

## Minutes of the Board of Directors

**Monday, March 14, 2016 – 1:00PM PT/ 4:00PM ET**

The Western Climate Initiative, Inc. Board of Directors (the “Board”) held a meeting on March 14, 2016, in Sacramento, California. The Board approved the November 20, 2015 meeting minutes, reviewed and approved Jurisdiction funding agreements, and approved an amendment to the WCI, Inc. Funds Management Policy. The Board then convened an executive (closed) session to discuss legal, strategy planning and personnel matters.

The meeting was called to order by the Chair, Mary Nichols, at 1:12 p.m. Pacific Time/4:12 p.m. Eastern Time. Debbie Pollard kept the minutes of the meeting. Consecutive interpretation between French and English was provided during the open session. Four members of the public attended the meeting by phone.

### Attendance

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

- Mary Nichols (Chair)
- Rob Fleming (Vice Chair)
- Matt Rodriguez (Treasurer)
- Jean-Yves Benoit (Secretary)
- Geneviève Moisan
- Tim Lesiuk (by phone)
- Dave Tiffin, alternate for Jim Whitestone

Also present were:

- Michael Gibbs, State of California
- Mark Wenzel, State of California
- Bryan Lopuck, Lionbridge (Translator)
- Greg Tamblyn, WCI, Inc. Executive Director
- Eric Turcotte, WCI, Inc. Assistant Executive Director
- Debbie Pollard, WCI, Inc.
- Kaveena Mathi, WCI, Inc.

Ms. Nichols asked Mr. Tamblyn to give an overview of the agenda. Ms. Nichols asked if any Board member had any changes or additions to the agenda. Hearing none, the Board moved to the first agenda item.

## **I. Approve November 20, 2015 Board Meeting Minutes**

The November 20, 2015 meeting minutes were presented in both English and French. Ms. Nichols asked if there were any questions or corrections to the minutes as they were presented. There were no comments from the Board. Ms. Nichols asked if there were any comments from the public. There were no questions.

Mr. Rodriguez made a motion to approve the November 20, 2015 minutes as they were presented. The motion was seconded by Mr. Benoit and unanimously approved by the Board.

## **II. Review and Approve Funding Agreements**

For the Board's consideration, three funding agreements were presented. 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 agreement was similar to the previous agreement entered into by WCI, Inc. with only minor modifications. 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.

Ms. Nichols asked if there are any questions from the Board or the public. There were none. Mr. Rodriguez made a motion to approve the funding agreement as presented. The motion was seconded by Mr. Fleming and unanimously approved by the Board.

The second agreement for consideration by the Board was between WCI, Inc. and the Province of Québec. The agreement was distributed to the Board before the meeting and posted to the WCI, Inc. website. Mr. Tamblyn commented that the Québec agreement was similar to the previous agreement entered into by WCI, Inc. with only minor modifications. The modifications were reviewed by the Executive Director and WCI, Inc. Corporate Counsel, Chris Delfino. Representatives from California and Ontario had the opportunity to review and provide comments on the Québec agreement prior to the meeting.

Ms. Nichols asked if there are any questions from the Board or the Public. There were none. Ms. Moisan made a motion to approve the Québec funding agreement. The motion was seconded by Mr. Rodriguez and unanimously approved by the Board.

The third 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 a new agreement between WCI, Inc. and the Province of Ontario. The agreement was reviewed by the Executive Director and WCI, Inc. Corporate Counsel, Chris Delfino. Representatives from California and Québec had the opportunity to comment on the agreement before the meeting and their comments were incorporated into the agreement.

Ms. Nichols asked if there were any questions or comments from the Board. Mr. Rodriguez welcomed Ontario and commented that he was happy to be moving forward with Ontario and looked forward to working with Ontario for many years to come.

Ms. Nichols noted that she would also like to add her voice to that of Mr. Rodriguez in welcoming Ontario to WCI, Inc. Mr. Fleming stated that although Ontario has been involved with WCI, Inc. since the beginning, that it is a pleasure for Ontario to be joining as a full participant.

Ms. Nichols asked if there were any questions from the public. There were none.

Ms. Nichols asked for a motion to approve the Ontario funding agreement as it was presented. Mr. Benoit made a motion to approve the Ontario funding agreement. The motion was seconded by Mr. Fleming and unanimously approved by the Board.

### **III. Amendment to the WCI, Inc. Funds Management Policy**

Mr. Tamblyn presented a proposed amendment to the WCI, Inc. Funds Management Policy (“Policy”) for the Board’s consideration. Mr. Tamblyn provided the following background. WCI, Inc. maintains a Funds Management Policy which establishes the requirements for how the corporation’s funds are managed. The Finance committee is charged with reviewing and recommending any changes to the Policy for the Board’s consideration.

Included in the materials for the meeting was a memo from the Finance Committee recommending a change in the allowable asset allocation that is consistent with the objectives of the Policy mitigates an impractical requirement to hold a large percentage of assets as cash.

The corporation’s funds are currently managed utilizing a checking account, certificates of deposit and an account backed by US Treasury securities. As noted in the 2015 Treasurer’s report, the corporation’s assets held in cash were approximately 5% during the period evaluated, which was below the allowable allocation range specified by the Policy. Mr. Tamblyn commented that due to the structure of the WCI, Inc. funding agreements and the need to budget for services that have not yet occurred, the corporation’s allocation to cash has been lower than the Policy minimum, which was initially set in 2012 when the Policy was adopted.

The Finance Committee considered two options to bring the holdings into conformance with the Policy. The first was to establish checking accounts at different financial institutions; however, this would require up to 12 different accounts and was considered impractical by the Finance Committee. The second option considered was changing the minimum allowable allocation from 25% to 0%. The Finance committee determined that the financial assets being used, those being cash, certificates of deposits and an account backed by US Treasury securities, are able to meet the objectives of the Policy with a smaller amount of the corporation’s assets held in cash. The recommendation for Board consideration was to amend Table 1 of the Funds Management Policy so that the allocation range for cash be 0 – 100%.

Ms. Nichols asked if there were any questions or comments from the Board. Mr. Rodriguez stated that the memo Mr. Tamblyn presented covered the issues well and agreed with the recommendation. Mr. Rodriguez made a motion to approve the amendment to the WCI, Funds Management Policy as presented. Ms. Moisan seconded the motion.

Ms. Nichols asked if there was any discussion. Mr. Fleming asked Mr. Tamblyn to clarify that the cash requirements of the corporation on a day-to-day basis are less than the Policy currently requires. Mr. Tamblyn responded yes, and indicated that there is not a need to hold 25% of the

Corporation's assets in cash in order to meet the cash flow requirements of the Corporation. Mr. Fleming and Ms. Nichols thanked Mr. Tamblyn for the clarification.

With a motion and a second to approve the amendment to the Funds Management Policy Ms. Nichols called for a vote. The motion was unanimously approved by the Board. Ms. Nichols directed Mr. Tamblyn to make the appropriate changes to the Policy and post the amended document on the WCI, Inc. website.

#### **IV. Update from Ontario on On-boarding to WCI, Inc.**

Mr. Fleming provided an overview of the progress made by Ontario in the development of new legislation presented to the Ontario Legislature and a draft regulation that will establish the rules for Ontario's participating in the cap-and-trade program. In addition, the legislation also sets Ontario's targets for greenhouse gas reduction emissions for 2020 and 2030 and specifies the initiatives to which the proceeds of the cap-and-trade program proceeds can be re-invested in to reduce greenhouse gas emissions.

Mr. Tiffin provided brief comments about the implementation activities to prepare for Ontario's first stand-alone auction targeted for March 2017. He stated that Ontario staff were working closely on WCI, Inc. working groups on service providers, and identified two short-term activities as very important: migration to the new auction platform, which is incorporating Ontario's needs, and preparing for the Ontario regulated community to register on the tracking system. He also identified as a "critical path" item working to procure auction financial services.

Ms. Nichols thanked Mr. Fleming and Mr. Tiffin for their report and all the work they are doing to move their program forward. Ms. Nichols asked if there was any comment, discussion or questions on the report. Mr. Rodriguez noted that he appreciated all the work being done by California, Québec, and Ontario. Mr. Fleming noted that Mr. Tiffin and he would like to acknowledge the extraordinary support Ontario has received from both Québec and California.

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

##### **Personnel**

Mr. Tamblyn introduced Mr. Eric Turcotte as WCI, Inc.'s newly appointed Assistant Executive Director, located in Québec City. Mr. Tamblyn noted that Mr. Turcotte will be responsible for establishing the WCI, Inc. Canadian office and helping with the management of all of the WCI, Inc. programs.

##### **Status of New Contracts**

Mr. Tamblyn provided a brief update to the Board regarding two new contracts entered into with SRA and the new contract with Monitoring Analytics.

##### **Overview of Planned Technology Review**

Mr. Tamblyn provided an overview to the planned technology review. The technology review will initially focus on the tracking system. The review will evaluate the current state of the technology for consistency with best management practices and recommend where improvements are warranted for current and future operations. The review will focus primarily on three areas: hosting

services, the tracking system application, and business continuity and recovery. A detailed scope of work will be developed over the coming months for review by the Board.

**2016 Board Meetings:**

Mr. Tamblyn highlighted meetings of the Board of Directors for the remainder of the year:

- The Board will reconvene on May 5<sup>th</sup> to review the 2015 audit results and U.S. tax forms.
- The annual meeting of the Board of Directors is tentatively scheduled for late September in Toronto to elect officers, appoint directors to standing committees, present the annual Treasurer’s Report, and present the 2017 Budget and 2018 Budget Projection.
- If necessary, the Board will convene a meeting in early December to address any business of the corporation that was not addressed at the Annual Meeting.

Ms. Nichols thanked Mr. Tamblyn for his report and noted that WCI, Inc. had made great progress since the last meeting. Ms. Nichols asked if there were any questions or comments from Board. Mr. Fleming noted that with respect to the Annual Board meeting in late September, two Board members may have a conflict with other meetings during that time. Mr. Fleming will coordinate with Mr. Tamblyn if the conflict cannot be resolved.

Mr. Tamblyn asked if there were any further questions from the Board or the public. There were none. Mr. Tamblyn concluded the Executive Director’s report.

There being no other business, the Public session adjourned at 2:10pm Pacific / 5:10pm Eastern. The Board then convened an Executive (closed) Session to discuss legal, strategic planning, and personnel matters.

Respectfully submitted,

---

Jean-Yves Benoit, Secretary