

MINUTES

August 06, 2008

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

BOARD MEMBERS PRESENT

Ed Fiesinger (Brazoria County), John Hebert – Phone (Liberty County), Matt Kuryla – Phone (Harris County), Mary Jane Naquin (Harris County), Alton Porter (Harris County), Jeanette Rash (Harris County), Orval Rhoads (Waller County), and Julie Woodard (Brazoria County)

PROXY VOTES

Proxies given to the Chair (Ed Fiesinger) prior to the meeting were Adrian Araiza (Galveston County), Patrick Bartosh (Harris County), Mark Bosma (Montgomery County), Steve Cernak (Galveston County), John Kush (Harris County), and Edward Lewis (Harris County)

NON-BOARD MEMBERS AND H-GAC STAFF PRESENT

Brandon Greulich (TCEQ), Graciela Lubertino (H-GAC), Christine Smith (H-GAC), Crystal Spencer (H-GAC), Jay Tonne (TCEQ), and Shelley Whitworth (H-GAC)

CALL TO ORDER AND INTRODUCTIONS

Mr. Ed Fiesinger officially began the AERCO board meeting naming attendees and proxy votes. Mr. Fiesinger welcomed everyone and introduced the AERCO Board Member attendees.

ADMINISTRATIVE BUSINESS

APPROVAL OF MAY 07, 2008 MINUTES

AERCO board meeting minutes for May 07, 2008 was approved.

DISCUSSION ITEM

CLEAN SCHOOL BUS UPDATE – Christine Smith, H-GAC

(Please refer to handout.) Ms. Christine Smith began her discussion by informing the committee that she changed the report formatting since the last quarterly meeting. Ms. Smith mentioned that Ms. Sharon Blue with TCEQ raised AERCO's SEP amount to five-million dollars. Ms. Smith stated Tomball ISD expended \$47,783.00 in June 2008 and Humble ISD's grant will be expended during the next quarter. One of the state SEPs rolled over from the Harris County Education Foundation which was designated to Jefferson County was transferred to the appropriate entity that serves Jefferson County. Sheldon ISD's grant will be returned back into the pool of available funds for Harris County because they failed to invoice during their invoicing period. Questions and comments followed this discussion.

CLEAN VEHICLES UPDATE – Christine Smith, H-GAC

Ms. Christine Smith began her discussion by stating the update for the second quarter of 2008. Clean Vehicles and Clean School Bus have committed total project grant funding of just over \$500,000.00, which is equivalent to approximately 5 tons of NOx per year for 17 vehicles. Three of the contracts included were approved during the second quarter from Independent School Districts. No questions or comments followed this update.

TCEQ REPORT – Jay Tonne, TCEQ

Mr. Jay Tonne began his discussion by announcing TCEQ banking and trading program has just completed their 2007 Annual Report processing. Under the MECT program, TCEQ processed 378 reports and are working to eliminate backlog projects. Mr. Tonne stated TCEQ's recent transaction summaries for 2008 have: 1.) A total of 10,331 tons trade-ins in 2008 and 10,281 vintage trades in 2007. 2.) 12.7 tons were converted^[GL1] and the average price of current MECTs allocated I is \$5,000.00 for^[GL2] 2008. 3.) Trades in future years are \$125,000.00. 4.) The average price for 2009 allocates \$6,000.00. 5.) The average price for a trade in 2008 is \$77,775.50 per ton. TCEQ's new banking and trading team member gave a quick summary of brief activities. Brief questions or comments followed the discussion.

DISCUSSION OF BY-LAWS – Ed Fiesinger

Mr. Ed Fiesinger discussed the by-laws in the "Action Item" section.

DISCUSSION OF SEP FUNDING SCOPE – Christine Smith

Ms. Christine Smith began her discussion by giving the committee a quick overview of their last quarterly meeting regarding the letter from Dow and expanding the scope of SEP funds. Ms. Smith read the proposal statement to the committee. Ms. Shelley Whitworth would like to remind the board that initially they asked to approve a broader scope that would include our local governments in the program. Also, TCEQ requested that the scope be restricted to only school buses and transit buses. Mr. Ed Fiesinger verified that the committee is required to rewrite or amend the SEP agreement. Ms. Whitworth stated that TCEQ might be more receptive; particularly with the Brazoria County case because they are having trouble generating enough applications from the school districts and the local governments are very interested. Mr. Fiesinger proposed drafting something to amend the current SEP or to establish a new agreement to allow the new activity. In conclusion, the committee agreed to proceed in developing a separate SEP to address the vehicle retrofit and replacement issue. Staff will draft a separate SEP addressing the vehicle retrofit and replacement issue and have it ready for our meeting in November. No questions or comments followed the discussion.

THE POTENTIAL IMPACT OF DIAL ON CAP & TRADE – Alex Cuclis

(Please refer to handout.) Mr. Alex Cuclis delivered his presentation on the Potential Impact of Dial on Cap and Trade. Mr. Cuclis spoke on topics such as: 1.) IR Camera (HAWK/GasFindIR) 2.) Differential Absorption LIDAR (DIAL) 3.) Solar Occultation Flux (SOF)

The presentation referenced several diagrams and studies. Brief comments and questions followed the presentation.

ACTION ITEM

APPROVAL OF SUPPLEMENTAL ENVIRONMENTAL PROJECT FUNDS FOR:

Mr. Ed Fiesinger began the action by discussing the AERCO Account Information. The action item was motioned, seconded, and all were in favor to approve the expenditures for Pasadena ISD, Danbury ISD, Cypress-Fair ISD, Galveston ISD, and Magnolia ISD.

- i. **PASADENA ISD**
Replacement of 1 bus at \$80,000.00
- ii. **DANBURY ISD**
Replacement of 1 bus and Repowers of 2 buses at \$160,000.00
- iii. **CYPRESS-FAIR ISD**
Replacement of 4 engines at \$115,198.04
- iv. **GALVESTON ISD**

- v. Towards the replacement of 2 buses at \$105,948.13
 MAGNOLIA ISD
 Retrofits of 7 buses at \$5,638.22

RECOMMENDED CHANGES & APPROVAL OF THE DRAFT AERCO ANNUAL REPORT

Ms. Christine Smith began the action item by discussing the only change regarding the Draft AERCO Annual Report was Mr. John Kush's membership status. The action item was motioned, seconded, and all were in favor to approve the AERCO Annual Report with changes stating Mr. John Kush is a member.

RECOMMENDED CHANGES & APPROVAL OF AMENDMENTS TO AERCO BYLAWS

Mr. Ed Fiesinger began the action by discussing the latest version and changes of the bylaws. Ms. Christine Smith read the main change in Article I—Purpose and Article III – Responsibilities and Powers. The action item was motioned, seconded, and all were in favor to approve the recommended changes of amendments to AERCO Bylaws.

**OTHER BUSINESS
ANNOUNCEMENTS**

- H-GAC is moving forward with developing the next SIP.
- Control Strategies Master list will be presented shortly.
- August is Commute Solutions month.

ITEM FOR DISCUSSION AT NEXT MEETING

PUBLIC COMMENT

No public comments available.

NEXT MEETING DATE

The next meeting is scheduled for Wednesday, November 05, 2008 at 2:00 P.M.

ADJOURN

If you have an item you wish to be added to the agenda for a future meeting, please e-mail Christine Smith at Christine.smith@h-gac.com.