

# Minutes of the Board of Directors

Wednesday, May 6, 2015 – 10AM PT/ 1:00PM ET

The Western Climate Initiative, Inc. Board of Directors (the “Board”) held a meeting on May 6, 2015, in Sacramento, California. The Board discussed the December 5, 2014 Board Meeting Minutes, the 2014 Audit Report, the 2014 US Federal and State Tax Filings, a change to the retirement plan, and the Executive Director’s Report, then convened an Executive (Closed) Session to discuss procurement and personnel matters. The meeting was called to order by the Chair, Matthew Rodriguez, at 10:07 a.m. Pacific Time/1:07 p.m. Eastern Time. Jennifer Major kept the minutes of the meeting. Consecutive interpretation between French and English was provided during the open session. Two 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)
- Geneviève Moisan (Vice Chair, by phone)
- Jean-Yves Benoit (Secretary, by phone)
- Mary Nichols (Treasurer)
- Tim Lesiuk (by phone)
- Alain Houde (non-voting)

Also present were:

- Mark Wenzel, State of California
- Michael Gibbs, State of California (by phone)
- Edie Chang, State of California
- David Rangdrol, Province of Québec (by phone)
- Dave Tiffin, Province of Ontario (by phone)
- Greg Tamblyn, WCI, Inc. Executive Director
- Lee Alter, WCI, Inc. Project Manager
- Bob Flemington, WCI, Inc. (by phone)
- Jennifer Major, Ross Strategic
- Anne Klok, Lionbridge (translator)
- Bill Simi, CPA Corporation
- Tina Treis, Crowe Horwath

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

**I. Approve December 5, 2014 Board Meeting Minutes**

Mr. Rodriguez asked if any Board members had comments on the minutes. There were no comments from the Board. Mr. Tamblyn pointed out a small change to the draft minutes in the Finance Committee Report. The change was made to clarify a comment made by Ms. Nichols that each member, new or old, will fund WCI, Inc. in the manner that reflects the services they receive.

Genevieve Moisan made a motion to approve the December 5, 2014 minutes; Ms. Nichols seconded the motion and it was unanimously approved by the Board.

**II. 2014 Audit Report and Audited Year End Financial Statement**

Presentation by the Audit Committee and Crowe Horwath of the 2014 Audit Report for Board acceptance.

Tina Treis of Crowe Horwath, WCI, Inc.'s auditor, provided an overview of the responsibilities of Crowe Horwath, the responsibilities of WCI, Inc. management, and the audit approach. The auditors met with the Audit Committee prior to starting the audit to review the scope and timing of the audit. The audited financial statements were reviewed and discussed with the Audit Committee. Ms. Treis reported that there were no unusual transactions or accounting changes implemented by WCI, Inc. during the audit period. There were no significant accounting estimates noted, as discussed with WCI, Inc. legal counsel previously. There were no corrected or uncorrected misstatements and no items related to impaired independence. Ms. Treis indicated that Crowe Horwath received all requested access to records and assistance from WCI, Inc. management and staff.

Ms. Treis then discussed the audited financial statements. The auditor's opinion indicated that the financial statements have been presented fairly in all respects.

Ms. Treis concluded the 2014 Audit Report and Audited Year End Financial Statement. There were no questions from members of the Board or the public.

**III. 2014 Federal and State Tax Returns for Board Approval**

Bill Simi of CPA Corporation presented WCI, Inc.'s 2014 federal and state tax filings for final review and approval by the Board.

Three forms were presented for the 2014 tax year: Form 990, to be filed with the IRS; Form 199, to be filed with the California Franchise Tax Board; and a short form registration renewal filed with the California Attorney General.

Form 990 requirements were not significantly changed compared to the prior year. Form 990 contains information about fiscal operations and governance policies, as well as financial information and results of operations. The financial information presented is consistent with the audit report from Crowe Horwath. The only change from the previous year, which is not material, is that some additional equipment (a laptop computer) was acquired at the end of 2014. The Form 990 is a public document open to inspection; WCI, Inc. is required to provide a copy if requested by an individual, and WCI, Inc. posts the document on its public website.

Mr. Simi provided a brief overview of the Form 199 and indicated that the Form 199 contains the same financial information as the 990.

Mr. Simi concluded his report on the 2014 filings. There were no questions from members of the Board or the public.

Mr. Rodriguez requested a motion to approve all three documents and direct the Executive Director to file the forms. Ms. Nichols made the motion to approve the three documents and direct Mr. Tamblyn to file them; the motion was seconded by Mr. Benoit and unanimously approved the Board.

#### **IV. Board Action to Change Retirement Plan Administrators**

The Board was asked to consider a resolution that would replace the retirement plan administrator, currently listed as former Executive Director Patrick Cummins with current Executive Director Greg Tamblyn. The plan administrator acts as the point of contact for the plan and maintains the plan for the corporation. Included in the material today is a resolution removing the trustee Mr. Cummins. The resolution reads as follows:

By action of the Board of Directors of Western Climate Initiative Inc., a 501(c)3 corporation, taken on May 6, 2015, the following resolution was duly adopted:

*RESOLVED, that effective as of the close of business on May 6, 2015, Patrick Cummins is removed as Trustee for Western Climate Initiative, Inc. 401(k) Profit Sharing Plan and Trust (the "Plan"); and it is*

*FURTHER RESOLVED, that effective as of the opening of business of May 7, 2015, Greg Tamblyn is hereby appointed as Trustee for the Plan; and it is*

*FURTHER RESOLVED, that the Board of Directors of this organization hereby authorizes the Secretary to execute any documents necessary and to make such changes therein as may be required or which they may deem appropriate, to take any other actions which they deem necessary or desirable or proper to carry out the intent of the foregoing Resolution.*

Mr. Tamblyn noted one change in the materials sent to the Board on May 5, 2015. On the opening business day it should read May 7, 2015 rather than May 6, 2015. There were no questions from the Board or the public.

A motion to approve the resolution was made by Ms. Moisan; Ms. Nichols seconded the motion and it was unanimously approved by the Board.

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

Mr. Tamblyn discussed the following items.

Update on Status of Requests for Proposals (RFP)

Mr. Tamblyn indicated that WCI, Inc. is in the process of recompeting cap-and-trade service contracts that expire at the end of 2015. The first RFP was developed for the auction services. This document was released to the public in March 2015. Proposals were received on April 27, 2015 and are currently being reviewed by staff. WCI, Inc. expects to provide a recommendation to the Board for their consideration in the coming months. Mr. Tamblyn commented that WCI, Inc. is in the process of preparing additional RFPs for financial administrative services, the market monitor, and the tracking system. Each of these RFPs will be released in the coming months.

#### Status of WCI, Inc. Staff hiring

WCI, Inc. currently uses contract and part-time staff to perform organizational operations and is in the process of identifying and hiring full time employees for the contracted positions. The first is a project manager based in Sacramento; the second is an administrative manager; the third is an Assistant Director in Québec to manage projects and support the day to day operations. All three positions have been publicly announced and will be filled soon. Mr. Tamblyn will update the Board on hiring progress as requested.

#### Update to the Budget Narrative

An update to the budget narrative was circulated to the Board prior to the meeting, based on discussion at the December 5, 2014 Board meeting. The Board had directed the Executive Director to amend the language in the December 5 budget narrative. It was noted that the text on page 5 and now states the following: *the procurement reserve may also be used to cover costs associated with modifying the cap-and-trade services to accommodate new jurisdictions joining WCI, Inc.* The amended budget narrative will be posted to the WCI, Inc. website in French and English; no Board action is required at this time.

There were no questions from member of the Board or the public.

#### Next Board of Directors Meeting

The annual meeting of the Board of Directors will occur in fall 2015 and take place in Sacramento, CA. Mr. Tamblyn indicated that there may be a need to reconvene the Board later this summer to address items related to procurement, however Mr. Tamblyn will notice the Board before setting a date.

Mr. Tamblyn concluded the Executive Director's report.

#### **VI. Other Business**

Mr. Houde announced that he is ending his position as representative from Québec this summer. He will submit an official announcement in writing to the Board.

#### **VII. Executive (closed) Session to Discuss Procurement and Personnel Matters.**

At 11:08 am Pacific/2:08pm Eastern Mr. Rodriguez convened an executive (closed) session to discuss procurement and personnel matters. During the executive session the Board of Directors approved the January 7, 2015 Executive Session Board Meeting Minutes. The Board also approved contract amendments for cap-and-trade services to Markit and Deutsche Bank, to ensure continuity of auction operations as the competitive bidding process is executed; exercised an extension option with ICF International for help desk services; and approved contract extensions to Earth Measures and Ross Strategic as the hiring processes for Assistant Director and project manager are completed; and Ebert Consulting for support for RFP development.

There being no other business and upon unanimous consent, the Executive Session and the Board meeting was adjourned at 11:45 a.m. Pacific/2:45 p.m. Eastern.

Respectfully submitted,

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Jean-Yves Benoit, Secretary