

Minutes of the Meeting of the Board of Directors

April 10, 2012

The Western Climate Initiative, Inc. Board of Directors (the “Board”) met on April 10, 2012, at the Westin San Francisco Market Street, 50 Third Street, San Francisco, CA.

The meeting was called to order by the Chair, James Goldstene, at approximately 3:30 p.m. Pacific Time. Lydia Dobrovolny kept the minutes of the meeting.

Attendance

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

- James Goldstene (Chair)
- Jean-Yves Benoit (Treasurer)
- Tim Lesiuk (Secretary)
- Michael Gibbs (alternate for Matthew Rodriguez)
- Jessica Verhagen (alternate for James Mack, by phone)

Also present were:

- Edie Chang, Richard Corey, and Mark Wenzel, State of California
- Federic Tremblay, Province of Quebec
- Heather Pearson, Province of Ontario (by phone)
- Anita Burke, Contractor
- Patrick Cummins, Western Climate Initiative Project Manager
- Lydia Dobrovolny, Administration Ross & Associates (by phone)

1. Approve January 12, 2012, and February 22, 2012, Board Meeting Minutes

Mr. Goldstene invited a motion to approve the January 12, 2012, minutes. Following a motion made by Mr. Gibbs and seconded by Mr. Benoit, Directors unanimously approved the January 12, 2012, minutes.

The Board directed staff to include additional detail about the competitive recruitment process for the Executive Director hire in the February 22, 2012, meeting minutes. These minutes will be revised and presented for approval at the next Board meeting.

2. Status Update on Interim Hosting Contract for CITSS

Edie Chang provided an update to Directors on the status of securing interim hosting for the Compliance Instrument Tracking System Service (CITSS), and distributed a draft contract for Director information. CITSS is a key component of support for the linked cap and trade program. WCI, Inc. issued a solicitation for permanent

hosting, application maintenance and help desk services for CITSS in January 2012. When no bids were received, the Board directed staff to pursue interim hosting options to ensure that critical program implementation milestones are met. WCI jurisdiction staff have been specifying the service requirements in conjunction with a consulting firm that has been developing the tracking system under a separate grant agreement, including to provide temporary hosting for CITSS, and to develop Québec specific system functionality. The proposed contract will be for 12 months of hosting; ensuring adequate time to transition between the interim and a permanent host. The final cost for this contract will depend on the final scope of work and the terms and conditions. Once the contract is completed, it is estimated to take six weeks to launch the temporary hosting environment, migrating the application to the host and conduct penetration and security testing.

Technical staffs from the WCI jurisdictions are confirming final details of the scope of work. Michael Gibbs and Jean-Yves Benoit volunteered to work with WCI, Inc. staff and corporate counsel to finalize the terms and conditions. A special Board meeting will be noticed once the interim hosting contract is ready for Director approval.

3. Approve Insurance Recommendation

Directors considered a recommendation from the Executive Committee for purchasing Directors and Officers insurance, Employment Practices Liability insurance, and Workers Compensation insurance. The Finance Committee has researched options for WCI, Inc., and worked with the insurance broker Aon to prepare a package of detailed information and quotes for these coverages, the Commercial Insurance Proposal. This package was presented to the Board along with a memo summarizing the recommendation.

Following Board discussion of the insurance options and coverage limits, Mr. Goldstene invited a motion to approve the resolution. Mr. Lesiuk made a motion, Mr. Gibbs seconded, and Directors unanimously approved the following resolution:

***RESOLVED**, that WCI, Inc. shall purchase Directors and Officers (D&O) insurance, Employment Practices Liability (EPL) insurance, and Workers Compensation insurance from Aon as defined in Option 2 of the Commercial Insurance Proposal from Aon. The purchase of D&O and EPL insurance shall be completed as soon as practicable following the availability of sufficient WCI, Inc. funds. The purchase of Workers Compensation insurance shall be completed following the availability of sufficient WCI, Inc. funds but no sooner than as required by statute.*

The Finance Committee is continuing to examine the risks and evaluate the need for WCI, Inc. to obtain Professional Liability insurance, Cyber Liability insurance and General Liability insurance.

4. Finance Committee Report and Other Organizational Issues

Anita Burke briefed Directors on recent activities to get WCI, Inc. ready to assume operations. The Finance Committee has researched insurance options and established a bank account with Morgan-Stanley, and will now begin to evaluate options for payroll services. Ms. Burke recommends that WCI, Inc. obtain payroll services in conjunction with bookkeeping and accounting services. Ms. Burke will obtain bids from firms in the Sacramento

area that can provide these bundled services to present to the Finance Committee for review and recommendation to the Executive Committee.

Ms. Burke has also obtained a bid for services to develop human resources and other employee policies. The firm she contacted is located in Los Angeles with a complementary service in Canada. The Board approved Ms. Burke continuing to work with the firm to procure these employment-related services. Directors requested that the materials be developed in a way that integrates both U.S. and Canadian requirements. Directors also asked Ms. Burke to confirm that the firm(s) being retained to provide employment-related services and/or the payroll-accounting-bookkeeping services be able to assist WCI, Inc. with the filings required by the State of California to function as an employer.

Ms. Burke will investigate office options while in Sacramento next week. Ms. Burke plans to make use of the green purchasing guidelines and bidders list developed by the California Division of Procurement to purchase any office equipment that is not available as part of the office lease.

Ms. Burke is requesting bids from three IT firms in Sacramento to provide hardware, software, mobility, hosting, security and technical support. Directors recommended that Ms. Burke explore appropriate levels of security for WCI, Inc., and approaches for managing and sharing information securely and confidentially.

Ms. Burke is working with an accountant to complete the 2011 U.S. federal tax filing, which is due on April 30, 2012.

5. Board Meeting Schedule and Next Steps

Directors discussed the date and location for the next face-to-face Board meeting and agreed to target the week of June 4, 2012, for a meeting in Quebec, Canada. Members of the Audit Committee agreed to hold their first call in lieu of the Executive Committee call on April 12, 2012.

Adjournment

There being no other business to come before the Board and upon unanimous consent, the meeting adjourned at 5:30 p.m. Pacific Time.

Respectfully submitted,



Tim Lesiuk, Secretary