

MINUTES

August 08, 2007

H-GAC, Conference Room C
3555 Timmons Lane, 2nd Floor
Houston, TX 77027

BOARD MEMBERS PRESENT

Fiesinger, Ed (Brazoria County); Hebert, John J. (Liberty County by Phone); Hutchison, Aaron (TCEQ by Phone); Kilpatrick, Steve (Brazoria County by Phone); Kuryla, Matt (Harris County by Phone); Lewis, Edward (Harris County); Peak, Mark (Harris County by Phone); Porter, Alton (Harris County); and Santos, Betin (Harris County)

PROXY VOTES

Proxies given to the Chair (Ed Fiesinger) prior to the meeting were Bartosh, C. Patrick (Harris County); Kush, John (Harris County); and Naquin, Mary Jane (Harris County)

NON-BOARD MEMBERS AND H-GAC STAFF PRESENT

Blue, Sharon (TCEQ); DeCandis, Andrew (H-GAC); Lee, Stephanie (H-GAC); Smith, Christine (H-GAC); Spencer, Crystal (H-GAC); Sun, Steve (TCEQ); and Whitworth, Shelley (H-GAC)

CALL TO ORDER AND INTRODUCTIONS

Mr. Ed Fiesinger officially began the AERCO board meeting naming attendees and proxy votes. Mr. Fiesinger welcomed all attendees. Each attendee introduced themselves.

ADMINISTRATIVE BUSINESS

APPROVAL OF MAY 08, 2007 MINUTES

AERCO board meeting minutes for May 08, 2007 were approved.

DISCUSSION ITEM

CLEAN SCHOOL BUS UPDATE – Stephanie Lee, H-GAC

Ms. Stephanie Lee began her discussion with a quick update that the Clean School Bus Program has begun to receive enough SEP funds to fund a number of school bus projects and is working with a number of school districts. In June, the Advancing the Choice event held a break out session for school districts and it was very successful; several school districts attended. Brief questions and comments regarding funds for retrofits and grants followed the update.

TCEQ QUARTERLY REPORT (CLEAN SCHOOL BUS) – Stephanie Lee, H-GAC

(Please refer to handout.) Ms. Stephanie Lee began her report with informing the committee that the report was not posted online in order to keep the company confidential, but it was distributed in the mail out. The quarterly report has all of the details such as school districts the committee has been working with, received applications, and new funds received. Since the last processed report the committee has received additional funds. Ms. Lee continued the report with highlighting the total received \$531,468.13 SEP funds and the total \$224,434 unexpended SEP funds that are currently under contract. The majority of the SEP funds are expected to be expended within the near future. Brief questions and comments followed the discussion.

H-GAC Financial Report – Stephanie Lee, H-GAC

Ms. Stephanie Lee began with informing the committee that the H-GAC Financial Report was added to the agenda, it was distributed with the mail out. The H-GAC Financial Report is not the final version. H-GAC's Finance Department is in the transitions of producing a quarterly report on a regular basis. The Financial Report will be submitted before each AERCO meeting; the reports will reflect the expenditures.

Mr. Ed Fiesinger concluded with summarizing the Financial Status Report and discussion. Brief questions and comments regarding the high fund balance followed the discussion.

TCEQ REPORT, SEP DISCUSSION – Steve Sun, TCEQ

Mr. Steve Sun began by clarifying the process for AERCO to create an account with the SEP funding. AERCO is required to create an account if they are actually buying credit. AERCO has acquired credit in the past, but as far as receiving SEP funds for Adopting a School Bus Program or any other emission reduction program they are not required to open an account with TCEQ. Since AERCO is allocating SEP funds in conjunction with some CMAQ projects they claim credit under TCEQ's program; most of the reductions go toward the reduction strategy. AERCO is not required to report the emission reductions to TCEQ under the Cap and Trade Program; although it should be included in the annual SEP quarterly report. Mr. Sun answered lengthy questions regarding marketable tradable credit, retired certificates and tracking, emissions reduction credit, and SEP funds used for credit. In addition, none of the greenhouse bills passed the legislature.

CLEAN VEHICLES/ATC UPDATE – Stephanie Lee, H-GAC

Ms. Stephanie Lee began by reiterating the Advancing the Choice event went very well. Hopefully, school busses will be added to the large vehicle display for the upcoming year. AERCO is continuing to receive applications for projects. AERCO final \$25,000.00 that was designated for Shelton ISD is going out the door and it will close out that portion of the AERCO account.

ACTION ITEM

APPROVAL OF USE OF SUPPLEMENTAL ENVIRONMENTAL PROJECT FUNDS FOR:

- I. **WALLER ISD** – Waller ISD has applied, however we do not have any funds available from that county. Waller ISD was added to the agenda in case some funds become available.
- II. **PEARLAND ISD** – Pearland ISD submitted an application for over sixty crank-case filtration systems; there is a discrepancy with the calculations.

The motion was to approve the SEP funds for Pearland ISD to install crank-case filtration systems on their buses, pending a review of the VOC's emission by H-GAC staff. The Board voted in favor of this action. Waller ISD is pending availability.

TAKE ACTION TO SUPPORT AN IDLE REDUCTION RESOLUTION FOR SCHOOL BUSES

Ms. Stephanie Lee explained the purpose and goal of the resolution. This resolution is being submitted to AERCO, RAQPC, and Clean Cities Stakeholders Committee for input so that there is one final resolution involving all of the groups that we work with. The Idle Reduction Resolution is an easy way to improve children health, save school districts money, and increase outreach efforts.

A motion to recommend an Idle Reduction Resolution for School Buses was passed. AERCO supports the concept of No Idling Resolution and acknowledge current participating school districts.

APPROVAL OF SEP AGREEMENT LETTER BETWEEN VALERO AND AERCO

Mr. Ed Fiesinger began with announcing that the committee received a letter from Valero asking for the committee to signify the agreement with them providing SEP money as part of a settlement agreement with Texas City ISD for the Clean School Bus Program. Mr. Fiesinger and Ms. Whithworth suggested having Valero's agreement letter reviewed by Mr. Eddie Lewis and/or Mr. Matt Kuryla.

The motion was made for the approval of SEP Agreement Letter between Valero and AERCO, pending legal review by Mr. Eddie Lewis and/or Mr. Matt Kuryla. The motioned passed.

APPROVAL OF AERCO BROCHURE

Mr. Ed Fiesinger suggested having the brochure scanned and emailed to the board and comments are welcome.

OTHER BUSINESS

ITEM FOR DISCUSSION AT NEXT MEETING

- Clean School Bus Update
- Financial Quarterly Report
- New and Improved Financial Report
- TCEQ New Chair Update

PUBLIC COMMENT

No public comments available.

NEXT MEETING DATE

The next meeting is scheduled for Wednesday, November 07, 2007 at 2:00 P.M.

ADJOURN