

Minutes of the Board of Directors

Thursday, April 20, 2017 – 1:00 PM PT/ 4:00 PM ET

The Western Climate Initiative, Inc. Board of Directors (the “Board”) held a meeting April 20, 2017, at the InterContinental – San Francisco in San Francisco, California. The Board approved the March 27, 2017, meeting minutes, reviewed the 2016 Audit Report and Audited Financial Statements, approved the 2016 Federal, State and Provincial tax filings, approved a resolution authorizing the Executive Director to file Canadian Federal and Provincial sales tax forms, and approved an amendment to the WCI, Inc. Funds Management Policy. The Board then convened an executive (closed) session to discuss strategic planning, participating jurisdictions, and personnel matters.

The meeting was called to order by the Chair, Matt Rodriguez, at 1:16 p.m. Pacific / 4:16 p.m. Eastern Time. Debbie Pollard kept the minutes of the meeting. One member of the public was in attendance in person for this meeting.

Attendance

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

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

Also present were:

- Mark Wenzel, State of California
- Edie Chang, State of California
- Stanley Young, State of California
- France Delisle, Province of Québec
- Greg Tamblyn, WCI, Inc.
- Eric Turcotte, WCI, Inc.
- Debbie Pollard, WCI, Inc.
- Bryan Lopuck, Lionbridge (Translator)
- Bill Simi, CPA Corporation
- Jennifer Hall, Crowe Horwath
- Jean Bernard, Mallette
- Sue Garbowitz, Canadian Consulate Los Angeles

Mr. Tamblyn opened the meeting, roll call was taken, and 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, 2017 Board Meeting Minutes

The March 27, 2017 meeting minutes were presented in both English and French. Mr. Rodriguez asked if there were any questions or corrections to the minutes as they were presented. Mr. Tamblyn identified a correction to the French version of the minutes. The third sentence of the second paragraph should read “translation between English and French”.

Mr. Rodriguez asked if there were any questions from the members of the public. Hearing none, Mr. Rodriguez asked for a motion to approve the minutes with the modification as noted.

Mr. Benoit made a motion to approve the March 27, 2017 minutes with the modifications as noted. The motion was seconded by Mr. Fleming and unanimously approved by the Board.

II. 2016 Audit Report and Audited Year End Financial Statements

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

Ms. Hall 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. 2016 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. Bernard of Mallette provided an overview of the Canadian Federal Form T1044 and T2 and the Quebec Provincial Form CO-17.SP. The forms were reviewed and discussed with the Audit Committee prior to the meeting.

Mr. Rodriguez asked if there were any questions from the Board. Hearing none, 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.

Ms. Moisan made a motion to approve the US federal and state tax forms and the Canadian federal and provincial tax forms as they were presented. The motion was seconded by Mr. Whitestone and unanimously approved by the Board.

IV. Authorize the Executive Director to File the Canadian Federal and Provincial Sales Tax Forms by Passing the Following Resolution

The Board was asked to consider a resolution authorizing the Executive Director to submit sales tax forms and remit sales tax payments to the Canadian tax authorities.

Mr. Rodriguez asked if there were any questions from the Board. Hearing none, Ms. Nichols made a motion on the following resolution:

RESOLVED that the Executive Director is authorized by the Board of Directors to submit necessary forms and remit sales tax payments to Canadian tax authorities as required by federal and provincial law. The Executive Director, on behalf of Western Climate Initiative, Inc., may retain such legal, accounting or other professional services he deems necessary in order to make required filings and payments. Each quarter, the Executive Director shall notify the Audit Committee and the Board of submission of sales tax forms and remittance of sales tax payments.

The motion was seconded by Mr. Fleming and unanimously approved by the Board.

V. Discussion of WCI, Inc. Funds Management Policy

Mr. Tamblyn presented a proposed amendment to the WCI, Inc. Funds Management Policy ("Policy") for the Board's consideration.

Included in the materials for the meeting was a memo recommending proposed changes to the Policy that allow the WCI, Inc. to hold cash that is not insured and recognize that funds received through checks, wire transfers or other transfers may be placed on temporary hold by a financial institution, and does not put WCI, Inc. in violation of the asset allocation as described in the Policy.

WCI, Inc. maintains accounts at Bank of the West in the US and Desjardins in Canada to meet the financial obligations of the Corporation in each region. Bank of the West accounts include a single checking account, repurchase agreements, and certificates of deposit, which support the majority of the Corporation's cash flow requirements. The Bank of the West checking account is insured by the FDIC up to \$250,000 USD. Each of the certificates of deposit is also insured by the FDIC up to \$250,000 USD. Repurchase agreements are backed by US Treasury Bonds and can be held in any amount to support the Corporation's cash requirements. At Desjardins, the accounts in which the Corporation is eligible to hold its funds are insured by the AMF up to \$100,000 CAD per financial institution.

WCI, Inc.'s operations in Canada require cash holdings of greater than the AMF insurance limit. To comply with the Policy, WCI, Inc. has opened and maintains checking accounts at multiple institutions within the Desjardins network. Using multiple checking accounts has increased the administrative time required to manage WCI, Inc. funds, increased the oversight required by the Audit and Finance committees, and increased the risk that errors or fraud could occur. In addition, WCI, Inc. is required to remit quarterly sales tax payments that exceed the AMF insurance limit. It is impossible for WCI, Inc. to be in full compliance with the asset allocation requirements of the current Policy while meeting its financial obligations.

Mr. Rodriguez asked if the Policy required WCI, Inc. to keep WCI, Inc.'s funds at Desjardins or Bank of the West. Mr. Tamblyn stated that the Policy does not require funds be held at any specific financial institution.

Mr. Benoit stated that the proposed changes to the Policy will provide WCI, Inc. the flexibility needed to meet its financial obligations while complying with the Policy, which is not possible with the current Policy. Further, the amount of uninsured cash and the time the cash is uninsured would be minimized and limited to support operations.

Mr. Rodriguez asked that the description of uninsured funds in Table 1 of the Policy be modified to read "cash in interest bearing and non-interest bearing accounts that exceeds the insured amounts". Mr. Tamblyn noted the change to the Policy.

Mr. Rodriguez asked if there were any other questions. Hearing none, Mr. Rodriguez asked for a motion to approve the amendment to the WCI, Inc. Funds Management Policy with the modification noted to Table 1.

Mr. Benoit made a motion to approve the amendment to the WCI, Inc. Funds Management Policy with the modification noted to Table 1. The motion was seconded by Mr. Whitestone and unanimously approved by the Board.

There being no other business, the Public session adjourned at 1:46 p.m. Pacific / 4:46 p.m. Eastern. The Board then convened an executive (closed) session to discuss strategic planning, Participating Jurisdictions, and personnel matters.

Respectfully submitted,

Mary Nichols, Secretary