

Draft Minutes of the Board of Directors
Subject to Review and Adoption by the WCI, Inc. Board of Directors

Friday, February 9, 2018 – 11:00 AM PT/ 2:00 PM ET

The Western Climate Initiative, Inc. Board of Directors (the “Board”) held a meeting on February 9, 2018, via teleconference. The Board approved the October 12, 2017, meeting minutes, reviewed the Executive Director’s Report, approved Éric Théroux’s appointment to the Audit Committee, reviewed and approved Jurisdiction funding agreements for California and Ontario, and discussed the process for the Executive Director’s performance review.

The meeting was called to order by the Chair, Matthew Rodriguez, at 11:04 a.m. Pacific Time / 2:04 p.m. Eastern Time. Jeannine Farrelly kept the minutes of the meeting. The meeting was conducted in English only, since no member of the public were in attendance for this meeting.

Attendance

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

- Matthew Rodriguez (Chair)
- Jim Whitestone (Vice Chair)
- Jean-Yves Benoit (Treasurer)
- Emily Wimberger, alternate for Mary Nichols (Secretary)
- Alex Wood
- Éric Théroux

Also present were:

- Mark Wenzel, State of California
- France Delisle, Province of Québec
- Tom Johnson, Province of Ontario
- Tim Lesiuk, Province of British Columbia
- Greg Tamblyn, WCI, Inc.
- Eric Turcotte, WCI, Inc.
- Jeannine Farrelly, WCI, Inc.
- Bryan Lopuck, Lionbridge (Translator)

Mr. Rodriguez opened the meeting and roll call was taken by Mr. Tamblyn. A quorum was established. Mr. Rodriguez asked if any Board members had any changes or additions to the agenda. Hearing none, the Board moved to the first agenda item.

I. Executive Director's Report

Mr. Tamblyn discussed the following items:

Board Appointments

On January 25th Eric Th  roux was appointed to the WCI, Inc. Board of Directors. Mr. Th  roux has signed and submitted the Ethical Guidelines and Conflict of Interest statement. In addition, France Delisle has been named as Mr. Th  roux's alternate.

Resignation of Mr. Lesiuk

Effective January 12, 2018, Tim Lesiuk resigned his position as Director at WCI, Inc. Mr. Tamblyn noted that Mr. Lesiuk may participate in WCI, Inc. Board meetings and activities from time to time. Mr. Tamblyn and members of the Board thanked Mr. Lesiuk for his service and his many contributions to WCI, Inc. over the years. Mr. Lesiuk expressed his best wishes for the partnership and commented that he will continue to monitor WCI, Inc. activities with the hope that there may be opportunities for British Columbia to participate in carbon emissions offset trading in the future. Mr. Rodriguez commented that while Mr. Lesiuk has resigned from the Board, British Columbia remains a Participating Jurisdiction and may choose to appoint new directors or participate more actively in the future.

Hearing no questions from members of the Board, Mr. Tamblyn concluded the Executive Director's report.

II. Approve October 12, 2017 Board Meeting Minutes

The October 12, 2017 meeting minutes were presented in both English and French. Mr. Rodriguez asked if there were any questions or corrections to the minutes as they were presented. Mr. Benoit requested that the French version of the minutes be modified to correct a minor spelling error in the first paragraph. Mr. Tamblyn confirmed that the modification would be made to the French meeting minutes.

Mr. Rodriguez asked if Board members had any other changes or additions to the minutes. Hearing none, Mr. Rodriguez asked for a motion to approve the minutes with the modification as noted. Mr. Benoit made a motion to approve the October 12, 2017 minutes with the modification as noted. The motion was seconded by Mr. Whitestone and unanimously approved by the Board.

III. Audit Committee

The Board was asked to consider a resolution to nominate the newly appointed Director, Mr. Th  roux, to the Audit Committee. Ms. Delisle was a member of the Audit Committee; with the appointment of Mr. Th  roux to the Board in her place there are only two Directors on the Audit Committee. Staff recommends that the Audit Committee include the following members: Mr. Rodriguez, Mr. Wood and Mr. Th  roux.

A motion to approve the resolution was made by Mr. Wood. Mr. Whitestone seconded the motion and it was unanimously approved by the Board.

IV. Review and Approve Funding Agreements

Two funding agreements were presented for the Board's consideration. The first agreement for consideration by the Board was between WCI, Inc. and the State of California. The agreement was

distributed before the meeting to the Board members, and posted publicly to the WCI, Inc. website. Mr. Tamblyn commented that the new agreement is similar to the previous agreement entered into by WCI, Inc. with only minor modifications to the terms and conditions and the inclusion of an additional \$1 million of funding to be used to address potential changes to CITSS, as a result of regulatory changes that occurred in California in 2017. The modifications were reviewed by the WCI, Inc. Executive Director and WCI, Inc. Corporate Counsel, Chris Delfino. Representatives from Québec and Ontario also had the opportunity to review and comment on the agreement prior to the meeting.

Mr. Wood asked for clarification about what regulatory changes occurred in California to necessitate the inclusion of an additional \$1 million in funding for CITSS. Ms. Wimberger commented that legislation passed in California in 2017 could, for example, affect how offset usage limits are handled in CITSS, and required regulatory changes for price containment. Therefore, the State of California has initiated a process to determine how best to address the new requirements. This process will include an opportunity for stakeholders to provide comments during open meetings held by the State of California this year.

Mr. Rodriguez asked if there were any questions from the Board. Hearing none, Mr. Whitestone made a motion to approve the California funding agreement as presented. The motion was seconded by Mr. Thérout and unanimously approved by the Board.

The second agreement for consideration by the Board was the funding agreement between WCI, Inc. and the Province of Ontario. Mr. Tamblyn commented that the Ontario agreement is an extension of the previous agreement between WCI, Inc. and the Province of Ontario with only minor modifications to the recitals. The agreement was reviewed by the Executive Director and WCI, Inc. Corporate Counsel, Chris Delfino. Representatives from California and Québec had the opportunity to review and comment on the agreement prior to the meeting.

Mr. Rodriguez asked if there were any questions from the Board. Hearing none, Mr. Thérout made a motion to approve the funding agreement as presented. The motion was seconded by Ms. Wimberger and unanimously approved by the Board.

Mr. Thérout also provided a status update regarding the approval process of the Québec funding agreement, indicating that the Quebec funding agreement will be available for Board consideration at the next Board meeting.

V. Discuss Process for Executive Director Performance Review

Mr. Rodriguez provided an overview of the process used last year to conduct the Executive Director's performance review. The Board established a subcommittee to handle the performance evaluation. The subcommittee distributed a survey to Board Directors, WCI, Inc. staff, and Jurisdiction staff, compiled the survey results, and then reported back to the Board with their findings and a recommendation. Mr. Wenzel noted that surveys were handled in confidence and submitted anonymously, and that the Board also provided a letter to Mr. Tamblyn summarizing their feedback. This year, the Board could have Mr. Tamblyn provide a letter outlining how he has responded to the items in last year's review. Mr. Wenzel noted that Mr. Tamblyn was also asked to review the Board and Jurisdiction staff on their level of support and cooperation provided.

Mr. Rodriguez asked if the Board would like to use the same process this year. There was unanimous agreement to follow this process. Mr. Benoit made a motion to have Mr. Whitestone, Mr. Benoit, and Mr. Wenzel form a subcommittee responsible for conducting the Executive Director's performance evaluation. The motion was seconded by Ms. Wimberger and unanimously approved by the Board.

Mr. Rodriguez asked if there were any questions or comments from the Board. Mr. Tamblyn commented that the next Board meeting will be on March 27, 2018.

Mr. Rodriguez asked for an update on the status of the grant made to Ross Strategic to support carbon pricing discussions with the State of Oregon. Mr. Tamblyn commented that Ross Strategic has held a number of meetings with stakeholders and will provide a progress report to the Board at an upcoming meeting of the Board.

Mr. Wood asked for an update on the status of discussions with Nova Scotia. Mr. Tamblyn stated that staff is working with Nova Scotia's technical team to answer their questions about the tracking system as well as reviewing current agreements. Mr. Wood and Mr. Thérout offered their support and assistance as needed to enable the onboarding of Nova Scotia.

Mr. Wenzel asked if any Board Directors or WCI, Inc. staff plan to attend the North America Carbon World (NACW) conference in April because, if so, the Board could schedule a Board meeting around this conference. Mr. Tamblyn commented that with the current Board meeting schedule there is no meeting planned for April, but there can be additional discussions with the Board to determine if there should be a Board meeting in April depending on whether there is interest in attending the conference.

Mr. Rodriguez asked if there were any other questions or comments from the Board. There were none.

There being no other business, the meeting adjourned at 11:48 a.m. Pacific Time / 2:48 p.m. Eastern Time.

Respectfully submitted,

Mary Nichols, Secretary