

**MINUTES OF THE BOARD OF DIRECTORS OF
RENEWABLE ENERGY DEVELOPMENT FUND**

Meeting Held: June 26, 2008

Members Present: Chairman, RIEDC Executive Director Saul Kaplan, Thomas Ahearn and Thomas Mullaney, as appointee of the Director of the Department of Administration.

Meeting commenced at 2:35 p.m. at the offices of the Rhode Island Economic Development Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island 02908.

1. Minutes of Meeting of February 14, 2008. Upon motion by Thomas Ahearn, seconded by Thomas Mullaney, the minutes of the meeting of February 14, 2008 were adopted unanimously. (See Exhibit A).

2. Proposal for Special Area Management Plan:

Chairman Kaplan introduced Andy Dzykewicz of the Office of Energy Resources. Mr. Dzykewicz introduced Jennifer McCann of the Coastal Resources Management Council, Monica Ellercost of Sea Grant and Kate Moran of the University of Rhode Island.

Mr. Dzykewicz gave a brief history of the renewable energy program, including the goal set by the Governor of achieving a 15% of renewable energy by wind power. He gave a brief background on coastal wind permitting and indicated that discussions with CRMC and URI led to a proposal by CRMC and URI to utilize a federally endorsed special area management plan ("SAMP") to streamline state and federal permitting.

Mr. Dzykewicz indicated that the goal would be to align a SAMP permitting process with a developer of a wind farm. Currently, the office of the Governor is in the process of taking responses to a request for proposals ("RFP") to locate an appropriate developer.

The University of Rhode Island, through CRMC as its SAMP project manager, has submitted a SAMP proposal to the Office of Energy Resources and the Renewable Energy Fund Board of Trustees for approval of funding of the SAMP.

The proposal has two basic elements: First, develop adequate science for renewable energy zone; and, second, develop building standards within those zones.

Mr. Ahearn inquired as to whether the developer who successfully responds to the RFP would reimburse the State Renewable Energy Fund for the SAMP. Mr. Dzykewicz indicated that the developer would reimburse the State Renewable Energy Fund for the SAMP, and that is part of the RFP requirements.

Mr. Dzykewicz introduced Grover Fugate, the Executive Director of the Coastal Resources Management Council, who gave a presentation of the SAMP plan (Exhibit B).

A summary of Mr. Fugate's presentation indicates that the key to a successful SAMP plan is keeping the federal agencies (Army Corps of Engineers and National Marine Sciences) "in the loop" and utilize their input for agreed-upon protocol early in the process. Particular emphasis is placed on Section 10 of the Clean Water Act.

Under Rhode Island General Laws and federal law, the Coastal Resources Management Council is the agency designated with the authority to utilize a special area management plan for coastal development.

Mr. Kaplan inquired as to the impact rises in sea level will have on such studies. Kate Moran from the University of Rhode Island indicated that rising sea level issues are being addressed and are of concern.

There was discussion on regional cooperation with Massachusetts and Connecticut and cooperation on avoiding interstate jurisdictional issues.

Upon inquiry by Mr. Kaplan, Mr. Fugate and Mr. Dzykewicz confirmed that the goal would be to adopt a SAMP within two years. A good process will result in environmental accountability, public input, permitting predictability for developers and ultimate efficiencies in the implementation of renewable energies. Mr. Fugate compared this to the "United Kingdom Model" and indicated that Dr. Carolyn Heaps from the United Kingdom would be in Rhode Island in October 2008 to discuss offshore renewable wind energy.

Mr. Fugate then compared the SAMP process to the traditional Environmental Impact Statement ("EIS") process, comparing the SAMP time frames as favorably efficient versus the EIS.

There was discussion on the relationship between the SAMP and the RFP process. Specifically, the foundation of the SAMP would be in place and the successful respondent to the RFP would integrate their design into the finalization of the SAMP as an interested party. The SAMP itself is a government process, not driven by the private sector, but there is an opportunity for overlapping the final results based upon a specific proposal. Additional phases of research and the SAMP would be utilized to finalize any permitting basis. Additionally, the developer would have to submit a permit application for the developer's specific application.

Kate Moran from the University of Rhode Island then presented a discussion of the specific SAMP research required. The University of Rhode Island wants to participate because of URI's particular experience and knowledge of the coastal area of Rhode Island. She believes that wind is Rhode Island's greatest renewable energy asset. (See Exhibit C).

The proposal would have specific deliverables including assurance of coastal zoning for in-water turbines, but wind energy is the top priority. The deliverables will include GIS boundary mapping and data that could be used by the private sector, the federal government, state government and permitting and allowable renewable wind generation.

Upon inquiry from Chairman Kaplan, Ms. Moran indicated the science and data overlaps with previous studies and indicated where additional research is needed. She

reviewed the research requirements consistent with the proposal and the slides presented.

Upon inquiry from Director Kaplan, the discussion led to the actual implementation of the SAMP and the utilization of the data, and how the project would actually be managed. CRMC would be the project director, responsible for the utilization of the funds from the Renewable Energy Development Fund, and URI would report to CRMC. URI would utilize multiple divisions and colleges within the university, including the College of Ocean Engineering, the College of Environmental and Life Sciences, the Graduate School of Oceanography and the Coastal Institute.

Ms. Moran indicated that the project would require \$3.2 million dollars of funding over two years, and the funding could be approved in two increments, the first being \$1.6 million dollars for the first year and \$1.6 million dollars for the second year.

Upon inquiry from Mr. Ahearn and Chairman Kaplan, there was extensive discussion on marine fisheries and the impacts on other Rhode Island business enterprises (e.g., fisheries, tourism, science studies, life sciences, etc.).

There next ensued a discussion on phasing of the project and oversight.

Upon a motion by Mr. Ahearn, seconded by Mr. Mullaney, the Trustees of the Renewable Energy Development Fund unanimously adopted the approval of the SAMP plan proposal as reflected on Exhibit D attached hereto and made a part hereof. (See Exhibit D).

Upon motion by Mr. Mullaney, seconded by Mr. Ahearn, the Trustees adjourned at 4:15 pm.