

Houston-Galveston Area Emission Reduction Credit Organization (AERCO)

Minutes from the Board of Directors Meeting

Wednesday, November 11, 2015 – 2:05 PM

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

DRAFT FOR REVIEW AND APPROVAL		
Created By	ASO	
Approval By	Initials	Approval Date
Robert Veazie		

MEMBERS PRESENT (*Quorum*):

John Kush (Vice Chair)
Jo Anna Castilleja *
Jarod Davis
John Hebert *
Jeanette Rash *
Lance LaCour
Mary Jane Naquin *
Patrick Passantino *
Malcolm Richards *
Fernando Zamarripa

* Attended by teleconference

MEMBERS ABSENT (*No proxy vote*):

Ed Fiesinger
Eddie Lewis
Deric Patton (ex officio), Texas Commission on
Environmental Quality (TCEQ)
– excused for Veterans Day holiday
Orval Rhoads
B.J. Simon

H-GAC STAFF PRESENT:

Annette Olsen
Cameron Stawicki

H-GAC STAFF ABSENT:

Robert Veazie

Vice Chair John Kush conducted the meeting and introduced those attending in person and by phone. He welcomed new AERCO Board member Lance LaCour, representing Fort Bend County. Mr. Kush noted that TCEQ was closed for the Veterans Day holiday and thanked all present for attending on this day. He asked if anyone present had served in the armed forces. Everyone thanked member John Hebert for his service in the United States Army, 1961-1963.

Cameron Stawicki detailed the status of pending nominations for the AERCO Board. He congratulated members Eddie Lewis and Malcolm Richards, renominated by the Harris County Commissioners Court to serve another term effective as of June 1, 2015, and ending May 31, 2018. [These appointments were approved by the H-GAC Board at their meeting on November 17, 2015.] In the meantime, Harris County Commission Jack Cagle is working to fill the two vacant Harris County seats on the AERCO Board. Mr. Stawicki also mentioned that staff will follow up with Galveston and Montgomery Counties about filling their vacancies.

Annette Olsen noted that the most recent release of the AERCO directory updated the contact information for member Ed Fiesinger, who recently retired from Zephyr Environmental Corporation. Mr. Fiesinger had planned to attend this AERCO Board meeting, but was called away at the last minute to address another matter.

As the first action item, the members unanimously approved the minutes from the August 11 meeting. The next order of business was to approve the proposed 2016 AERCO Board meeting schedule, as follows:

- February 10, 2016 (Ash Wednesday)
- May 11, 2016
- August 10, 2016
- November 9, 2016
- As Needed (subject to seventy-two [72] hour member and public notice)

The members unanimously approved the 2016 schedule, so Ms. Olsen will arrange for all members and staff to receive Outlook Calendar invitations for these meetings.

Thanks were expressed to the bylaws committee (Jo Anna Castilleja, John Hebert, Mr. Lewis and Fernando Zamarripa) for their service developing the new bylaws (Draft 3) sent for member consideration on October 23. Since Mr. Lewis was not present to review the recent updates to the new bylaws with the members, Mr. Hebert advised that most of the changes will help the board to function well and that the bylaws committee recommended that these bylaws be approved. Ms. Olsen indicated that there was one minor change from the committee-approved version. There were two spellings for "Vice Chair" in Draft 3, one with a dash and one without. The spelling has now been standardized without a dash. There were no questions or other comments from the members, so the members voted unanimously in the affirmative to approve the new bylaws with the minor change. Staff will submit the new bylaws to the H-GAC Board for their approval at their December 15 meeting.

As the next order of business, Mr. Kush reviewed officer elections and duties per the new bylaws:

- AERCO Board officers shall consist of a Chair, Vice Chair and Secretary elected by a simple majority of those members present and voting at the first AERCO Board meeting occurring after September 1 of each year.
- Officers shall serve one-year terms, without limit.
- All normal powers of the presiding officer shall be vested in the Chair.
- The Vice Chair shall preside in the absence of the Chair.
- The Secretary shall preside in the absence of the Chair and Vice Chair.
- Upon vacancy of an office through any eventuality, a replacement will be elected from the current AERCO Board membership by majority vote.

Mr. Kush then opened nominations for the new officers for the 2015-2016 term. Mr. Kush was the only nominee for Chair and was elected by acclamation. Subsequently nominated as only nominees for their respective offices and then elected by unanimous votes were Mr. Lewis as Vice Chair and Jeanette Rash as Secretary.

Mr. Stawicki presented the two financial reports for the third quarter (July 1-September 30) of 2015, starting with the Financial Report dated October 31, 2015. The state Supplemental Environmental Project (SEP) account (purple table on page 1) received SEP contributions totaling \$209,232.00 and monthly interest totaling \$118.60. The only disbursement this quarter was to Columbia-Brazoria Independent School District (ISD) for \$100,000.00 in SEP funds to replace one school bus. Therefore, the state SEP account had an ending balance of \$1,141,655.34.

AERCO's general account report (green table on page 2) showed a third quarter balance of \$51,464.05 because the only transactions were the monthly account analysis charges totally \$220.42.

According to the grant funding history (blue table on page 3) from AERCO's inception through September 30, 2015, \$10,761,042.21 had been released, of which \$9,350,528.82 had been disbursed to sub-recipients. Funds currently committed to sub-recipients in the contract phase totaled \$964,543.00, while funds tentatively set aside for those in the application phase totaled \$272,957.00. That left \$173,013.39 available for new projects.

According to the active projects report (peach table starting on page 4) the following three new Clean School Bus project applications were received by staff during the third quarter:

1. Raul Yzaguirre School
2. Columbia-Brazoria ISD (a different project from that which received the \$100,000.00 disbursement during the third quarter 2015)
3. Goose Creek ISD

Mr. Stawicki next reviewed the TCEQ SEP Third-Party Administrator Quarterly Report for the third quarter 2015. The only expense was the \$100,000.00 disbursement to Columbia-Brazoria ISD for two replacement buses. After board approval, Mr. Stawicki will submit this report to TCEQ.

The board unanimously approved the Financial and TCEQ Reports.

Mr. Stawicki then presented the following SEP funding requests to the board for approval:

- Columbia-Brazoria Independent School District (4 buses) \$198,312.00
- Goose Creek Independent School District (10 buses) \$265,657.00

The board unanimously approved the designation of these funds.

Deric Patton had previously sent staff the TCEQ’s Emission Banking & Trading (EBT) Program summary report for the third quarter 2015. Mr. Stawicki presented the data for the Houston-Galveston-Brazoria nonattainment area as of November 6, 2015, as follows:

AVAILABLE CREDITS IN THE BANK (NOx AND VOX ONLY)

Type	Pollutant	Available Credits in Tons per Year
Emission Reduction Credit (ERC)	Nitrogen oxides (NOx)	283.8
	Volatile organic compounds (VOC)	753.1
Discrete Emission Reduction Credit (DERC)	Carbon monoxide (CO)	24.5
	Hazardous air pollutant (HAP)	771.4
	NOx	30,645.6
	VOC	1,075.6
Mobile DERC (MDERC)	NOx	240.2

AVERAGE CREDIT TRADE PRICES FOR PREVIOUS 12 MONTHS

Type	Pollutant	Per Ton per Year
ERC	VOC	\$243,334
	NOx	\$174,069
DERC	VOC	\$7,500
	NOx	\$5,250
MDERC	NOx	\$7,500

AVERAGE ALLOWANCE TRADE PRICES FOR PREVIOUS 12 MONTHS (Per Ton in Perpetuity)

Program	Current	Vintage	Stream
Mass Emissions Cap and Trade (MECT)	\$298	\$209	\$98,392

There were no public comments.

The next board meeting was scheduled for Wednesday, February 10, 2015, at 2:00 PM at H-GAC. An additional item for that meeting agenda is a staff report on the effects of new amendment to the City of Houston’s emissions reduction ordinance for motor vehicles on the Clean Vehicles and Clean School Bus Programs.

Mr. Kush formally adjourned the AERCO Board of Directors meeting at 2:49 PM.