

Minutes of the Board of Directors

Wednesday, November 14, 2018

The Western Climate Initiative, Inc. Board of Directors (the “Board”) held a meeting on November 14, 2018, via teleconference. The Board approved the October 11th meeting minutes and an amendment to the Ontario Funding Agreement. The Board then convened an executive (closed) session to discuss proprietary/confidential matters.

The meeting was called to order by the Chair, Éric Thérout, at approximately 12:06 p.m. Pacific Time / 3:06 p.m. Eastern Time. Jeannine Farrelly kept the minutes of the meeting. The meeting was conducted in English only. One member of the public attended the meeting via teleconference.

Attendance

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

- Éric Thérout (Chair)
- Emily Wimberger (on behalf of Vice Chair, Mary Nichols)
- Jean-Yves Benoit (Treasurer)
- Jason Hollett (Secretary)
- Matthew Rodriguez
- Lilani Kumaranayake

Also present were:

- Mark Wenzel, State of California
- France Delisle, Province of Québec
- Brittany White, Province of Nova Scotia
- Greg Tamblyn, WCI, Inc.
- Eric Turcotte, WCI, Inc.
- Jeannine Farrelly, WCI, Inc.
- Bryan Lopuk, Lionbridge (Translator)
- Chris Delfino, WCI, Inc. Corporate Counsel
- Rob McVicar, HUB International
- Emmanuel Limjuco, HUB International

Mr. Thérout opened the meeting for public session and roll call was taken by Mr. Tamblyn. A quorum was established. Mr. Thérout 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 October 11, 2018 Board Meeting Minutes

The October 11, 2018 minutes were presented in both English and French. Mr. Thérourx asked the Board if there were any questions or corrections to the minutes. There were none.

Mr. Thérourx asked if there were any questions from the public. Mason Inman from Near Zero asked about the decision to freeze trading following Ontario's announcement to withdraw from the California-Québec-Ontario linked WCI carbon market. Mr. Tamblyn responded that WCI, Inc. acted on direction from the participating jurisdictions and consequently provided direction to its technology service provider. Mr. Thérourx added that this was a necessary action because of Ontario's announcement to withdraw from the cap-and-trade program.

Mr. Thérourx asked if there were any other questions. Hearing none, Mr. Thérourx asked for a motion to approve the minutes. Mr. Rodriguez made a motion to approve the October 11, 2018 minutes. The motion was seconded by Mr. Benoit and unanimously approved by the Board.

II. Approve Amendment to the Ontario Funding Agreement

Mr. Tamblyn presented a proposed amendment to the Ontario Funding Agreement that would terminate the agreement effective November 30, 2018 and reduce the level of services WCI, Inc. is to provide to Ontario.

Mr. Tamblyn stated that effective July 3, 2018, the Province of Ontario revoked its cap-and-trade regulation. Consequently, WCI, Inc. received a letter from Ontario dated August 31, 2018 indicating their intention to negotiate an amendment to their funding agreement and request termination of the agreement on November 30, 2018. On October 31, 2018, Ontario passed the Cap and Trade Cancellation Act 2018, which formally ends the cap-and-trade program in Ontario. The Act will become law in Ontario following Royal Assent, which is expected to be received on November 14, 2018. WCI, Inc. has been negotiating the terms of the second amendment to the agreement in coordination with Ontario staff with the support and advice of WCI, Inc.'s corporate counsel, Chris Delfino. Board members have received regular updates during the negotiation with Ontario.

As outlined in the memo to the Board, the amendment contains three changes to the agreement: 1) the term of the agreement is set to expire on November 30, 2018; 2) Section 5.01 has been amended to clarify that WCI, Inc. can keep a copy of Ontario data for use by WCI, Inc. and the other participating jurisdictions past the expiry of the agreement; and 3) the schedule of financial contributions Ontario is responsible for has been amended to reflect the reduced level of services to be provided to Ontario through November 30, 2018.

Mr. Tamblyn added that the original agreement contains terms that survive the termination of the agreement, which are outlined in the memo to the Board.

Mr. Tamblyn asked if there were any questions from the Board. Mr. Thérourx asked Mr. Tamblyn to confirm that the Royal Assent does not have any impact on the expiration date of the funding agreement, and Mr. Tamblyn confirmed that it does not.

Mr. Rodriguez asked for clarification on the scope of the indemnification in section 6.01. Mr. Delfino clarified that this provision is from the original agreement and is restricted to actions taken by WCI, Inc. during the period of performance under the contract.

Mr. Rodriquez and Mr. Benoit asked about the status of Ontario's payments. Mr. Turcotte confirmed that all payments are up to date.

Mr. Thérroux asked if there were any other questions or comments from the Board. Mr. Benoit stated that the proposed changes to the Ontario Funding Agreement reflect the organization's discussions with Ontario and supports moving forward with the approval.

Mr. Thérroux asked if there were any questions from the public. Hearing none, Mr. Thérroux asked for a motion to approve the amendment to the Ontario Funding Agreement as proposed. Mr. Benoit made a motion to approve the amendment to the Ontario Funding Agreement. The motion was seconded by Mr. Rodriquez and unanimously approved by the Board.

There being no other business, the Public session adjourned at 12:23 p.m. Pacific Time / 3:23 p.m. Eastern Time. The Board then convened an Executive (closed) Session to discuss proprietary/confidential matters.

III. Actions Taken by the Board in Executive Session

During Executive Session, the Board approved the October 11, 2018 Executive Session meeting minutes.

There being no other business, the executive (closed) session and the Board meeting was adjourned at 12:51 p.m. Pacific Time / 3:51 p.m. Eastern Time.

Respectfully submitted,

Jason Hollett, Secretary