

Final - Approved April 10, 2012

Minutes of the Meeting of the Board of Directors

January 12, 2012

The Western Climate Initiative, Inc. Board of Directors (the “Board”) met on January 12, 2012, at the Sheraton Fisherman’s Wharf, 2500 Mason Street, San Francisco, CA.

James Goldstene (Chair) called the meeting to order at 8:15a.m. Pacific Time. Lydia Dobrovolny kept the minutes of the meeting.

Attendance

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

- James Goldstene (Chair)
- Robert Noel de Tilly (Vice Chair)
- Jean-Yves Benoit (Treasurer)
- Tim Lesiuk (Secretary)
- Matthew Rodriquez
- Jessica Verhagen (alternate for James Mack)

Also present were:

- Michael Gibbs, Bob Fletcher, Edie Chang, Mark Wenzel, and Holly Stout, from the State of California
- Jim Whitestone, from the Province of Ontario
- Patrick Cummins, Western Climate Initiative Project Manager
- Lee Alter, Contractor
- Lydia Dobrovolny, Ross & Associates

1. Approve November 3, 2011 Board Meeting Minutes

Mr. Goldstene invited a motion to approve the minutes. A motion was made by Ms. Verhagen and seconded by Mr. Noel de Tilly, and the November 3, 2011 WCI, Inc. Board Meeting Minutes were

approved by five Directors. Mr. Rodriguez, who was not present at the November 3, 2011 meeting, abstained.

2. Finance Committee Report

Mr. Gibbs provided a status update to the Board on recent activities of the Finance Committee. The Finance Committee consists of Jean-Yves Benoit (Committee Chair and Treasurer), Matthew Rodriguez, and James Mack, and has been tasked to take the steps necessary to enable WCI, Inc. to become financially operational.

REGISTRATIONS AND FILINGS

The Finance Committee has obtained a U.S. Federal Tax ID Number (FEIN); completed the California Secretary of State Registration; and recently obtained approval from the Executive Committee to submit the application for U.S. IRS Tax Exempt Status (Form 1023). Filing to the California Franchise Tax Board for Tax Exempt Status is on hold, pending legal advice on whether to wait until U.S. IRS filing is complete. The annual filing to the California Secretary of State Statement of Information is pending. Application for Canadian Federal and Provincial Tax Numbers and filings are under development.

The Finance Committee noted that since WCI, Inc. is now registered, 2011 tax filings will be due in CA, DE, and at the U.S. federal level. The Audit Committee will need to hire an auditor to work on these filings.

STATUS OF FUNDING AGREEMENTS

Directors provided updates on the status of establishing funding agreements with WCI, Inc.

Based on the update, the Finance Committee will review the budget adopted at the November 3, 2011 meeting, and report back to the Executive Committee on anticipated revenue and cash flow implications.

BANK ACCOUNTS

The Finance Committee has identified several issues to consider when establishing a bank account(s) to support WCI, Inc. operations, including: support for transactions in two currencies; deposit insurance limits; liquidity to satisfy cash flow requirements; prudent management in conformance with an adopted investment policy; and services and fees (e.g. local branches, ATMs, etc.). The Finance Committee identified three categories of financial institutions and presented some research of pros and cons associated with each from the perspective of serving the banking needs of WCI, Inc. The categories are large banks with commercial banking services; large investment banks with commercial banking services and additional investment capabilities; and regional/local banks and credit unions.

Directors noted that it is helpful to know about the range of options, but that the Finance Committee should prioritize investigating financial institutions within the first two categories, since these are more

likely to provide the range of commercial services that WCI, Inc. requires. Directors also expressed interest in selecting a financial institution that is socially responsible and values serving the public good.

INSURANCE

The Finance Committee is researching options for insurance coverage, including Directors and Officers, General Liability, Professional Liability (Errors and Omissions), and Employee-related (Workers Compensation, Health) insurance. Legal counsel advised WCI, Inc. to work with insurance professionals to identify a package of insurance policies that will ensure sufficient coverage. The Finance Committee is working with AON, a large insurance brokerage, and recommends working with a second insurance broker as well, to gather information on potential policies.

OTHER EMPLOYEE RELATED ISSUES

The Finance Committee is tracking, but has not yet started working on, additional issues related to preparing WCI, Inc. to function as an employer, including filing with the Employment Development Department in the State of California; developing the employment offer for the Executive Director; and obtaining payroll services.

BOARD DIRECTION TO THE FINANCE COMMITTEE

The Board directed the Finance Committee to prepare a recommendation to open an account(s) as soon as possible; to prepare a draft investment policy for WCI, Inc., and to seek advice from a second insurance broker and continue to obtain information about insurance options.

3. Adopt Procurement Policy

The following Jurisdictional staff and WCI, Inc. legal counsel joined the meeting by teleconference at 9:00a.m.:

- Clifford Case, Carter Ledyard & Milburn, LLP
- Chuck Seidler, Ashley Dunn, Matthew Botill, from the State of California

Directors discussed clarifications to the WCI, Inc. Procurement Policy in response to comments provided by legal counsel:

- The concept of “geographically neutral” is about eligibility to bid not about the substance of the bid, and should be interpreted that all bidders are equally eligible to bid on requests from WCI, Inc., regardless of the location of their offices.
- Item C in the list of allowable exemptions for non-competitive agreements, “compatibility with existing products may not be allowed”, is a general concept that if a service is required and there is only one provider for that service, then WCI, Inc. does not have to conduct a competitive bidding process to access that service. Directors agreed to amend the description of this concept to make it easier to understand by striking the last sentence in the description.

- To further clarify the policy, Directors agreed to add the following language: "The Board retains full authority to interpret, modify or withdraw this Procurement Policy in whole or in part at any time. This Procurement Policy does not and will not serve as the basis for any cause of action or create any rights in any third parties, including but not limited to bidders, potential bidders or suppliers of goods or services to the Corporation."

Mr. Goldstene invited a motion to approve the WCI, Inc. Procurement Policy with amendments to the language as discussed and clarification of "geographically neutral" provided in the minutes. With a motion made by Mr. Lesiuk and seconded by Mr. Benoit, the following resolution was unanimously adopted:

RESOLVED that the WCI, Inc. Procurement Policy, as amended based on the meeting discussion and attached to the minutes of the meeting, is hereby ratified, approved and adopted as the Procurement Policy of the Corporation.

The Directors thanked Mr. Seidler and Ms. Dunn for all their work in preparing the Procurement Policy.

4. Approve RFP for Tracking System Service Delivery

The Board reviewed remaining issues related to the general terms and conditions, which were developed by corporate counsel in consultation with jurisdictional legal counsel, and will be standardized across all WCI, Inc. contracts. The Board agreed to concepts and authorized Mr. Goldstene, as Chair, to finalize the language in the terms and conditions to reflect the discussion. The Board also reviewed final changes to the request for proposals (RFP) for tracking system service delivery. The version presented incorporates all changes received to-date, and the document will be updated to include the final terms and conditions. The Board was also presented with the Tracking System Service Delivery RFP Procedures Document. This document has been developed for internal use only and was presented for information only.

Following discussion, Mr. Goldstene invited a motion to approve the Tracking System Service Delivery RFP, which will be finalized to incorporate the final terms and conditions. With a motion made by Mr. Lesiuk and seconded by Mr. Noel de Tilly, the following resolution was unanimously adopted:

RESOLVED, that the Tracking System Service Delivery RFP, as amended based on the meeting discussion and attached to the minutes of this meeting, is hereby ratified, approved and adopted, and the officers of the Corporation with staff support are hereby authorized to solicit proposals for the delivery of tracking system services. The selection of the preferred proponent shall be subject to the approval of the Board of Directors.

The Board discussed how to ensure distribution to the widest possible audience, and agreed that the final RFP will be posted on the WCI, Inc. website, and a notice issued via the WCI and the WCI, Inc. listserv. Jurisdictions may also announce the RFP through their own communication mechanisms.

The Board acknowledged that while the RFP will be released before WCI, Inc. has funding agreements in place with the participating jurisdictions and before there are funds in a WCI, Inc. bank account, it is appropriate to proceed because expedient delivery of tracking system services is critical to program success, and Directors have a reasonable expectation that funds will be in place soon.

Mr. Goldstene called for a motion to take a brief recess and convene an Executive Session of the Board to discuss personnel issues, attended by the Directors Mr. Whitestone, Mr. Cummins, and Ms. Dobrovolny. With a motion made by Mr. Noel de Tilly and seconded by Mr. Lesiuk, the motion was unanimously adopted.

5. Executive Session to Discuss Personnel Matters

The Executive Session was convened at 10:35a.m. and adjourned at 11:15a.m.

Stanley Young, from the State of California, joined the meeting at 11:15a.m.

6. Needs and Options for Director Training

Directors agreed to postpone the discussion related to needs, goals, and options for Director training to a future call of the Executive Committee.


7. Board Meeting Schedule and Next Steps

The Board discussed the date and location for the next face-to-face Board meeting, and decided not to schedule the next meeting at this time.

Closing Remarks and Adjournment

There being no other business to come before the meeting, Mr. Rodriguez made a motion to adjourn and Mr. Noel de Tilly seconded the motion. Upon unanimous consent, the meeting adjourned at 11:45 a.m. Pacific Standard Time.

Respectfully submitted,



Tim Lesiuk, Secretary