

Minutes of the Board of Directors

Friday, November 20, 2015 – 11AM PT/ 2:00PM ET

The Western Climate Initiative, Inc. Board of Directors (the “Board”) held its annual meeting on November 20, 2015, via teleconference. The Board approved the May 6th meeting minutes, elected officers, appointed members to standing committees, reviewed corporate policies, and adopted the 2016 budget. The Board then convened an executive (closed) session to discuss procurement matters.

The meeting was called to order by the Chair, Matthew Rodriguez, at 11:17 a.m. Pacific Time/2:17 p.m. Eastern Time. Debbie Pollard kept the minutes of the meeting. Consecutive interpretation between French and English was provided during the open session. Three members of the public attended the meeting by phone.

Attendance

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

- Matthew Rodriguez (Chair)
- Geneviève Moisan (Vice Chair)
- Jean-Yves Benoit (Secretary)
- Mary Nichols (Treasurer)
- Tim Lesiuk
- Jim Whitestone
- Rob Fleming

Also present were:

- Mark Wenzel, State of California
- Michael Gibbs, State of California
- Dave Tiffin, Province of Ontario
- Greg Tamblyn, WCI, Inc. Executive Director
- Bob Flemington, WCI, Inc.
- Debbie Pollard, WCI, Inc.
- Kaveena Mathi, WCI, Inc.
- Chris Delfino, WCI, Inc. Corporate Counsel
- Bryan Lopok, Lionbridge (Translator)

Mr. Rodriguez welcomed Jim Whitestone and Rob Fleming as the new Class A Directors from Ontario. Mr. Whitestone commented that Ontario is looking forward to working with WCI, Inc. and launching Ontario’s cap-and-trade program in the upcoming year. Mr. Rodriguez asked if there were any questions. Hearing none, the Board moved forward to the first agenda item.

I. Approve May 6, 2015 Board Meeting Minutes

The May 6, 2015 meeting minutes were presented in both English and French. Ms. Moisan noted that the French version required a minor revision.

Ms. Nichols made a motion to approve the May 6, 2015 minutes, with the change to the French translation as noted. The motion was seconded by Ms. Moisan and unanimously approved by the Board.

II. Elect Officers and Appoint Standing Committee Members for 2016 Officers

a. Officers

As provided for in the By-Laws, the Board elects officers and appoints members to standing committees annually. Mr. Rodriquez made a motion on the following resolution:

RESOLVED that the following-named persons are elected to the offices set forth beside their respective names, to serve until the next annual meeting of the Directors and until their successors are duly elected and qualified:

- Chair: Mary Nichols
- Vice Chair: Rob Fleming
- Treasurer: Matt Rodriquez
- Secretary: Jean-Yves Benoit

Mr. Rodriquez asked if there were any comments by the Board. Hearing none, the motion was seconded by Mr. Lesiuk and unanimously approved by the Board.

Mr. Lesiuk thanked Mr. Rodriquez for his outstanding service as Chair. Ms. Moisan seconded Mr. Lesiuk's comment, and thanked Mr. Rodriquez. Mr. Rodriquez thanked everyone for their comments, and Mr. Lesiuk for his service as an officer of WCI, Inc. Mr. Rodriquez asked if there were any comments from the public. There were no comments.

Mr. Rodriquez asked Mr. Tamblyn to announce the new officers. Mr. Rodriquez then turned the meeting over to Ms. Nichols, the newly elected Chair.

b. Appointment of Standing Committee Members

WCI, Inc. Corporate Counsel, Chris Delfino, provided a brief overview of the roles and responsibilities of the Standing Committees.

i. Executive Committee:

The membership of the Executive Committee is established in the By-Laws, and consists of the four officers and at least one Class A Director from each Participating Jurisdiction. The Chair of the Board serves as chairperson of the Executive Committee. The Board may also appoint additional Directors to standing committees.

ii. Audit Committee:

The Audit Committee is responsible for addressing any issues affecting the quality and integrity of the Corporation's accounting, auditing and reporting practices. Specific requirements for the Audit Committee are outlined in the Audit Committee Charter, available on the WCI, Inc. website.

iii. Finance Committee:

The Finance Committee advises the Treasurer and the Board as to the investments, budget, and general fiscal policy of the Corporation. The Treasurer serves as chair of the Finance Committee.

Ms. Nichols made a motion on the following resolutions, which were seconded by Mr. Rodriguez and unanimously approved by the Board:

***RESOLVED** that the Executive Committee shall be comprised of the seven Directors.*

***RESOLVED** that the Audit Committee shall be comprised of the following Directors: Mary Nichols, Rob Fleming, Tim Lesiuk, and Geneviève Moisan.*

***RESOLVED** that the Finance Committee will be chaired by the Treasurer and shall also include the following Directors: Jean-Yves Benoit and Jim Whitestone.*

III. Executive Director's Report

Mr. Tamblyn stated since the last Board Meeting, WCI, Inc. has made additional progress on several items reported in that meeting.

Request for Proposals

At the direction of the Board, and in accordance with the corporation's Procurement Policy, WCI, Inc. successfully conducted open and competitive procurements of Auction Services and Market Monitoring services. In the coming months and throughout 2016 WCI, Inc. will be transitioning to these new contracts. WCI, Inc. will continue to work on the Financial Services procurement, which will be completed in 2016. Mr. Tamblyn will continue to update the Board as WCI, Inc. progresses with the Financial Services procurement.

Staffing

WCI, Inc. hired a new Administrative Manager and a new Project Manager for the Sacramento office, and will continue to work on bringing on an Assistant Director in Quebec. Mr. Tamblyn will continue to update the Board as we make progress with this last planned hire.

New Participating Jurisdiction Funding Agreements

In 2016 WCI, Inc. will be entering into new funding agreements with the participating jurisdictions. WCI, Inc. will be bringing those agreements to the Board for consideration early next year.

Next Board Meeting

WCI, Inc. is currently planning the next meeting of the Board of Directors, which is targeted to take place early next year. The agenda for the meeting is still under development, however, it is anticipated that the Board will be asked to provide direction on several items, including a technology review of current WCI, Inc. systems, the possibility of expanding WCI, Inc.'s role in

supporting participating jurisdictions and new jurisdictions, and examining streamlining the technical processes and analyses needed to add additional jurisdictions.

Executive Director Performance Review

Mr. Tamblyn noted that he has been the Executive Director for almost one year, and proposed that an evaluation of his performance be done at the next meeting of the Board of Directors.

Mr. Rodriguez asked if a group should be appointed to evaluate Mr. Tamblyn's performance. Ms. Nichols agreed and asked if Mr. Rodriguez would volunteer to develop a proposal to evaluate Mr. Tamblyn's performance. Mr. Rodriguez confirmed his willingness and will bring a recommendation back to the Board at the next meeting of the Board of Directors.

Mr. Fleming and Mr. Whitestone stated they would be happy to sit in on the process, although they are not sure how appropriate this would be, since they have both just been appointed as Board members.

Mr. Tamblyn asked if there were any further questions from the Board or public. There were no questions or comments. Mr. Tamblyn concluded the Executive Director's report.

IV. Corporate Policies

WCI, Inc. Corporate Counsel, Chris Delfino, gave an overview of Ethical Guidelines and Conflict of Interest policy.

Mr. Delfino reminded the members of the Board that the Ethical Guidelines and Conflict of Interest policy must be signed annually by each Director. Mr. Tamblyn will be collecting all signed copies and report back to the Chair once all the documents have been received.

Mr. Tamblyn noted that any questions can be directed to either Mr. Delfino or himself. Ms. Nichols asked if there were any questions from Directors or public. No questions were asked.

V. Finance Committee

a. Treasurer's Evaluation of Compliance with Funds Management Policy.

WCI, Inc. maintains a Funds Management Policy that establishes requirements for the management of the Corporation's funds, including that the Treasurer shall prepare and present to the Board an evaluation of the compliance with the policy at least annually. Ms. Nichols transmitted her evaluation in writing to the Board in advance of the meeting; this was also posted to the WCI, Inc. website. Ms. Nichols asked if there were any questions from the Board or public. No questions were asked.

b. 2016 Budget

Mr. Tamblyn presented the 2016 Budget for Board consideration and approval. Mr. Tamblyn also presented the projected expenses for 2017. The document outlines the budget for 2016 and a projection for 2017, which was developed with input from the participating jurisdictions based on the needs for their cap-and-trade programs.

The budget was also informed by two significant developments:

1. In 2015, WCI, Inc. successfully executed an open, competitive procurement for Auction and Reserve Sale Administrator Services. Mr. Tamblyn commented that work has begun and will continue throughout 2016. While WCI, Inc. is transitioning to the new contractor in 2016 there will be a period of time where WCI, Inc. will be making payments to both contractors.
2. Earlier this year, Ontario announced its intent to implement a cap-and-trade program and later named two directors to the Board of WCI, Inc. Mr. Tamblyn noted that the 2016 budget and 2017 projections include costs to enhance the existing cap-and-trade services to enable additional jurisdictions, such as Ontario, to be supported by WCI, Inc.

Mr. Tamblyn provided an overview of the budget for Cap and Trade services as well as personnel and operating expenses for the corporation.

Mr. Tamblyn indicated that WCI, Inc. will be entering into new funding agreements early next year. With no new funding agreements, WCI, Inc. has sufficient funds through the middle of 2016. Mr. Tamblyn commented it is unlikely that WCI, Inc. will have trouble executing new funding agreements, but it will be important for all jurisdictions to complete their funding agreements as soon as possible. Should WCI, Inc. be in a situation where the funding agreements are not in place by mid to late March, the Executive Director will develop and implement a contingency plan to maintain a base level of continued operations.

Mr. Tamblyn asked for questions or comments from members of the Board. There were no questions from the Board. Ms. Nichols thanked Mr. Tamblyn, and noted that the budget had been submitted to the Board for comments prior to the meeting. Ms. Nichols asked if there were any questions or comments from public. No questions were asked at this time.

Mr. Whitestone made a motion to adopt the budget as presented. Ms. Moisan seconded the motion and the Board unanimously approved the 2016 budget.

Mr. Tamblyn concluded the budget presentation.

There being no other business, the Public session adjourned at 12:35pm Pacific / 3:35pm Eastern. The Board then convened for an Executive (closed) Session to discuss procurement matters.

Respectfully submitted,

Jean-Yves Benoit, Secretary