

Final – Approved May 6, 2015

## Minutes of the Board of Directors

**FRIDAY, DECEMBER 5, 2014 – 10AM PT/ 1:00PM ET**

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The Western Climate Initiative, Inc. Board of Directors (the “Board”) held a meeting on December 5, 2014, in Sacramento, California. The Board discussed the Finance Committee Report and an update on operational matters from the Executive Director’s Report. The Board then convened an executive (closed) session to discuss procurement, personnel matters, and legal issues. The meeting was called to order by the Chair, Matthew Rodriguez, at 10:03 a.m. Pacific Time/2:03 p.m. Eastern Time. Jennifer Major kept the minutes of the meeting. Consecutive interpretation between French and English was provided during the open session. No members of the public attended the meeting in person; three attended by phone.

### Attendance

The following Directors were present, constituting a quorum pursuant to the By-Laws:

- Matthew Rodriguez (Chair, by phone)
- Geneviève Moisan (Vice Chair, by phone)
- Guylaine Bouchard (by phone)
- Jean-Yves Benoit (Secretary, by phone)
- Mary Nichols (Treasurer, by phone)
- Tim Lesiuk (by phone)
- Alain Houde (non-voting) by phone

Also present were:

- Patrick Cummins, WCI, Inc. Executive Director
- Michael Gibbs and Mark Wenzel, State of California (by phone)
- Dave Tiffin, Province of Ontario (by phone)
- Lee Alter, WCI, Inc. Project Manager (by phone)
- Jennifer Major, Ross Strategic (by phone)
- Bryan Lopuck, Lionbridge (translator)
- David Rangdrol (by phone)
- Bob Flemington (by phone)

Mr. Cummins opened the meeting. Roll call was taken and quorum established.

## **I. Approve September 26, 2014 Board Meeting Minutes**

Mr. Rodriguez asked if any Board members had comments on the minutes. Ms. Moisan said there were a few changes to make to the translation; the copy was sent to Quebec just before the meeting. The changes required are very minor. Mr. Cummins recommended the English minutes be approved and that the French version with edits incorporated be posted upon Quebec's review. Ms. Moisan said this would be acceptable. Tim Lesiuk made a motion to approve; Ms. Moisan seconded and the motion was unanimously approved by the Board.

Mary Nichols joined the call at 10:08a.m

### **I. Finance Committee Report**

Mr. Cummins provided the following background. As agreed to at last year's meeting, WCI, Inc. is now preparing a report that includes the projected expenditures for the second year. The current report includes both the revised budget for 2015 and projected expenses for 2016. However, the resolution presented is specifically to approve the budget for calendar year 2015. Translation of this document is underway. As with the minutes, Mr. Cummins recommended the Board approve the English version and the French version will be posted once reviewed by Quebec. The 2015 budget was originally adopted last year as part of a two-year budget; updates to that budget are the subject of this discussion.

The budget has gone up substantially from the original, reflecting the fact that some services and staffing anticipated in 2014 will now occur in 2015. In addition, a reserve fund has been established for procurement activities, recognizing there may be additional associated expenditures for cap-and-trade services in 2015. The overall two-year budget remains unchanged. Therefore the proposed budget does not require any change to the current funding agreements with California or Quebec.

Mr. Rodriguez asked if there were questions from the Board or the public. There were none.

Ms. Nichols asked whether there was a mechanism in place to accommodate other jurisdictions interested in joining WCI, Inc. The media are asking these questions now as EPA moves forward with new regulations affecting carbon markets. Mr. Cummins replied that the system is designed to accommodate new participants. In addition, WCI, Inc. has established this procurement reserve for 2015 and 2016, the funds from which could be used as necessary to accommodate new participants. Any new participant would also be expected to contribute financially to WCI, Inc., as California and Quebec have done. If appropriate the Board could consider adding a note in the procurement section of the budget narrative to clarify this use of funds. Ms. Nichols agreed there would be some benefit in including this clarification. Mr. Cummins affirmed there were no stipulations precluding WCI, Inc. from modifying the budget at any time if there was interest from potential participants in

joining WCI, Inc. Ms. Nichols added there may be a need to spend funds as part of the process of bringing them on.

The Board members agreed that it would be most efficient for Mr. Cummins to draft new language to convey that funds from the procurement reserve could be used to cover costs associated with bringing new jurisdictions onboard and that these expenditures would only occur upon Board approval.

Mr. Cummins will propose revised language for Board consideration, after which it can be posted to the WCI, Inc. website. It was suggested that for now the Board adopt the proposed resolution (or amend the existing resolution) to say the budget is adopted, and then direct Mr. Cummins to add the new language to the procurement reserve section of the budget narrative. With that direction from the Board and that statement included in the resolution, Mr. Cummins can work to get the appropriate language into the document and get it posted to the website.

Mr. Rodriguez suggested the resolution be phrased to say the Board will approve the budget subject to the condition that Mr. Cummins provide the Board with an opportunity to review the revised procurement section language. Mr. Cummins agreed and said the revised language will be reviewed at the next Board meeting. Ms. Nichols commented that each member, new or old, will fund WCI, Inc. in the manner that reflects the services they receive.

The following resolution was proposed:

*RESOLVED that the budget for the fiscal year of the Corporation beginning January 1, 2015 and ending December 31, 2015, as presented and attached to the minutes of this meeting, is hereby ratified, approved and adopted.*

Ms. Nichols made a motion to approve the resolution. The motion was seconded by Mr. Lesiuk and unanimously approved by the Board.

## **II. Executive Director's Report**

Update to the Board on operational matters

Two members of the WCI, Inc. corporate counsel team joined the call, Austin Keys and Tom David.

Mr. Cummins reported on two items. First, as most were already aware, the November joint auction had been cancelled due to technical difficulties. However the problems were quickly corrected and the auction was successfully held last week. Results were announced on December 3 and are available on both the California and Quebec websites. Recurrence of these technical difficulties is not anticipated.

The second item relates to the earlier discussion on procurement. WCI, Inc. will be recompeting cap-and-trade service contracts in 2015, as each of these contracts expires at the end of calendar year 2015. A consultant, Craig Ebert (Ebert Consulting), has been brought on board to help with this effort and the first notice about the procurement is expected to be released to the public in early January 2015. This activity is underway, will be ongoing throughout 2015, and staff resources at WCI, Inc. are available to do this work. Mr. Cummins concluded the Executive Director's report and there were no questions from the public or Board members.

Mr. Cummins moved to conclude the public session and move to (closed) executive session. Mr. Rodriguez officially concluded the public session at 10:43am Pacific/1:43pm Eastern.

## **II. Adjourn Board Meeting**

There being no other business and upon unanimous consent, the executive session and the Board meeting was adjourned at 11:39 a.m. Pacific/2:39 p.m. Eastern.

Respectfully submitted,

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Jean-Yves Benoit, Secretary