

Minutes from the Board of Directors Meeting

Wednesday, February 13, 2019 – 2:00 PM

Houston-Galveston Area Council (H-GAC)
3555 Timmons Lane, Conference Room 2-A, Houston TX 77027

MEMBERS PRESENT (quorum of 14):

John A. Kush (Chair)
Jo Anna Castilleja *
Chad Cryer (TCEQ ex officio) *
Michelle Gutermuth *
Denae King, PhD *
Eddie Lewis, JD (Vice Chair) *
Blake Meaux *
Mary Jane Naquin *
Will Nipper
Patrick Passantino *
Malcolm Richards, JD *
Walt Sass, RPLS
Yancy Scott, PE CPM *
B.J. Simon *

MEMBERS ABSENT:

Jeanette Rash (Secretary)

H-GAC STAFF PRESENT:

Nancy Haussler
Sandra Holliday
Carlos Lugo
Jim Mahood
Annette Olsen
Cameron Stawicki

OTHER:

David Smith

* Attended by teleconference

Chair John Kush conducted the proceedings, calling the meeting to order at 2:05 PM. He confirmed that quorum was made and then introduced those attending in person and by phone. Cameron Stawicki introduced Sandra Holliday, H-GAC's new Air Quality Program Manager over the Clean Vehicles and Clean School Bus Programs.

Mr. Stawicki announced that the H-GAC Board of Directors are expected to approve Liberty County's replacement of AERCO board member Courtland Holman with David Douglas at their February 19 meeting. He also reminded the AERCO board that the informal meet and greet luncheon/new member orientation is postponed from February 13 to May 8 at 12:30 PM.

As the first action item, the AERCO Board held the officer elections postponed from November 14, 2018. Since the current officers are willing to serve another one-year term and there were no volunteers or nominations, the members unanimously reelected the following individuals:

Office	Member Name
Chair	John A. Kush
Vice Chair	Edward (Eddie) Clark Lewis, JD
Secretary	Jeanette Rash

The second board action was the unanimous approval of the November 14, 2018 meeting minutes.

Next, Mr. Stawicki reviewed the following financial reports for those present:

1. AERCO Balance Sheet and Income Statement for September 30, 2018 (with “Unrestricted Retained” to be changed to “Unrestricted Retained Earnings” and with “Restricted Retained” to be revised as “Restricted Retained Earnings”), and for the year ending December 31, 2018 (For both reports, where “SEP” appears alone, it should read “State SEP”).
2. Texas Commission on Environmental Quality (TCEQ) Third-Party Administrator Supplemental Environmental Project (SEP) Report for 2018 Q3 and Q4
3. AERCO Financial Report and Funding History for 2018 Q3 and Q4

The members unanimously approved these six reports.

For the next item, the members unanimously approved the 2018 AERCO annual report.

After Mr. Stawicki reviewed and staff detailed the three funding requests, the members unanimously approved the following designation of funds:

State SEP Fund

- Houston Independent School District (43 buses) \$579,843.50
Payment # 3 of 3 (final)

Federal Vehicle Emission Reduction Fund

- Armand Bayou Nature Center (2 vehicles) \$72,366.00
 - City of Pasadena (13 vehicles) \$2,966,696.00
- Federal Total* \$3,039,062.00

GRAND TOTAL \$3,618,905.50

During the meeting discussion time, Andrew DeCandis, Air Quality Program Principal Planner, presented a report and slides on "Air Quality Status Overview - Houston-Galveston-Brazoria [HGB] Region". His PowerPoint slide presentation is available online at:

<http://www.h-gac.com/board-of-directors/advisory-committees/area-emission-reduction-credit-organization/documents/February-13-2019/2019-02-13%20-%20AQ%20nonattainment%20status%20presentation%20-%20DeCandis.pptx>

Mr. DeCandis explained the United States Environmental Protection Agency’s (EPA’s) National Ambient Air Quality Standards (NAAQS) and the HGB region’s ozone nonattainment status. He also clarified the EPA’s redesignation of Liberty and Waller Counties as “attainment/unclassifiable” under the 2015 8-hour standard.

However, for now all nonattainment regions must attain each of the NAAQS standards, due to the [2018 South Coast II circuit court decision](#) that the Clean Air Act’s anti-backsliding requirements prevent the 2015 8-hour standard from substituting for any of the preceding standards. Therefore, Liberty and Waller Counties are still in the HGB 8-county nonattainment area under the 2008 8-hour standard. They

will have each have an AERCO board seat until the nonattainment area is designated “attainment” under that NAAQS standard.

Next, Chad Cryer reviewed the 2018 Q4 EBT Program report, as of January 9, 2019:

Available Credits in the Bank

Type	Pollutant	Available Credits in Tons per Year	
		2018 Q3	2018 Q4
Emission Reduction Credits (ERCs)	Nitrogen oxides (NOx)	264.2	211.1
	Volatile organic compounds (VOCs)	607.3	596.3
Discrete Emission Reduction Credits (DERCs)	Carbon monoxide (CO)	4.8	4.8
	Hazardous air pollutant (HAP)	771.4	771.4
	NOx	33,517.1	29,581
	VOCs	983.9	983.9
Mobile DERCs (MDERCs)	NOx	231.0	230.4

Average Credit Trade Prices for the Previous 12 Months

Type	Pollutant	Average Credit Trade Price in Tons per Year	
		2018 Q3	2018 Q4
ERCs	VOCs	\$66,769.00	\$85,531.00
	NOx	\$73,713.00	\$74,503.00
DERCs	VOCs		\$5,000.00

Average Allowance Trade Prices for the Previous 12 Months (per ton in perpetuity)

Program	Current	Vintage	Stream
Highly Reactive Volatile Organic Compound Emissions Cap and Trade (HECT)			\$178,583.00
Mass Emissions Cap and Trade (MECT)	\$533.00	\$244.00	\$71,458.00

EBT Staff Project Status

Project Type	Total On Hold*	Total Pending	Total Suspended
Compliance Report (HECT and MECT)	5	48	1
DERC Intent to Use		1	2
DERC Use		1	
ERC Generation	5	6	5
ERC Intent to Use		5	4
ERC Re-Review		1	
Miscellaneous		4	
Transfer		28	1

* Projects that have been waiting more than thirty (30) days for requested documentation.

There were no public comments.

The next public AERCO Board meeting is scheduled for Wednesday, May 8, at 2:00 PM at H-GAC, following the informal AERCO Board meet and greet luncheon/new member orientation at 12:30 PM.

Mr. Kush formally adjourned the AERCO Board of Directors meeting at 3:02 PM.