

## Minutes of the Board of Directors

**Friday, May 11, 2018 – 12:00 PM PT/ 3:00 PM ET**

The Western Climate Initiative, Inc. Board of Directors (the “Board”) held a meeting on May 11, 2018, via teleconference. The Board approved the March 27, 2018 meeting minutes, reviewed the 2017 Audit Report and Audited Year End Financial Statements, approved the 2017 Federal, State and Provincial sales tax forms, received a status update from Ross Strategic regarding the Grant to support the Pacific Coast Collaborative Carbon Pricing Technical Working Group, approved an amendment to the WCI, Inc. by-laws, reviewed and approved the Nova Scotia funding agreement, and approved the 2017 Annual Report. The Board then convened an executive (closed) session to discuss strategic planning and personnel matters.

The meeting was called to order by the Chair, Matthew Rodriguez, at 12:17 p.m. Pacific Time / 3:17 p.m. Eastern Time. Jeannine Farrelly kept the minutes of the meeting. No members 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)
- Mary Nichols (Secretary)
- Éric Thérout
- Alex Wood

Also present were:

- Mark Wenzel, State of California
- Emily Wimberger, State of California
- France Delisle, Province of Québec
- Tom Johnson, Province of Ontario
- Brittany White, Province of Nova Scotia
- Jason Hollett, Province of Nova Scotia
- Greg Tamblyn, WCI, Inc.
- Eric Turcotte, WCI, Inc.
- Jeannine Farrelly, WCI, Inc.
- Bryan Lopuck, Lionbridge (Translator)
- Bill Simi, CPA Corporation
- Matthew Nethaway, Crowe Horwath
- Arthur Ngo, Crowe Horwath

- Ryann Child, Ross Strategic
- Tom Beierle, Ross Strategic
- Robert Scavone, McMillan, LLP

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. Approve March 27, 2018 Board Meeting Minutes**

The March 27, 2018 meeting minutes were presented in both English and French. Mr. Rodriguez asked if Board members had any changes or additions to the minutes. Hearing none, Mr. Rodriguez asked for a motion to approve the minutes. Mr. Whitestone made a motion to approve the March 27, 2018 minutes. The motion was seconded by Mr. Th roux and unanimously approved by the Board.

### **II. 2017 Audit Report and Audited Year End Financial Statements**

Mr. Ngo of Crowe Horwath provided a brief overview of the audit process and the responsibilities of Crowe Horwath and WCI, Inc. management.

Mr. Ngo stated that the audit report and audited financial statements were reviewed and discussed with the Audit Committee prior to the Board meeting. The auditor's opinion indicated that there were no findings, no corrected or uncorrected misstatements and that the financial statements have been presented fairly in all respects.

Mr. Rodriguez asked if there were any questions. There were no questions from the Board.

### **III. 2017 Federal, State and Provincial Tax Returns for Board Approval**

Mr. Simi of CPA Corporation provided a brief overview of the US Federal Form 990, the California Form 199, and California Form RRF-1. Mr. Simi noted that the information presented in the forms was based on the audited financial statements provided by Crowe Horwath. The forms were reviewed and discussed with the Audit Committee prior to the meeting.

Mr. Tamblyn provided a brief overview of the Canadian Federal Form T1044 and T2 and the Quebec Provincial Form CO-17.SP. The forms, completed by Mallette, were also reviewed and discussed with Crowe Horwath and the Audit Committee prior to the meeting.

Hearing no questions from the Board, Mr. Rodriguez asked for a motion to approve the US federal and state tax forms and the Canadian federal and provincial tax forms as they were presented and direct the Executive Director to submit them. Mr. Benoit made the motion. The motion was seconded by Mr. Wood and unanimously approved by the Board.

#### **IV. Status Update from Ross Strategic regarding the Grant to Support the Pacific Coast Collaborative Carbon Pricing Technical Working Group**

Ms. Child from Ross Strategic provided an update to the Board on the grant with Ross Strategic to support carbon pricing discussions for the Pacific Coast Collaborative (PCC). Ms. Child stated that the PCC technical working group convened to create a forum for regional updates and information-sharing between British Columbia, California, Oregon, and Washington. The group first convened in October 2017 with the PCC jurisdictions, and then expanded to include representatives from Québec and Ontario by the second call in November. At the request of the jurisdictions, Ross Strategic brought in carbon pricing experts from UC Davis to provide technical expertise on the calls starting in January 2018. To date, Ross Strategic has convened, facilitated, and documented four meetings with the working group. Ms. Child then provided an overview of the topics discussed, the value of the working group meetings, and next steps.

Mr. Rodriguez asked if there were any questions or comments from the Board. Mr. Wood stated that Ontario and Québec recently signed a Memorandum of Understanding (MOU) with Oregon in relation to climate change, and that he could share a copy of that MOU with California since this is something the Governor of California has expressed interest in putting together. Mr. Rodriguez stated that he would appreciate the opportunity to review it. Mr. Rodriguez then asked Ms. Child if any meetings with the PCC were scheduled for the near future. Ms. Child stated that Ross Strategic is working with representatives from all jurisdictions for the opportunity to schedule a call in the next month. Mr. Rodriguez asked when carbon pricing will be on the ballot for Oregon. Ms. Child responded that carbon pricing moves to the ballot in November 2018.

Mr. Rodriguez asked if there were further comments or questions; there were none. Mr. Rodriguez thanked Ross Strategic for their work and asked that Ross Strategic brief the Board in October on the status of the project.

#### **V. Proposed Amendment to the WCI, Inc. By-laws for Board Approval**

Mr. Tamblyn asked the Board to consider amendments to the by-laws that would 1) include Nova Scotia as a Participating Jurisdiction and 2) specify how Nova Scotia names their directors to the WCI, Inc. Board. Mr. Tamblyn stated that Nova Scotia's process for naming directors is similar to how Ontario names their directors. These changes have been applied to both the English and French versions of the by-laws. In addition to the aforementioned changes, as requested by Mr. Benoit prior to the meeting a correction to the French version of the By-laws has been applied, replacing Participating Territories with Participating Governments.

Mr. Rodriguez commented that he is excited about the prospect of onboarding Nova Scotia and asked if there were any questions from the Board about the proposed changes to the by-laws. Mr. Wood and Mr. Benoit echoed Mr. Rodriguez's comments about looking forward to working with Nova Scotia as they launch their cap-and-trade program. Mr. Hollett commented that the Province of Nova Scotia looks forward to joining WCI, Inc. and appreciates the warm welcome and support that they have received from all the jurisdictions and WCI, Inc.

Mr. Rodriguez asked if there were any further comments or questions from the Board. Hearing none, Mr. Rodriguez asked for a motion to amend the by-laws as presented. Mr. Whitestone

made a motion to approve the amendments to the by-laws as presented. The motion was seconded by Mr. Benoit and unanimously approved by the Board.

## **VI. Review and Approve the Nova Scotia Funding Agreement**

The Nova Scotia funding agreement for 2018-2019 was presented for the Board's consideration. The agreement was distributed before the meeting to the Board members, and posted publicly to the WCI, Inc. website. Mr. Tamblyn commented that the Nova Scotia agreement is a new agreement between WCI, Inc. and the Province of Nova Scotia. The structure and terms of the agreement are similar to the agreement entered into by WCI, Inc. with Ontario. The costs being charged to Nova Scotia were developed in the same manner as the costs assigned to the other Participating Jurisdictions, which allows for each jurisdiction to cover their own costs. Nova Scotia has requested access to services provided by WCI, Inc. to support their pending cap-and-trade program. At this time, these services include access to the tracking system, market monitoring and the administrative support that WCI, Inc. provides to its Participating Jurisdictions. Mr. Tamblyn and WCI, Inc.'s Corporate Counsel, Chris Delfino, reviewed the agreement that representatives from California, Québec, and Ontario also had the opportunity to review and comment on prior to the meeting.

Mr. Rodriguez asked if there were any questions from the Board. Hearing none, Mr. Wood made a motion to approve the Nova Scotia funding agreement as presented. Ms. Nichols seconded the motion. Mr. Rodriguez asked if there was any discussion. Mr. Tamblyn requested permission to sign the Nova Scotia agreement on behalf of WCI, Inc., to which the Board agreed. Mr. Rodriguez called for a vote. The motion was unanimously approved by the Board.

Mr. Rodriguez asked Mr. Tamblyn when and how a public announcement will be made about Nova Scotia joining WCI, Inc. Mr. Tamblyn stated that Nova Scotia has prepared a press release for Monday, May 14, 2018, which will include a statement from Mr. Rodriguez on behalf of WCI, Inc. WCI, Inc. staff will also post an announcement to the WCI, Inc. website.

## **VII. Presentation of the 2017 Annual Report for Board Approval**

Mr. Tamblyn presented the 2017 Annual Report for Board discussion and consideration. Mr. Tamblyn stated that the report supports WCI, Inc.'s contractual obligation to Québec to report on its activities from the previous year and provides WCI, Inc. an opportunity to communicate more broadly with the public about the work WCI, Inc. is doing on an annual basis. The report, which was circulated prior the meeting, provides highlights of WCI, Inc.'s 2017 activities and accomplishments. He stated that if approved by the Board, the Annual Report will be submitted to Québec and posted to the WCI, Inc. website.

Mr. Rodriguez asked if there were any comments or questions from the Board. Mr. Benoit and Mr. Thérout stated that they appreciate the content improvement made to the report, which enables a broader use for communication purposes. Mr. Rodriguez asked for a motion to approve the 2017 Annual Report. Mr. Thérout made a motion to approve the 2017 Annual Report. The motion was seconded by Mr. Whitestone and unanimously approved by the Board.

There being no other business, the Public session adjourned at 1:07 p.m. Pacific Time / 4:07 p.m. Eastern Time. The Board then convened an Executive (closed) Session to discuss strategic planning and personnel matters.

### **VIII. Actions Taken by the Board in the Executive Session**

During Executive Session, the Board approved the March 27, 2018 Executive Session meeting minutes and reviewed Executive Director performance.

There being no other business, the executive (closed) session and the Board meeting was adjourned at 2:19 p.m. Pacific Time / 5:19 p.m. Eastern Time.

Respectfully submitted,

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Mary Nichols, Secretary