

**Regional Greenhouse Gas Initiative, Inc.
Minutes of Board of Directors' Meeting
ADOPTED**

December 18, 2008

A special meeting of the Directors of the Regional Greenhouse Gas Initiative, Inc., a Delaware non-profit corporation (the "Corporation"), was held on December 18, 2008 at the Sheraton Bradley International Airport, 1 Bradley International Airport, Windsor Locks, CT, pursuant to written notice sent to each Director via email on December 12, 2008.

The meeting was called to order by the Chair Alexander Grannis at approximately 1:20 pm on December 18, 2008.

Persons in Attendance

The following Directors, constituting a quorum, were present for the meeting:

Gina McCarthy, CT
Thomas Caruso for John Betkoski, CT
Phil Cherry for David Small, DE
David Littell, ME
Sharon Reishus, ME
Shari T. Wilson, MD
Susanne Brogan, MD
Laurie Burt, MA
Philip Giudice, MA
Thomas S. Burack, NH
Clifton Below, NH
Sam Wolfe for Jeanne Fox, NJ
Jeanne Herb for Mark Mauriello, NJ
Alexander B. Grannis, NY
Garry Brown, NY
W. Michael Sullivan, RI for himself and Andrew Dzykewicz, RI
Mary-Jo Krolewski for James Volz, VT
John Sayles for Jonathan Wood, VT

Thomas Caruso was appointed to serve as an alternate director on behalf of Mr. Betkoski for this meeting. Philip Cherry was appointed to serve as an alternate director on behalf of Mr. Small for this meeting. Samuel Wolfe was appointed to serve as an alternate director on behalf of Ms. Fox for this meeting. Jeanne Herb was appointed to serve as an alternate director on behalf of Mr. Mauriello for this meeting. W. Michael Sullivan was appointed to serve as an alternate director on behalf of Mr. Dzykewicz for this meeting. Mary-Jo Krolewski was appointed to serve as an alternate director on behalf of Mr. Volz for this meeting. John Sayles was appointed to serve as an alternate director on behalf of Mr. Wood for this meeting.

The written designations of the alternates were duly received and are attached to the minutes of this meeting, along with the following letters received by the Secretary:

- Notice of designation by the Chairman of the Connecticut Department of Public Utility Control of replacement of former CT DPU Commissioner Anne C. George as a member of the Board of the RGGI, Inc., and acceptance of position of Director by John W. Betkoski, III, Vice Chair of CT DPU, dated 12/3/08.
- A letter of resignation of Lisa P. Jackson, effective immediately, noting her replacement by Mark N. Mauriello, Acting Commissioner of the New Jersey Department of Environmental Protection, dated 12/12/08.
- A letter of acceptance of appointment of position of Director by Mark N. Mauriello of the NJ DEP, dated 12/12/08.
- A letter appointing Jonathan Wood, Secretary of the Agency of Natural Resources as a member of the Board of RGGI, Inc. by Vermont Governor James H. Douglas, dated 12/18/08.

Also present by invitation were the following people: Chris Nelson, Joe Fontaine, Chris Sherry, Lois New, Peter Iwanowicz, Jon Harvey, Bob Kettig, Chris McCall, Erica Marturas, Paul Farrell, Jared Snyder, Janet Joseph, Pallas Lee Van Schaick, David Patton, Bob Callender, Kevin Hale, Patty Mastrianni, Michael Sheehan, Rachel Evans, Bill Lamkin, Peter Keane, Mary Jokrolewski, Jim Brooke, Dick Valentinetti, Laura Thomas and Jonathan Schrag as Executive Director.

Quorum of Directors

The Secretary, Mr. Below, stated that a quorum of the Directors was present. Ms. Thomas and Mr. Below kept the minutes of the meeting.

Motion to Recess

At 1:25 pm Mr. Below moved that the meeting recess until 3:00 pm, in the same location. Mr. Giudice seconded. The motion was adopted and the meeting was recessed.

December 18, 2008

Reconvene

The meeting was reconvened by the Chair Alexander Grannis at approximately 3:15 p.m. in the same location. Secretary Below stated that all of the Directors, including alternate Directors, present when the meeting was first called to order were still present.

Introduction

The Chair thanked everyone for their hard work leading up to the auction and noted that three former Directors have moved to other endeavors: Lisa Jackson, Anne George and George Crombie. The Chair welcomed the appointment of three new Directors: Jonathan Wood of the Vermont Agency of Natural Resources, John Betkoski of the Connecticut Department of Public Utility Control, and Mark Mauriello of the New Jersey Department of Environmental Protection.

Sept. 27-28, 2008 Meeting Minutes

Mr. Below stated that the draft of the Minutes of the Annual Meeting of the Board of Directors held on Sept. 27-28, 2008 had been submitted to each director prior to the meeting. After a brief discussion, and on motion duly made by Mr. Littell and seconded by Mr. Giudice, the Minutes were unanimously approved.

Election of Officers and Committee Appointments, Pete Grannis

Mr. Grannis stated that Suzanne Brogan had been nominated to fill the Vice Chair vacancy. Upon motion made by Mr. Below and seconded by Ms. Burt, it was unanimously

RESOLVED that Susanne Brogan is elected to the vacant office of Vice Chair, to serve until the next annual meeting of the Directors and until her successor is duly elected and qualified, and

Upon motion made by Mr. Below and seconded by Mr. Giudice, it was unanimously

RESOLVED that Shari Wilson be appointed to the Audit Committee.

Executive Committee Report

Mr. Below presented the Minutes of Executive Committee meetings held since the last Board Meeting (9/22, 10/6, 11/3, 11/20). In particular, Mr. Below called the Board's attention to the Policy for Compliance with Requests for Documents from Participating States. The Board took notice of the Policy for Compliance with Requests for Documents from Participating States, and chose to let it remain in effect without Board ratification.

Audit Committee

Mr. Burack gave an update on behalf of the Audit Committee. Condon, O'Meara, McGinty and Donnelly performed the 2007 audit in November and filed the IRS 990 and NY State CHAR 500 on November 17th. The 2007 audit covered very few transactions, but did allow RGGI, Inc. to do significant foundational work, briefing the auditors on RGGI, Inc's structure, contracts, functions and Board history. The 2007 audit covers revenue received from NYSERDA and NY State DEC and two payments made to Carter Ledyard & Milburn.

The Audit Committee met on 11/14 and accepted the audit and the financial statement. Based upon the auditor's late discovery of a transaction in which NY DEC paid a bill to Carter Ledyard for incorporation expenses on behalf of RGGI, Inc., the Committee reconvened on November 17th to adopt a revised financial statement.

The 990 and 500 filings will be posted on the RGGI website, as both are public documents. In addition, Mr. Schrag expects to conduct the 2008 audit in March 2008, which will include a management letter to that date. The 2008 audit is expected to include an audit of the Auction Proceeds bank account as well as an audit of control procedures on that bank account.

Finance Committee

Mr. Giudice gave the report of the Finance Committee, including the December 2008 Financial Report prepared by BTQ Financial, dated 12/13/08, a copy of which is attached. Mr. Giudice discussed the cash flow analysis and recommended that the States should pay one full period ahead of due date to mitigate cash flow deficits. The Board noted that a payment policy review was necessary at the next meeting.

Mr. Sullivan asked about the status of a Business Plan for RGGI, Inc. Ms. McCarthy encouraged continued development of the draft business plan for RGGI, Inc. and requested that it demonstrate how RGGI, Inc. would reduce the commitment of state agency staff.

New Business

Mr. Schrag announced that Nicole Singh had accepted the position of Auctions Manager at RGGI, Inc. and that he was in discussions with a candidate for the Offsets Manager position.

There being no other business before the Directors, and with unanimous consent, Chair Grannis adjourned the meeting at 3:40 pm.

Respectfully submitted,

Clifton Below, Secretary