

Minutes of Board of Directors Meeting

October 30, 2012

A special meeting of the Directors of the Western Climate Initiative, Inc. (the "Board") was held via teleconference on October 30, 2012, pursuant to written notice sent to each Director.

The meeting was called to order by the Chair, James Goldstene, at 9:35 a.m. Pacific Time. Lydia Dobrovolny kept the minutes of the meeting.

Attendance

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

- James Goldstene (Chair)
- Jean-Yves Benoit (Treasurer)
- Tim Lesiuk (Secretary)
- Charles Larochelle
- Jessica Verhagen (alternate for James Mack)
- Matthew Rodriguez

Also present were:

- Geneviève Moisan, Province of Quebec
- Michael Gibbs, Richard Corey, and Mark Wenzel, State of California
- Patrick Cummins, WCI, Inc. Executive Director
- Lee Alter, WCI, Inc. Staff
- Lydia Dobrovolny, Ross Strategic

1. Approve Board Meeting Minutes

Directors requested minor changes to the June 13 and August 28 minutes.

Tim Lesiuk made a motion to approve the June 13 and August 28 minutes with these changes. Matt Rodriguez seconded the motion, and Directors unanimously approved.

2. Approve Executive Committee Meeting Minutes

Directors requested that some of the detail about the office options be removed from the July 16 Executive Committee minutes.

Tim Lesiuk made a motion to approve the minutes from the July 16, August 14, and September 11 Executive Committee meetings. Jean-Yves Benoit seconded the motion, and the members of the Executive Committee unanimously approved the minutes, with an abstention from Mr. Benoit on the July 16 minutes, since he was not present on the call.

3. Executive Director's Report

Patrick Cummins provided an update to Directors on the status of administrative tasks and recent activities of the organization:

- WCI, Inc. is now one year old; the organization was incorporated on October 28, 2011, and the first Board meeting held on November 3, 2011.
- An office has been established in Sacramento with a new mailing address and phone number, and Mr. Cummins hired as the Executive Director on an interim basis. Mr. Cummins is working with Quebec on the timing of opening a Quebec office and hiring an Assistant Project Manager in Quebec.
- Several banking tasks have been completed to modify the account as necessary to reflect changes in staff and Board membership. Changes to the U.S. Federal Deposit Insurance Coverage (FDIC) provisions are anticipated at the end of 2012; Mr. Cummins is working with the bank to ensure all funds continue to be fully insured after these changes.
- An accountant has been selected and an engagement letter finalized. An auditor has been selected, and a final engagement letter is expected to be ready for approval by the Audit Committee soon. Mr. Cummins will begin working with both the accountant and the auditor to establish financial reporting systems and procedures.
- Corporate insurance policies including coverages for general liability, professional liability, directors and officers liability, and employment practices liability, have been purchased and are in effect.
- An account has been established with a payroll and human resources service provider. The service provider manages payroll, employment taxes and workers compensation, and will support WCI, Inc. in developing an employee handbook.
- Federal and state corporate tax returns, including the Employers Quarterly Federal Tax Returns, have been filed. Response is pending from the IRS on the application for tax-exempt status.
- WCI, Inc. has two active contracts for cap-and-trade services related to the Compliance Instrument Tracking System (CITTS). The first contract is with SRA, International to provide jurisdiction-specific functionality and interim hosting for CITSS through May 2014. The second is a contract with ICF, Incorporated, LLC, to provide help desk services for CITSS. This contract was recently completed and a kick-off meeting held; the help desk is expected to go live following the November auction.
- WCI, Inc. is currently investigating options for long-term hosting support for CITSS, to continue CITSS application develop and support, and for auction and market monitoring services.

- Mr. Cummins is preparing consulting agreements to fill immediate needs for business management and project management tasks, and will forward these contracts to the Board for approval along with sole-source justifications once ready.
- Mr. Cummins updated Directors on the current funding status of the organization. An updated budget and cash flow analysis will be presented to the Board at its next annual meeting. Mr. Cummins reviewed additional agenda items for the annual meeting of the Board of Directors, which will be held in Quebec City on December 11, 2012.

Directors directed Mr. Cummins to add two items to the agenda for future Board discussion:

- The approach and timing for obtaining cap-and-trade services for WCI, Inc.
- Establishing a policy and procedure for managing WCI, Inc. technical systems and operations in the event of an emergency.

4. Approve Revised Funds Management Policy

At its June 13, 2012 meeting, the Board approved the June 1, 2012 version of the WCI, Inc. Funds Management Policy and directed California staff to seek review and comment from the State Treasurer's Office on the policy, and to review language regarding the type of corporate investments. The policy was revised on June 20, 2012, to include one additional minor edit to make it clear that the corporation does not expect to have any investments besides program-related assets.

Mr. Benoit made a motion to adopt the revised WCI, Inc. Funds Management Policy. Mr. Rodriguez seconded the motion, and the Board unanimously adopted the policy.

5. Executive Session

Mr. Goldstene invited a motion to convene an executive session to discuss banking and legal matters. Upon a motion by Mr. Rodriguez and seconded by Mr. Lesiuk, the Board convened an executive session at 10:30 am.

With a motion by Mr. Rodriguez seconded by Mr. Benoit, the Board unanimously passed the following resolution authorizing issuance of a corporate credit card, and directed Mr. Cummins to report back at a future meeting on the distinctions and risks associated with the various banking instruments in use by the corporation:

***RESOLVED** that Patrick Cummins, Executive Director of the Western Climate Initiative, Inc. (WCI, Inc.), is authorized to obtain and use a credit card from Bank of the West ("the Bank") for the WCI, Inc. corporate account with a total credit limit not to exceed \$50,000 USD to transact the business of WCI, Inc. in accordance with the WCI, Inc. Bylaws. WCI, Inc. will be responsible for payments on all cards issued under this corporate card account, and payment may be debited by the Bank as specified in the application form.*

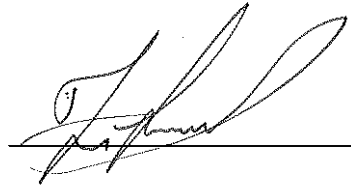
With a motion by Mr. Benoit seconded by Mr. Rodriguez, the Board unanimously authorized Mr. Cummins to sign the attached joint defense and legal advice confidentiality agreement with the WCI participating jurisdictions on behalf of WCI, Inc.

With a motion by Mr. Rodriguez seconded by Mr. Larochelle, the Board adjourned the executive session at 10:40 am.

Adjournment

There being no other business to come before the Board and upon unanimous consent, the meeting adjourned at 10:40 a.m. Pacific Time.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tim Lesiuk", is written over a solid horizontal line.

Tim Lesiuk, Secretary