

**REGIONAL GREENHOUSE GAS INITIATIVE, INC.
MINUTES OF DIRECTORS' MEETING**

September 25, 2007

The first meeting of the Directors of Regional Greenhouse Gas Initiative, Inc. a Delaware non-profit corporation (the "Corporation") was held on September 25, 2007 at the offices of the New York Public Service Commission at 90 Church Street, New York, NY.

The meeting was called to order by Gina McCarthy, Temporary Chair, at 9:30 a.m.

Persons In Attendance

The following initial Directors, named in the Certificate of Incorporation filed in Delaware (the "Initial Directors"), were present:

Gina McCarthy
Anne C. George
Arnetta McRae
David Littell
Shari T. Wilson (via telephone)
Philip Giudice
Thomas S. Burack
Clifton Below
Lisa P. Jackson
Jeanne M. Fox
Alexander B. Grannis
Patricia L. Acampora
W. Michael Sullivan
Andrew C. Dzykewicz
James Volz

Arleen O'Donnell, Jeffrey Wennberg, Kurt Adams, Steve Larsen and John A. Hughes, Initial Directors, were unable to attend. David Small of Delaware, Susanne Brogan of Maryland, Laurie Burt of Massachusetts and George Crombie of Vermont were in attendance to serve as Continuing Directors in the place of John A. Hughes, Steven B. Larsen, Arleen O'Donnell and Jeffrey Wennberg, respectively. Jim Brooks of Maine was present as an alternate for Sharon Reishus, designee of Kurt Adams as a Continuing Director.

Also present by invitation were the following people: Tracy Babbidge and Chris Nelson from the State of Connecticut, Phil Cherry and David Bloom from the State of Delaware; Catherine Lee from the State of Maine; John DeFelice and Doug Nazarian from the State of Maryland; Bill Lamkin from the State of Massachusetts; Peter Iwanowicz, Lois New, Patricia Mastrianni, Michael Sheehan, Karl Michael, David Coup and Jim Austin from the State of New York; Robert Scott from the State of New Hampshire; Chris Sherry from the State of New Jersey; Stephen Majkut and Julie Capobianco from the State of Rhode Island; Dick Valentinetti,

David Farnsworth, and Justin Johnson from the State of Vermont; George Hawkins from the District of Columbia; and M. Antoinette Thomas, Catherine B. Sheehy, and Christine A. Fazio from Carter Ledyard & Milburn LLP.

Quorum of Initial Directors

Ms. McCarthy stated that a quorum of the initial directors was present. Ms. Sheehy kept the minutes of the meeting.

Purposes of the Corporation

Ms. McCarthy acted as Temporary Chair of the meeting until the Corporation's officers were elected. She discussed the purposes of creating a regional nonprofit organization as provided by the Memorandum of Understanding, entered into by the ten Signatory States, pointing out that this is a technical assistance organization only and not a regulatory body.

By-laws

Ms. McCarthy turned the Initial Director's attention to the proposed By-laws, copies of which had been circulated prior to the meeting. The Initial Directors discussed the proposed By-laws. In particular, there were discussions on the power of the Executive Committee, the number of votes required for various actions taken by the Board, the ability to act without a meeting if all directors unanimously agree to an act in writing and the number of signatories required to sign checks. Directors were reminded that if they are not able to attend a meeting or will be unavailable for long periods of time, they should consider appointing an alternate as set forth in the By-laws. It was noted that the By-laws are drafted to allow as much flexibility as practical and that some provisions could be better made by resolution. It was also pointed out that the Executive Committee will be constituted so that all ISOs are represented.

There was additional discussion on how the committees will operate. The committees will be able to set up their own procedures for meetings, taking minutes, and other operational issues. Ms. Fox pointed out that the drafted language of the By-laws was unclear on this point, so a change was made to the draft. It was also suggested, and agreed upon, to change references to President and Vice President to Chair and Vice Chair, respectively. This change was to be made on all organizational documents.

Upon motion duly made and seconded, it was unanimously

RESOLVED, that the form of By-laws, as presented to the Directors and with the changes agreed upon and in the final form attached to the minutes of this meeting, is hereby ratified, approved and adopted as the By-laws of the Corporation.

Ratification of Actions Taken Prior to the Meeting to Establish the Corporation

Ms. McCarthy reviewed for the Initial Directors the actions taken prior to the meeting. Upon motion duly made and seconded, it was unanimously

RESOLVED that all of the actions heretofore taken by the incorporator, Clifford P. Case, with respect to the incorporation of the Corporation, filing of the Certificate of Incorporation with the Secretary of State of Delaware on July 12, 2007, and filing the Application for Authority to do business with the Secretary of State in the State of New York on August 7, 2007, are hereby approved, adopted, ratified and confirmed in all respects.

Continuing Directors

Ms. McCarthy then noted that those persons who are qualified pursuant to the By-laws to act as directors as of the date of this meeting (the “Continuing Directors”) had submitted written acceptance of the position of Director of the Corporation. Copies of these acceptances are attached to the minutes of this meeting. Upon motion duly made and seconded, it was unanimously

RESOLVED that the following-named persons are Directors and have qualified pursuant to the By-laws:

Gina McCarthy
Anne C. George
David Small
Arnetta McRae
David Littell
Sharon Reishus
Shari T. Wilson
Susanne Brogan
Laurie Burt
Philip Giudice
Thomas S. Burack
Clifton Below
Lisa P. Jackson
Jeanne M. Fox
Alexander B. Grannis
Patricia L. Acampora
W. Michael Sullivan
Andrew C. Dzykewicz
George Crombie
James Volz

Mr. Brooks was appointed to serve as an alternate director on behalf of Ms. Reishus for this meeting and the written designation of the alternate was duly received and is attached to the minutes of this meeting.

Ms. McCarthy stated that there was a quorum of Continuing Directors and alternates.

Officers

The Directors discussed adding an additional Vice Chair to the slate of officers. It was agreed that having a second Vice Chair would be beneficial to the Corporation. It was also noted that additional Vice Chairs can be created if the Directors decide as such.

Upon motion duly made and seconded, it was unanimously

RESOLVED that there shall be an additional Vice Chair who shall perform such duties as the Board shall determine and shall have the power and duties of the First Vice Chair in the absence or disability of the First Vice Chair.

The Directors next discussed who should serve as officers of the Corporation. It was noted that Director and Officer liability insurance needs to be obtained as soon as possible. Staff members present at the meeting stated that they are in the process of obtaining insurance and will try to obtain a binder that will cover the Directors and Officers as of today's date. Another point made was that the officers should represent a balance of those who are representative of environmental regulatory agencies and those who are representative of energy regulatory agencies. It was noted that the people being discussed as potential officers would, as a group, represent both of these interests as three of them are from environmental regulatory agencies and two are from energy regulatory agencies.

Upon motion duly made and seconded, it was unanimously

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: Alexander B. Grannis
First Vice Chair: Lisa P. Jackson
Second Vice Chair: David Littell
Treasurer: Philip Giudice
Secretary: Clifton Below

Mr. Grannis, as the newly elected Chair, then took over as Chair of the Meeting.

Executive Committee

The Directors acknowledged that, pursuant to the By-laws, the officers would also serve as Executive Committee members. In addition, the Directors thought it would be good to have an equal number of members on the Executive Committee that represent the energy regulatory agencies and environmental regulatory agencies and that an additional member should also represent the PJM region, which is expected to be the region where RGGI is most likely to expand. As such, Ms. Fox nominated Ms. Brogan as a possible additional Executive Committee Member and Ms. Brogan confirmed her interest in serving as an Executive Committee Member.

Upon motion duly made and seconded, it was unanimously

RESOLVED that the Executive Committee shall comprise the following Directors:

Alexander B. Grannis
Lisa P. Jackson
David Littell
Philip Giudice
Clifton Below
Susanne Brogan

Audit Committee

The Directors discussed the role of the Audit Committee and its importance as a standard for good governance. It was noted that all members serving on the committee should have a working knowledge of finance and accounting practices as specified by the proposed Audit Committee Charter. It was also noted that the Committee, once elected, will elect its own chair.

Upon motion duly made and seconded, it was unanimously

RESOLVED that the Audit Committee shall comprise the following Directors:

Thomas Burack
Arnetta McRae
George Crombie

Finance Committee

The Directors discussed the role of the Finance Committee. It was suggested that a person from New York should be on the Committee since New York is funding the start-up of the Corporation.

Upon motion duly made and seconded, it was unanimously

RESOLVED that the Finance Committee will be chaired by the Treasurer and shall comprise the following Directors:

Phillip Guidice
Michael Sullivan
Patricia Acampora
Gina McCarthy

Audit Committee Charter

The Directors discussed the provisions of the proposed Audit Committee Charter, copies of which had been distributed prior to the meeting. It was noted that the Audit Committee is authorized to hire outside counsel if they believe it is necessary. It was proposed that drafts of the Audit Committee meeting minutes be made available within 14 business days after each meeting and it was agreed that this language should be added to the draft of the Audit Committee Charter.

Upon motion duly made and seconded, it was unanimously

RESOLVED that the Audit Committee Charter, as presented to the Directors and with the changes agreed upon and in the final form attached to the minutes of this meeting, is hereby ratified, approved and adopted as the Audit Committee Charter of the Corporation by which the Audit Committee shall be governed and shall operate.

Bank and Investment Authorizations

The Directors discussed the power of the Finance Committee to appoint banks and choose investment advisors, but wanted it to be clear that they could only retain institutions and advisors within the mandate of the Budget approved by the Board.

Upon motion duly made and seconded, it was unanimously

RESOLVED that the Finance Committee is hereby authorized to designate such bank or banks as the depository for funds of the Corporation and such investment managers, advisors or consultants as it deems appropriate and upon such terms as it deems appropriate but always within the mandate of the budget approved by the Board; and that the Finance Committee is authorized to adopt on behalf of the Board resolutions effecting any such appointments in the form customarily recommended by such banks or investment managers, advisors or consultants.

Executive Director

The Directors discussed the role of Executive Director and the importance of retaining someone of a very high level of competence and experience. The Directors expressed an interest in having the entire Board review and approve the appointment of the Executive Director. It was noted that, pursuant to the By-laws, approval of the candidate requires a two-thirds vote of the Directors when a quorum is present at the meeting at which the candidate was presented.

Upon motion duly made and seconded, it was unanimously

RESOLVED that the Executive Committee shall recommend to the Board the appointment of the Executive Director of the Corporation, having the powers vested in him or her by the By-laws, and the terms of his or her employment agreement.

Ratification of Actions Taken by NESCAUM in Search for Executive Director

Mr. Grannis asked certain members of the RGGI staff working group to report on ongoing activities. Ms. New noted that NESCAUM had undertaken certain preliminary activities on behalf of the Corporation which need to be approved. The Directors discussed the current status of the search for an Executive Director. Approximately 65 people have applied, but the general concern was expressed that there may not be an appropriate applicant among them. Some raised concerns that the job description might be too focused on environmental expertise when the Executive Director should be a person with a financial background, possibly with commodities and trading expertise. It was decided that the job description should be circulated to all Directors for their review and that the candidates who have applied should be reviewed immediately so that an additional search may be performed if necessary. It was also recognized that it might be worthwhile using an executive search firm.

Upon motion duly made and seconded, it was unanimously

RESOLVED that any actions heretofore taken by the Northeast States for Coordinated Air Use Management ("NESCAUM") with respect to placing advertisements and notices for the availability of the position of Executive Director, receiving and logging applications submitted as a result of said advertisements and notices and providing applications received to the Steering Committee of the Staff Working Group of the Regional Greenhouse Gas Initiative are hereby approved, adopted, ratified and confirmed in all respects.

Authorization of NESCAUM to Request Emissions Offsets Implementation Services

The Board discussed the authority they would be giving to NESCAUM to request proposals for emissions offsets implementation services.

Upon motion duly made and seconded, it was unanimously

RESOLVED that Northeast States for Coordinated Air Use Management ("NESCAUM") is hereby authorized to place advertisements and notices requesting proposals from consultants to develop materials to support the implementation of the emissions offsets component of the RGGI program, receive and log such proposals submitted as a result of said advertisements and notices, coordinate a Proposers' conference call if requested by the Chair of the Offsets Special Committee of the Corporation, and provide proposals received to the Chair of the Offsets Special Committee of the Corporation. Any such actions taken to date are hereby approved, adopted, ratified and confirmed in all respects.

Authorization of NESCAUM to Request Auction Implementation Services

The Directors discussed the importance of being able to have an allowance auction in the second quarter of 2008 for the states which would be ready at that time to participate in it and it was suggested that such an auction be held no later than June 30, 2008.

Upon motion duly made and seconded, it was unanimously

RESOLVED that Northeast States for Coordinated Air Use Management ("NESCAUM") is hereby authorized to place advertisements and notices requesting proposals from firms to provide services related to the design, implementation and administration of periodic CO₂ allowance auctions on behalf of the participating RGGI states, receive and log proposals submitted as a result of said advertisements and notices, coordinate a Proposers' conference call, if requested by the Chair of the Auctions Special Committee of the Corporation, and provide proposals received to the Chair of the Auctions Special Committee of the Corporation. Any such actions taken to date are hereby approved, adopted, ratified and confirmed in all respects.

Special Committees: Program Committee

Mr. Grannis then turned the Director's attention to the creation and role of the Corporation's special committees, which would comprise working groups chiefly of non-Directors. The Directors discussed the role of the Program Committee which will act as a sort of "super" committee in that all recommendations that the other special committees want to make to the Executive Committee and/or the entire Board should be made in consultation with the Program Committee. The persons who should comprise the Committee were discussed. It was

explained that the Chair of each of the other special committees would be a member of the Program Committee and that, in addition, the Director from any RGGI state not represented on the Program Committee could designate an individual from that state to serve on the Program Committee. It was suggested that for all Special Committees a Director should be appointed as a liaison and decided that this issue would be deferred until a future meeting.

Upon motion duly made and seconded, it was unanimously

RESOLVED that a Program Committee shall be formed as a Special Committee and is hereby authorized to deliberate and make recommendations to the Executive Committee, and to the entire Board as appropriate, as to major issues related to the CO₂ Budget Trading Program; and be it further

RESOLVED that the Committee shall be chaired by Chris Sherry, Lois New, and Jim Brooks and the initial members shall be the Executive Director, upon his or her appointment, such other persons as the Board from time to time selects to serve at the discretion of the Board, and the following individuals:

Christopher Sherry
Lois New
Jim Brooks
Peter Iwanowicz
Patricia Mastrianni
Bill Lamkin
Nicholas Bianco
Dave Farnsworth
Tina Palmero
Mike Sheehan
Chris Nelson
Philip Cherry
Joanne Morin
Steve Majkut
Sam Wolfe
Dick Valentinetti
David Coup

and be it further

RESOLVED that a Director from a Signatory State not represented on the Program Committee may designate an individual from such Signatory State to serve as a Committee member, and the Executive Committee shall appoint such individual to the Committee.

A contact list including the affiliations of all Special Committee Members is attached to the minutes of this meeting.

Special Committees: Auctions Committee

At the request of Mr. Grannis, Mr. Sherry, of the staff working group, gave a brief report on the status of auction design discussions and explained what actions still need to be taken by the Auctions Committee. The Directors discussed the importance of having this Committee and its need to be prepared for an auction in June, 2008. The Directors also expressed a preference that all special committees, not just the Program Committee, report to the entire Board as appropriate.

Upon motion duly made and seconded, it was unanimously

RESOLVED that an Auctions Committee shall be formed as a Special Committee and is hereby authorized to deliberate and make recommendations to the Executive Committee and to the entire Board as appropriate, in consultation with the Program Committee, as to the implementation, administration and further development, as appropriate, of a regional allowance auction platform for the CO₂ Budget Trading Program; and that the Committee shall be chaired by Peter Iwanowicz and shall consist of such persons as the Board from time to time selects to serve at the discretion of the Board; and the initial members shall be as follows:

Peter Iwanowicz
Nicholas M. Bianco
Dwayne Breger
Jim Brooks
Barbara Cesaro
Dave Coup
John DeFelice
Peggy Diaz
David Farnsworth
Joe Fontaine
Diane Franks
Kevin Hale
Mike Karagiannes
Bill Lamkin
Catherine Lee
Patty Mastrianni
Kevin McGarry
Chris Nelson
Louis New
Al Pereira

Mike Sheehan
Christopher Sherry
Maureen Reno
David Bloom
Mark Reeder

Special Committees: Offsets Committee

The Directors discussed the purposes and contemplated actions of this committee.

Upon motion duly made and seconded, it was unanimously

RESOLVED that an Offsets Committee shall be formed as a Special Committee and is hereby authorized to deliberate and make recommendations to the Executive Committee and to the entire Board as appropriate, in consultation with the Program Committee, as to the implementation, administration and expansion of the offsets component of the CO₂ Budget Trading Program; and that the Committee shall be chaired by Christopher Sherry and shall consist of such persons as the Board from time to time selects to serve at the discretion of the Board; and the initial members shall be as follows:

Christopher Sherry
Ron Amirikian
Nicholas Bianco
Bob Clausen
Molly Curtis
Doug Elliott
Joseph Fontaine
Diane Franks
Valerie Gray
Michael Karagiannes
William Lamkin
Catherine Lee
Lois New
Elaine O'Grady
Maureen Reno
John D'Aloia
Michael Winka

Special Committees: Emissions and Allowance Tracking Committee

The Directors discussed the purposes and contemplated actions of this committee.

Upon motion duly made and seconded, it was unanimously

RESOLVED that an Emissions and Allowance Tracking Committee shall be formed as a Special Committee and is hereby authorized to deliberate and make recommendations to the Executive Committee and to the entire Board as appropriate, in consultation with the Program Committee, as to the implementation, administration and further development of an Emissions and Allowance Tracking System for the CO₂ Budget Trading Program; and that the Committee shall be chaired by Mike Sheehan and shall consist of such persons as the Board from time to time selects to serve at the discretion of the Board; and the initial members shall be as follows:

Mike Sheehan
Ron Amirikian
Nicholas Bianco
Phil Cherry
Bob Clausen
John DeFelice
Joe Fontaine
Valerie Gray
Cindy Jacobs
Mike Karagiannes
Bill Lamkin
Steve Majkut
Kevin McGarry
Jeff Merrill
Chris Nelson
Christopher Sherry
Rodger Thunell
James Austin

Special Committees: Emissions Leakage Committee

The Directors discussed the purposes and contemplated actions of this committee.

Upon motion duly made and seconded, it was unanimously

RESOLVED that an Emissions Leakage Committee shall be formed as a Special Committee and is hereby authorized to deliberate and make recommendations to the Executive Committee and to the entire Board as appropriate, in consultation with the Program Committee, as to monitoring and mitigation measures related to potential emissions leakage; and that the Committee shall be chaired by Dave Farnsworth and Tina Palmero and shall consist of such persons as the Board from time to time selects to

serve at the discretion of the Board; and the initial members shall be as follows:

Tina Palmero
David Farnsworth
Ron Amirikian
Nicholas Bianco
Marc Breslow
James Brooks
Phil Cherry
Bob Clausen
John DeFelice
Renee Fizer
Joe Fontaine
Valerie Gray
Faith Huntington
Cindy Jacobs
Steve Majkut
Patricia Mastrianni
Maureen Reno
Christopher Sherry
Will Space
Dick Valentinetti
Michael Winka
Chris Nelson
Damase Hebert

Special Committees: Model Rule Committee

The Directors discussed the purposes and contemplated actions of this committee.

Upon motion duly made and seconded, it was unanimously

RESOLVED that a Model Rule Committee shall be formed as a Special Committee to deliberate and make recommendations to the Executive Committee and to the entire Board as appropriate, in consultation with the Program Committee, as to detailed changes and additions to the Model Rule as may be warranted over time, and that the Committee shall be chaired by Bill Lamkin and Nicholas Bianco and shall consist of the such persons as the Board from time to time selects to serve at the discretion of the Board; and the initial members shall be as follows:

Bill Lamkin

Nicholas Bianco
Ron Amirikian
Mercia E. Arnold
Barbara Cesaro
Bob Clausen
Molly Curtis
Joseph T. Fontaine
Dianne Franks
Valerie A. Gray
Mike Karagiannes
Eric Kennedy
Kevin McGarry
Chris Nelson
Elaine O'Grady
Mike Sheehan
Christopher Sherry
Lloyd Spivak
Felice Weiner
James Austin

Special Committees: Transition Committee

The Directors discussed the purposes and contemplated actions of this committee. The Directors noted the importance of this Committee's role in conducting the search for an Executive Director. It was suggested that the previous Search Committee members, who are all Directors, be added to this committee. However, since many of the Directors on the Search Committee are also Executive Committee members, and the Executive Committee had been authorized to conduct the search, it was decided that adding them to this committee was redundant.

Upon motion duly made and seconded, it was unanimously

RESOLVED that a Transition Committee shall be formed as a Special Committee and is hereby authorized to deliberate and make recommendations to the Executive Committee and to the entire Board as appropriate, in consultation with the Program Committee, as to implementation, administration and further development of required Corporation business; and that the Committee shall be chaired by Patricia Mastrianni and shall consist of such persons as the Board from time to time selects to serve at the discretion of the Board; and the initial members shall be as follows:

Patricia Mastrianni
Jim Brooks
Phil Cherry

John De Felice
Dave Farnsworth
Renee Fizer
Catherine Lee
Marilyn Levinson
Steve Majkut
Joanne Morin
Chris Nelson
Lois New
Chris Sherry

Conflicts of Interest and Ethical Guidelines Policy

Mr. Farnsworth from Vermont introduced the proposed Policy, copies of which had been circulated prior to the meeting, and explained its basic provisions. The Directors discussed the implications of the Conflict of Interest and Ethical Guidelines Policy. Some of the Directors thought that the Policy needed to be clearer in describing the roles of Directors acting in their corporate capacities and in capacities as a state official. Mr. Burack suggested that language be added to the proposed policy and, working with other Directors, staff and counsel present from Carter Ledyard & Milburn LLP, helped draft the new language. It was suggested that the adoption of the Conflicts Policy be postponed until the next meeting, but most of the Directors agreed that it should be resolved at this meeting if language could be agreed upon. After significant discussion, the policy was amended to include additional language that made clear Directors would not be in violation of the Policy if they were acting in their role as a state official.

Upon motion duly made and seconded, it was

RESOLVED that the Regional Greenhouse Gas Initiative, Inc. Conflicts of Interest and Ethical Guidelines Policy with its corresponding attachments, as presented to the Directors and with the changes agreed upon and in the final form attached to the minutes of this meeting, is hereby ratified, approved and adopted as the Conflicts of Interest Policy of the Corporation, and that a copy of the Conflicts of Interest Policy be distributed to every Director, Officer, Employee, and Committee Member of the Corporation, and copies thereof shall continue to be available to them at the offices of the Corporation.

Mr. Dzykewicz voted against the resolution.

Whistleblower Protection Policy

The Directors discussed the proposed Whistleblower Protection Policy, copies of which had been circulated prior to the meeting. A concern was raised that it may not be possible or viable to always keep a whistleblower's identity confidential. As such, the proposed policy was amended to reflect the fact that confidentiality will be maintained to the extent practicable.

Upon motion duly made and seconded, it was unanimously

RESOLVED that the Whistleblower Protection Policy, as presented to the Directors and with the changes agreed upon and in the final form attached to the minutes of this meeting, is hereby ratified, approved and adopted as the Whistleblower Protection Policy of the Corporation, and that a copy of the Whistleblower Protection Policy be distributed to every Director, Officer, Employee, and Committee Member of the Corporation, and copies thereof shall continue to be available to them at the offices of the Corporation.

Retention of Business Records Policy

The Directors then discussed the Retention of Business Records Policy, copies of which had been circulated prior to the meeting. After a brief discussion, upon motion duly made and seconded, it was unanimously

RESOLVED that the Retention of Business Records Policy, as presented and attached to the minutes of this meeting, is hereby ratified, approved and adopted as the Retention of Business Records Policy of the Corporation.

Work Plan

The Directors discussed the proposed September 2007-December 2008 Work Plan, copies of which had been circulated prior to the meeting. Mr. Grannis asked Ms. New of New York to provide a brief overview of the Work Plan. Following Ms. New's overview, some Directors expressed concern that the Work Plan's date for the Emissions Allowance Tracking System ("EATS") to be operational by spring 2008 might not provide sufficient time for the RGGI states to hold the first auction in June 2008. These Directors suggested that EATS should be ready by the first quarter of 2008. The Directors also discussed whether the RGGI states had agreed that the first auction would definitely occur in June 2008 (even if some states are not ready to participate by June 2008) or whether that date was just a goal, particularly since some states need to enact legislation prior to adopting RGGI regulations. Overall, the Directors agreed that the RGGI states would continue to pursue the June 2008 date for the first auction and that the committee established to monitor EATS should push the time-frame proposed by the contractor to ensure the system is ready the first quarter of 2008.

The Directors then discussed whether some of the tasks under section 6 "RGGI, Inc. Transition and Start Up" in the Work Plan should involve a new committee with the participation of several of the Directors which could focus on outreach to non-signatory states and monitoring federal climate change legislation. It was decided, however, to make no changes to the proposed Work Plan at this time.

Upon motion duly made and seconded, it was unanimously

RESOLVED that the Corporation's work plan for the fiscal years ending December 31, 2007 and December 31, 2008 (the "RGGI, Inc. Work Plan"), as presented and attached to the minutes of this meeting, is hereby ratified, approved and adopted.

Budget

Ms. New of New York provided an overview of the RGGI, Inc. Proposed Budget, copies of which were circulated prior to the meeting. Ms. New explained that New York has committed funds to cover the first 18 months of the Corporation. (beginning from September 25, 2007). After the first 18 months, all participating states will share the Corporation's costs based on their carbon dioxide allowance budget. She described that page one of the budget materials includes the Proposed Budget and page two provides the 2008 and first quarter 2009 apportionment of costs to all states for program costs. For the balance of 2009 and 2010, the apportionments include both program costs and the personnel and operational costs for the Corporation. New York also set up a supplemental fund to cover the costs for some states that cannot pay their share until after they have participated in the first auction.

Some of the Directors suggested that the budget allocations for insurance and professional fees seemed too low. Ms. Mastrianni from New York replied that it expected that the Corporation would receive reduced fees for professional services. Ms. New also confirmed that rent for the Corporation's office, which is low for New York City, was indeed the number provided on the budget.

Massachusetts announced that it would pledge 100% of its share in 2008. No other changes were made to the proposed budget.

Upon motion duly made and seconded, it was unanimously

RESOLVED that the proposed budgets for the fiscal years of the Corporation ending December 31, 2007 and December 31, 2008, as presented to the Directors and with the changes agreed upon and in the final form attached to the minutes of this meeting, are hereby ratified, approved and adopted.

Payment of Fees Incurred

The Directors then briefly discussed some of the fees incurred prior to the Board of Directors Meeting, such as costs associated with incorporating in Delaware.

Upon motion duly made and seconded, it was unanimously

RESOLVED that the Chair and Treasurer of the Corporation are hereby authorized and directed to pay and

discharge all taxes, fees, and other expenses heretofore incurred in connection with the organization and operation of the Corporation.

Application for Tax-Exempt Status

The Directors then briefly discussed the applications that needed to be filed, including the application for tax-exempt status with the Internal Revenue Service.

Upon motion duly made and seconded, it was unanimously

RESOLVED that each officer of the Corporation is hereby authorized to execute and file any necessary or appropriate documents with the Internal Revenue Service or the taxing agency or any other agency of any jurisdiction of the United States in which the filing of such documents is necessary or desirable, including any such documents to seek and obtain from the Internal Revenue Service or such taxing agency a determination recognizing that the Corporation is a corporation exempt from taxation under Section 501 of the Internal Revenue Code of 1986, as amended, and corresponding provisions of such other jurisdiction.

Foreign Qualifications

After a brief discussion, upon motion duly made and seconded, it was unanimously

RESOLVED that the Corporation is hereby authorized to apply for qualification as a foreign corporation in such jurisdictions of the United States and in such foreign countries as the officers of the Corporation deem necessary or expedient, if any, and that, for such purpose, the officers of the Corporation be and each of them hereby is authorized to appoint and substitute all necessary agents or attorneys for service of process, to designate and change the location of all necessary statutory offices and, under the corporate seal or otherwise, to make and file all necessary certificates, reports, powers of attorney and other instruments as may be required by the laws of any such jurisdiction or country to authorize the Corporation to transact business therein; and, whenever it is expedient for the Corporation to cease doing business in any such jurisdiction or country and withdraw therefrom, to revoke any appointment of agent or attorney for service of process and to file such certificates, reports, revocations of appointment or surrenders of authority as may be necessary to withdraw the Corporation from doing business in any such jurisdiction or country.

Checks

The Directors then discussed at some length a proposed resolution concerning the requirement for two officer signatures for expenditures over \$25,000. Ms. Fox questioned whether the threshold of \$25,000 should be significantly lowered to \$1000 or \$5000. Directors supporting lowering the threshold were concerned that an Executive Director could spend significant sums of money with a \$25,000 threshold with no oversight. Other Directors felt that the threshold was reasonable given the activities of the Corporation and the need for flexibility in the Corporation's activities. Outside counsel also advised that the Corporation's accounting firm working with the Audit Committee should provide guidance on internal practices to prevent waste.

Upon motion duly made and seconded to the Directors

RESOLVED that all checks, drafts, and other instruments obligating the Corporation to pay money shall be signed on behalf of the Corporation by the Chair, Treasurer, or Executive Director, as long as the amount of such obligation is less than twenty-five thousand dollars (\$25,000) and by any two of them if such obligation is equal to or exceeds that amount.

Ms. Fox voted against this resolution.

Lease

After a brief discussion of the proposed lease of Corporation office space at 90 Church Street, New York, New York, upon motion duly made and seconded, it was unanimously

RESOLVED that the Executive Committee shall approve the terms of a lease agreement for the offices of the Corporation, and upon the Executive Committee's approval of said lease, the Chair, Treasurer, or Executive Director is authorized to execute any necessary documents in connection with finalizing the approved lease.

Legal Counsel

The Directors next discussed a proposed resolution to ratify the retention of Carter Ledyard & Milburn LLP ("CLM") as Corporation's counsel to date and retain it as Corporation counsel going forward. Ms. Mastrianni from New York explained that New York had retained CLM to serve as pro bono counsel to incorporate the Corporation in Delaware and New York because it was willing to provide pro bono service and it had significant experience in tax exempt and environmental law. New York then retained CLM to provide all legal services required to prepare for the first meeting of the Board of Directors (including the materials contained in the Board of Directors' packet), to qualify to do business in New York and to prepare tax-exempt applications at a significantly reduced rate.

The Board of Directors decided that they would ratify the retention of CLM for all legal services to date and that CLM should continue the work they have already started, but declined to name counsel, instead delegating that function to the Executive Committee.

Upon motion duly made and seconded, it was unanimously

RESOLVED that the retention of Carter Ledyard & Milburn LLP to provide legal services to the Corporation to date is hereby ratified and the Executive Committee is authorized to obtain legal counsel on such terms and conditions as deemed appropriate by the Executive Committee.

Board Meetings

The Directors discussed the proposed resolution setting meeting frequencies and the need to have frequent meetings, in person or by teleconference over the next year or two. The Directors also determined that setting a next meeting in May, 2008, was too distant and that there should be a meeting in December, 2007. The Directors thus proposed modifying the proposed resolution language to ensure that there are no fewer than two Board meetings each year and that the next meeting would be held upon the call of the Chair.

Upon motion duly made and seconded, it was unanimously

RESOLVED that there shall be no fewer than two Board meetings each year, and the next meeting will be held at the call of the Chair on such date as shall be determined by the Executive Committee and notice thereof shall be given to the Directors as provided in the By-laws.

Action Required to Carry Out Resolutions

The Directors then recognized that action would likely be needed to effectuate the resolutions taken by the Board. Upon motion duly made and seconded, it was unanimously

RESOLVED that the appropriate officers of the Corporation are hereby authorized and directed to execute, make, verify, acknowledge, deliver, file and record any and all applications, certificates, instruments, agreements and documents and to take any and all other actions as may be necessary or desirable in the judgment of any of them in order to carry out the intent and purposes of the foregoing resolutions, the execution by any officer of any such document to be conclusive evidence of such officer's authority to act in accordance with these resolutions.

New Business

Mr. Grannis then entertained discussions of new business by the Directors. A copy of a September 19, 2007 memorandum from Agnes Yates, Chair of the D.C. Public Service Commission, Rick Morgan, Commissioner of the D.C. Public Service Commission and George Hawkins, Acting Director of the D.C. Department of the Environment, to the RGGI Agency Heads was distributed to all Directors for discussion, a copy of which is attached to these minutes. In the memorandum, the District of Columbia Mayor's Office asked that a decision on D.C.'s participation in RGGI be reached by the Board by October 15, 2007. Mr. Hawkins, representing the D.C. Department of the Environment, explained that D.C. needs to have a decision as to whether it will join RGGI by October 15 in order to have time to complete all necessary rulemaking prior to the start of the program in 2009. The Directors discussed whether the issues related to allocating additional allowances to D.C. should generally be addressed by the PJM RGGI states or whether this should be an issue of all the RGGI states. The Chair stated that he will set up a meeting to discuss the memorandum with D.C. and other relevant participating RGGI states.

Ms. Jackson then handed out a draft of a principles paper on designing a cap and trade program to be sent by the RGGI states to Congress. The materials included a redline draft by New Jersey, a revised version of New Jersey's draft by Connecticut (dated July 9, 2007), and a cover letter by New Jersey. New Jersey requested that all Directors send comments on the Connecticut draft of the principles paper and the cover letter to either Ms. Jackson or Mr. Sherry (NJDEP) by close of business October 2, 2007. New Jersey also requested guidance from the Directors as to whether the cover letter and principles paper, once final, should be sent to all members of Congress or just the Chairs of the relevant committees working on climate change legislation.

Mr. Below announced that a meeting is scheduled in Saint John, New Brunswick, Canada in early February 2008 by the Conference of New England Governors and Eastern Canadian Premiers to discuss how the states and provinces can move forward on climate change programs. The New England states would like participation by RGGI to address the RGGI program and the status of the current rulemakings. It was also noted that Quebec is enquiring about RGGI or the programs proposed in the western states.

Ms. Burt suggested that there be a special effort with several Directors and staff to follow up on the status of federal climate change legislation and to work on recruiting other states to participate in RGGI. This idea was discussed and generally well received. No decision was made regarding forming a new special committee.

The Directors discussed the need for monthly meetings in the form of conference calls. It was discussed that the Chair should arrange such monthly teleconference meetings. It is expected that the next in-person Directors' meeting will be held over two days sometime in the first two weeks of December, using the same facilities at 90 Church Street. The Chair will work with the other Directors to select the two day-period that works best for the majority of the Directors.

The Directors then discussed the International Carbon Advancement Partnership (ICAP). Participating in ICAP would provide a forum for the RGGI states to share long term goals with the international community. It was noted that the Corporation itself could not join ICAP because the Corporation is limited to providing technical advisory services and that any decision to join ICAP would need to be made by the individual RGGI states.

Mr. Sherry then provided the Directors with a report on the RGGI states staff working group matters. He explained that staff from each RGGI state have been meeting weekly to address the status of state rulemakings to ensure there is consistency among the states. Mr. Sherry also briefly discussed the draft auction and offset RFPs (drafts of the two RFPs were provided at the back of the Board of Directors' packet). Mr. Sherry explained that to date the state staff have recommended a commitment to a regional auction with an implementation process that provides maximum flexibility so that changes to the auction format can be made going forward based on experience from the initial auctions and changes in market conditions. Key issues for auction design include eligibility (is auction open to all or just RGGI participants) and reserve pricing (if there are more allowances than emissions can this be adjusted through reserve pricing). The Directors then discussed whether the release of the two RFPs should be approved by the Board of the Directors or the Executive Committee. The Directors expressed a preference to adopting a resolution that authorizes the Executive Committee to review and approve the RFPs, and once approved, the Executive Committee would authorize the staff to release the RFPs to the public. It was decided that the Executive Committee should approved the RFPs. The Directors concluded that any comments on the RFPs should be sent to Peter Iwanowicz, Chair of the Auctions Committee, and Christopher Sherry, Chair of the Offsets Committee, by September 27, 2007. The Directors further discussed the need to ensure that the EATS system be in place by the first quarter of 2008, or no later than early second quarter 2008, to ensure that it is ready for an initial auction scheduled for June 2008.

Ms. Acampora announced that the Corporation's office will be located within a separate section of DPS's new office at 90 Church Street.

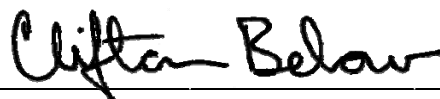
Mr. Littell announced that a meeting of all RGGI states Attorney Generals will be held on October 16, 2007 to discuss, among other RGGI, Inc. issues, future potential legal challenges to RGGI, Inc. The Directors discussed whether the Chair could reach out to the New York Attorney General to obtain an opinion about the relationship between the state Attorney Generals and the Corporation and whether the Attorney Generals' representation could cover the Corporation, the individual states and the Directors. It was suggested that the first Attorney General meeting should not include any outside counsel.

The Directors made several closing remarks, thanking all of those who have worked so hard on the Corporation's success thus far and expressing their excitement about RGGI Inc.'s future.

Adjournment

There being no other business before the Directors, upon a motion duly made and seconded, it was resolved to adjourn the Directors' meeting at 3:30 p.m.

Respectfully submitted,



Clifton Below, Secretary