johanna Garth and Isaac Regenstreif

Mr. Pollock introduced new staff members and new BPA representatives Anita Decker and Terry Oliver.

New staff:

Noah Cable – Sales Representative

Robert Warren – Watershed Program Manager

Ben Stuart – PR and Marketing Coordinator

Will Villota – Brand Manager, Carbon Offsets and New Products

Kendra Smith – Director, Willamette Model Watershed Program

The minutes of the last meeting were unanimously approved.

Ms. Gardner gave a presentation highlighting accomplishments in FY 2009 and objectives for 2010 based on the strategic plan. She pointed out that after several years of rapid growth the rise in revenue trajectory is projected to taper off based on the current economic forecast. 2010 will be a year of consolidation as a result of this and several other factors, including the fact that the Foundation hired 14 new staff in the past 14 months, doubling in size, and added more office space.

She went through each program, showing how each is "Creating the Curve," from Climate Business Group's revenues, 6 to 10 model watersheds, 130 existing solar projects, Water Restoration Certificates to BEF Renewable Inc's biodigester.

To ensure a sustainable financial position, there will be improvements in financial accountability and communication, as well as efforts to create more revenue from non-tradable commodities. To achieve 60% satisfaction with operational systems by 2010, operations will become more efficient and BEF will aspire to become the "Apple" of the environmental world and create a culture that supports the mission.

Ms. Gardner and Mr. Pollock led a discussion on potential business ideas and direction by asking the following questions:

1. What do you see as potential business opportunities for BEF in the stimulus package (or elsewhere) and how would we go about investigating them?
2. What are the most important criteria to consider when deciding whether to "focus" or "stretch" at this point in our development?

There is a two-year window for stimulus funds; should BEF consolidate, based on the strategic plan just presented or go after stimulus money? Mr. Cavanagh reported that changes in renewable energy tax credits are more important than the large sums of money available through DOE, but the guidelines are not yet well defined. He thought the money could be used for any of the BEF renewable energy projects, but that the states are not ready to use it. Mr. Duncan suggested that the agricultural funding guidelines are not a good fit with the model watershed projects. Mr. Wilcox suggested that it's a chance to make a lot of money, but BEF would be on the hook for 20%. Ms. Decker commented that there would be money for schools.

Mr. Pollock suggested that, as seductive as it is to think about the opportunities possible with the stimulus money, staff should not take their eye off the ball as outlined in strategic plan. Mr. Starrs suggested that there are more experts out there who can go after these things aggressively, whereas BEF is not equipped to do so.

Ms. Gardner asked about bringing in an outside resource to track the opportunities. Mr. Oliver suggested that BEF could go after quick, very clearly defined prospects that wouldn't take a lot of time. Mr. Duncan suggested that if there was an obvious opportunity it could be worth exploring. Ms. Shimshak said that if there is an existing program and BEF can find a partner then it could be worth it without a big loss of staff time and money. Mr. Drummond suggested that the dollars are attractive, but could be a distraction, so BEF might monitor things to look for surgical opportunities. Mr. Towey agreed. Mr. Wilcox suggested that as much as we don't want to divert our attention, if there are product champions here on staff, they could bring opportunities to the Board, percolating up from the staff not top down from the Board. Ms. Decker suggested we try to find the right niche for schools because of our existing program. Ms. Shimshak commented that it didn't make sense to hire more staff for stimulus money that will go away in 2 years.

Ms. Gardner summarized that we will likely focus on our goals in the strategic plan and go after stimulus money only if it supports those goals and/or makes them easier to achieve.

Ms. Phillips presented the 2009-2010 operating budget, suggesting that the projections were fairly conservative with total revenue \$9.7 million. She pointed the Board to the major budget assumptions and business drivers.

Mr. Starrs asked what was the biggest up and downside, to which Ms. Phillips replied that it was water tags on both sides.

Mr. Pinkham asked where that money would go and Ms. Phillips replied that there had been discussions on how to allocate funds and that they not be Board directed, except in the annual budget, so as to retain flexibility. Mr. Pinkham said he thought the Board had decided to stabilize watershed funds with White Creek funds. Ms. Gardner said that she and Mr. Pollock would work on this in consultation with the Finance Committee. Mr. Pollock said that, despite the premise of 10 year commitments, we don't need to restrict the funds as an accounting issue, but rather express the idea that watersheds are a priority and indicate that in the budget in a way that doesn't impair the balance sheet

Mr. Drummond asked if we were planning to blow past our sales projections as in the past. Mr. Nye said that so far, no one is backing away from contracts and that green building is actually taking off. We walked away from lots of deals where we were not the lowest bidder and now some of the highest bidders are in trouble.

Ms. Phillips showed expenses of \$9.3 million and replied to Mr. Starrs question that the admin program numbers were placeholders and would be appropriately directed throughout year.

Ms. Decker suggested that there should be some color-coding and the budget was adopted with one change.

Mr. Wilcox and Ms. Phillips presented new draft signing authorities, simplifying check signing, banking signatures and debt management, based on expanding staff and expenses. Ms. Shimshak said she would miss BEF visits to co-sign larger checks and contracts and suggested that the Finance Committee keep tabs on the new process. Ms. Phillips said that it will be covered by requiring 2 signatures on checks over \$10k and Mr. Wilcox assured the Board that things would always be consistent with approved budget and policies.

The new signing authorities were adopted unanimously.

Ms. Phillips presented a brief executive summary pulling together all the numbers and said that in the future she will highlight any significant variances to last year as well as to the budget.

Mr. Cavanagh commented that the greatest financial risk was not covered and asked how we capture the commodities risk. Ms. Phillips replied that she would provide a monthly rolling forecast that will show this. And Mr. Wilcox reminded us that there is a risk management/hedge policy, which has worked well so far with the Finance Committee keeping track of it. And Mr. Nye commented that there is more volatility in the markets, but the contracts are stable so far. Mr. Wilcox said that the Finance Committee could review larger contracts and whether we should buy or sell long or not.

Mr. Pollock nominated Mr. Starrs to the Finance Committee since he now has a job and will stay in the region. The nomination was approved unanimously.

The Board met with the CEO and President in executive session to discuss the board seat vacated by Jaime Pinkham. After discussing the process and potential candidates, the Board agreed to offer the seat to Direlle Calica. Ms. Gardner and Portland Board members will be invited to a lunch with Direlle to confirm her interest and welcome her to the Board.

Ms. Gardner introduced several BEF Renewable Inc Board members – Johanna Garth and Isaac Regenstrief.

Ms. Garth, the Board Chair, gave a brief overview of projects. Inc got financing for the first project at EPCC (starting construction next month), which was remarkable considering the credit market, showing support of renewable energy and BEF in general. The next two are Portland Water Bureau and Rieke Elementary with several others in the pipeline. Mr. Regenstrief commented that it may take a bit longer to get new deals due to the economy, but the fact that Inc got the first financing deal bodes well. Mr. Eddie said that he sees lots of opportunities, but it's more opportunity triage than anything else.

The Board unanimously adopted the resolution to appoint both Jaime Pinkham and Steve Hickok as Directors Emeritus.

The meeting was adjourned at 12:30 after which staff joined the Board for lunch.

Signature _____ Date _____

Board of Directors
Meeting Minutes
March 11, 2010

The meeting was called to order at 9:30. There was a quorum.

Board members present: Walt Pollock, Rachel Shimshak, Tom Starrs, Jim Lichatowich, Bill Drummond, Ralph Cavanagh and Anita Decker, ex-officio and non-voting BPA Representative.

Board members absent: Brett Wilcox, Direlle Calica and Bill Towey

Others present: Angus Duncan, Margie Gardner, Joanna Gilson, Rob Harmon, Todd Reeve, Dick Wanderscheid, Felicia Phillips, Heidi Eggert, Molly Moreland, a cameo appearance by David Wang, a late arrival by Terry Oliver and John Taves via telephone

Mr. Pollock introduced new staff members:
Alden Boetsch – Watershed Program Associate
Dick Wanderscheid – Vice President, Project Management Group
Tina Wood – Administrative Coordinator

The minutes of the last meeting were unanimously approved with one revision.

Ms. Phillips presented the 3rd Q financial reports and an update of 4th Q financials, as well as the proposed FY 2011 budget. Mr. Starrs asked if the cash flow was going to be in the black this year, to which Ms. Phillips replied that this year it was in the red \$1 million due to cash outflow for projects, something that was not anticipated for the coming year.

Mr. Drummond asked about Water Restoration Certificates and Mr. Harmon and Mr. Reeve reported that BEF just received a \$1,000 check from a Rogue Basin consortium - the first purchase from that watershed. There are also two \$50,000 contracts with Intel, one for WRCs and one for research in New Mexico, for which BEF has hired a contractor for \$30,000. The WRC initiative hasn't been as staffed up internally as initially anticipated and Mr. Starrs suggested again that more sales effort be dedicated to this effort. Ms. Gardner commented that once there are more sales and we are further through the recession, that decision will be reviewed.

The FY 2011 budget was unanimously approved.

Ms. Phillips then presented the BEF Renewable Inc fifteen-month budget and raised the question about the viability of its solar project line. BEF's executive staff is reasonably comfortable with the progress of the biodigester and landfill projects. However, external forces beyond BEF's control led to questions about continuation of the solar project line at this time. Financing continues to be very tight and investors in the solar projects have proven very difficult to come by. The pool of funds available for BETC qualified projects has been significantly reduced.

Ms. Phillips asked the Board to adopt the Finance Committee recommendation to approve the BEF Inc FY 2010-2011 Operating Budget through May 31, 2010 with the stipulation that the Finance Committee review recommendations by the Inc. board on how to proceed with the solar project line at its May committee meeting.

This resolution was unanimously approved.

Ms. Gardner introduced a discussion on a number of issues pertaining to managing BEF's trading risk. She cited the fact that the market for RECs and offsets is changing dramatically; it is relatively unstable, susceptible to emerging regulations. Yet many new players are entering the market, which is reducing margins. BEF does not have access to the same type of capital resources as other actors (such as Goldman-Sachs) and we cannot afford to put as much at risk.

In addition to the market shifts external to BEF, our business has also changed dramatically over the last few years in terms of the geographic scope, number of transactions, number of suppliers and customers.

As a result, management started a process a few months ago to identify risks, develop tools to measure the risk and set processes in place to mitigate potential losses.

BEF has, in the past, been quite successful making margins in the REC market. We anticipate continuing to make significant margins when we sell to retail customers. However, in some cases, the margins from the retail customer sales have probably masked the risks assumed from the wholesale trading/managing of a large supply portfolio. So, BEF needs a bridge from what our portfolio is to what we would like it to be. Ms. Decker commented that there needs to be a set of bookends on where we want to be and how it affects BEF.

The Finance Committee recommended several small steps and will reconvene in April. At some point the Board will be asked to approve a risk management policy based on guidance from the Committee.

Ms. Gardner gave several business updates.

The Cascade Policy Institute sent us a draft of an "audit" on BEF, which we found to contain major flaws. The Climate Trust, about whom CPI had written last year, sent them a reply. BEF's strategy is to prepare to respond to the media if and when this paper becomes public. Mr. Harmon commented that this has provided the opportunity for the environmental community to come together and circle the wagons in the face of this.

A BPA ROD was not posted for the latest BPA-BEF contract, reflecting a flaw in BPA's internal process. It is not a reflection on BEF per se and none of the complainants have faulted BEF. In light of this, BPA legal is currently looking into the process for all ROD's.

There are some legal issues regarding the Larimer landfill project. Poudre Valley is charging that the LLC has sold the offsets along with the electricity and REC's, despite the fact that BEF already sold the offsets to Climate Trust. Unfortunately, the contract language is somewhat unclear on the point. They have not threatened to sue, but have asked how we are going to rectify the situation. BEF feels that we are operating within standard industry practice, and within the contract and just need to clarify that with them.

Ms. Gardner presented a memo update from Ms. Phillips on how BEF is complying with the audit recommendations from FY 2009.

Mr. Reeve answered questions about current fast-moving watershed initiatives.

The meeting was adjourned at 11:30 and the Board met in Executive Session, discussing the status of BEF business issues.

Signature: _____ Date: _____

Background

At our last Board of Directors meeting in March, BEF management requested guidance from the Finance Committee regarding BEF's risk position in terms of our REC and Offset business.

Since that meeting, the Risk Team has had regular weekly reports (schedules allowing) and has met with the Finance Committee. We have walked through our current position each week, tracked changes, received direction on initial next steps, and have reported results on those steps back to the committee.

Status Since First Measurements

The following compares our risk position at the time we first reported to the Finance Committee on this topic with our most recent report for May.

BEF's Portfolio Status as of February 18, 2010:

Total Position: 908,849 RECs (2010 through 2015)

Total VAR: \$1,302,204

95% Max Loss: \$1,905,901

VAR Limit: \$100,000

VAR Violation: Yes

Mark to Market: (\$603,705)

BEF's Portfolio Status as of May 25, 2010:

Total Position: 695,216 RECs (2010 through 2015)

Total VAR: \$549,257

95% Max Loss: \$1,598,790

VAR Limit: \$100,000

VAR Violation: Yes

Mark to Market: (\$1,004,533)

United States Government

Department of Energy
Bonneville Power Administration

memorandum

DATE: April 6, 2010

REPLY TO
ATTN OF: LC-7

SUBJECT: Bonneville Environmental Foundation

TO: Anita Decker, Chief Operating Officer, K-7

By the by-laws of the Bonneville Environmental Foundation (BEF), the Deputy Administrator of the Bonneville Power Administration (BPA) is designated the *ex-officio* non-voting board member of the BEF. You were asked to take over this role after Deputy Administrator Steve Hickok retired. Participation on the BEF is in your official capacity as a DOE/BPA employee, and you do not receive any additional compensation for performance of any duties from the BEF.

The Office of General Counsel has determined that you do not need a waiver to participate on the BEF Board. However, as a federal employee of the executive branch there are three areas of concern in which you need to exercise caution. They are:

1. Fundraising (5 C.F.R. § 2635.808) – You may not participate in any fundraising engaged in by the BEF. This would include instances of signing your name to grant applications or letters sent for solicitation of funds to support a specific local project.
2. Representations (18 U.S.C. § 205) – You are prohibited by this criminal statute from making representations to the government on behalf of the BEF. An example of this would be making telephone calls to another federal agency on behalf of the BEF urging them to approve a grant application to provide assistance on a specific project.
3. Conflict of Financial Interest (18 U.S.C. § 208) – In your official capacity as COO, you are prohibited by this criminal statute from participating personally and substantially in any particular matter that will have a direct and predictable effect on BEF's financial interest. An example of this would be participating in BPA funding decisions that affect to BEF.

If at any time while you are on the BEF Board you have concerns regarding ethics issues and what actions you can appropriately take within the regulations, please contact me. If I am not available Jeri Krier or Mary Wooldridge should be able to assist you.

Donna Oden-Orr,
Attorney-Advisor

cc: M. Wooldridge, LC-7

Section 4.02. Number of Directors. The governing Board shall consist of at least nine and no more than thirteen voting Directors.

Section 4.03. Bonneville Power Administration Liaison. The Administrator of Bonneville (the Administrator) shall designate an employee of Bonneville (the Bonneville Representative) to be the Bonneville liaison to the voting Directors. The Bonneville Representative shall represent Bonneville's interests and will have no vote and no fiduciary duty to the Foundation.

Section 4.04. Qualifications of Directors. Each Director shall be a United States citizen. It is the intent of the Board that at least three Directors be committed to, knowledgeable of, and experienced in nonhydro renewable energy technologies or resources, at least three Directors be committed to, knowledgeable of, and experienced in the principles of fish or wildlife habitat, and at least one Director represent Native American interests. The membership of the Board, to the extent practicable, shall represent diverse geographical areas. The Board shall have the exclusive power and authority to determine whether the qualifications of Directors have been met.

Section 4.05. Appointment and Term of Office. Except for shorter terms for some initial directors specified in the Articles for the purpose of creating staggered terms, Directors shall serve for terms of 4 years or until their successors are selected. Terms shall end at the Annual Meeting closest to the anniversary of each Director's appointment.

Section 4.06. Vacancies and Removal. The Board shall use its best efforts to fill a vacancy on the Board within 60 days of said vacancy. A person appointed to fill a vacancy occurring prior to the expiration of a member's full term shall be appointed only for the remainder of that specific term. A vacancy in the Board shall be deemed to exist on the occurrence of the following:

- (1) the death, resignation, or removal of any Director;
- (2) the declaration by the Board of a vacancy in the office of a Director who has missed three consecutive regularly scheduled meetings; or
- (3) an increase in the authorized number of Directors.

Any member may resign at any time effective upon giving written notice to the Board, unless the notice specifies a later time of the effectiveness of the resignation.

The term of office of any Board member may be terminated at any time upon the affirmative vote in favor of termination by at least a two-thirds majority of the entire Board. The Chief Executive Officer shall notify the affected Board member of the termination by making appropriate record of the termination in the minutes of the meeting at the end of which such termination becomes effective.