

Houston-Galveston Area Emission Reduction Credit Organization (AERCO)

Minutes from the Board of Directors Meeting

Wednesday, August 12, 2015 – 2:05 PM

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

MEMBERS PRESENT (*Quorum*):

John Kush (Vice Chair)
Jo Anna Castilleja *
Jarod Davis *
John Hebert *
Eddie Lewis *
Mary Jane Naquin *
Jeanette Rash *
Orval Rhoads *
Malcolm Richards *
B.J. Simon *
Fernando Zamarripa

* Attended by teleconference

MEMBERS ABSENT (*No proxy vote*):

Ed Fiesinger
Lance LaCour
Patrick Passantino

H-GAC STAFF PRESENT:

Cameron Stawicki
Robert Veazie

H-GAC STAFF ABSENT:

Annette Olsen

GUEST:

Deric Patton, Texas Commission on
Environmental Quality (TCEQ)
Joe Thomas, Texas Commission on
Environmental Quality (TCEQ)

Vice Chair John Kush conducted the meeting and introduced those attending in person and by phone. He welcomed new AERCO board member Lance LaCour of the Katy Economic Development Council, representing Fort Bend County in the Economic Development category effective as of June 1.

John Hebert reported on Ed Fiesinger's status and home address for mailing him. Robert Veazie asked board members to email any additional board directory changes to him or Annette Olsen.

As the first order of business, the members unanimously approved the minutes from the last meeting on May 13, 2015.

Mr. Veazie presented the two financial reports for the second quarter (April 1-June 30) of 2015, starting with the Financial Report dated July 31, 2015. The state Supplemental Environmental Project (SEP) account (purple table on page 1) received SEP contributions totaling \$304,546.00 and monthly interest totaling \$113.03. There were no disbursements during this quarter. Therefore, the state SEP account had an ending balance of \$1,588,576.45.

AERCO's general account report (green table on page 2) showed a balance of \$251,494.08. There was one deposit for \$200,000.00, a court settlement rather than a TCEQ SEP contribution. This amount will be used to fund school buses. The quarterly expenses for monthly account analysis totaled \$190.39.

According to the account funding history (blue table on page 3), of the AERCO program as of July 31, 2015, AERCO had disbursed \$9,261,296.82. Funding available for new projects equals \$424,344.36.

Mr. Veazie next reviewed the TCEQ SEP Third-Party Administrator Quarterly Report as of July 31, 2015. Three (3) new applications were received this quarter from Texas Serenity Academy (charter school), Splendor Independent School District (ISD), and Raul Yzaguirre School for Success (charter school). TCEQ confirmed that AERCO can provide funding to Texas charter schools that are affiliated with an independent school district.

The board unanimously approved the Financial Report and the TCEQ Report.

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

- Friendswood ISD (for three [3] school buses) \$150,000.00
- Splendora ISD (for four [4] school buses) \$150,000.00
- Texas Serenity Academy ISD (for two [2] school buses) \$100,000.00

These buses vary in size, function and price. The board unanimously approved the distribution of these funds.

Joe Thomas introduced Deric Patton, who is replacing Brandon Greulich as work lead for TCEQ’s Emission Banking & Trading (EBT) Program. Mr. Thomas then presented the following EBT report for second quarter 2015 for the Houston-Galveston-Brazoria nonattainment area as of August 12, 2015:

AVAILABLE CREDITS IN THE BANK (NOx AND VOX ONLY)

Type	Pollutant	Available Credits in Tons per Year	
Emission Reduction Credit (ERC)	NOx	282.0	
ERC	VOC	725.7	
Discrete Emission Reduction Credit (DERC)	NOx	28,365.7	
DERC	VOC	1,074.9	
Mobile DERC (MDERC)	NOx	240.2	

AVERAGE CREDIT TRADE PRICES FOR PREVIOUS 12 MONTHS

Credit Type	Pollutant	Per Ton per Year
ERC	VOC	\$243,334
ERC	NOx	\$174,069

AVERAGE ALLOWANCE TRADE PRICES FOR PREVIOUS 12 MONTHS

Program	Current	Vintage	Stream
Mass Emissions Cap and Trade (MECT)	\$348	\$211	\$103,102

At the end of the second quarter the EBT staff had the following projects pending:

Project Type	Total Pending
Compliance Report (HECT and MECT)	395
DERC Generation	1
DERC Intent to Use	8
DERC Use	15
ERC Generation	21
ERC Intent to Use	6
Miscellaneous	2
Revision	7
Transfer	27

Eddie Lewis updated the board on the progress of the bylaws revision. The bylaws committee met last week to review the first draft. The committee will provide the board members with the bylaws revision at least ten (10) days before the vote to approve it. The most important issue precipitating the need for a revision was allowing the board to meet more frequently than quarterly in order to allow staff to deal with urgent issues more quickly. Other options of dealing with that problem were not legally allowable—such as delegating that authority to the H-GAC Board of Directors or to have electronic voting on such issues. The new bylaws will allow an AERCO board meeting to be called to address an urgent need by giving the board members and the general public at least seventy-two (72) hours' notice.

According to the current bylaws, officer elections shall be held during the first board meeting held after September 1. The bylaws committee discussed adding an amendment allowing the formation of a regular nominations committee to help provide nominations for board officers and new members. For instance, Mr. Fiesinger has resigned as chairman due to health issues, but has asked to remain a board member. The next board meeting scheduled for November will include officer elections, particularly for a new chair. Since there is no nominations committee yet, the board members nominated Mr. Kush as chair, pending a formal vote at the next board meeting, and discussed finding a nominee to fill his position as vice chair. Messrs. Lewis and Veazie confirmed that officers do not need to attend meetings in person as long as they attend by teleconference. The issue of a vice chair nomination was tabled until the next board meeting.

Mr. Veazie advised the board that Cameron Stawicki will be taking his place as board meeting facilitator, with Annette Olsen continuing to provide additional support. However, Mr. Veazie will continue to attend board meetings.

There were no public comments.

The next board meeting was scheduled for Wednesday, November 11, 2015, at 2:00 PM at H-GAC. Items for that agenda should include officer elections and approving the bylaws revision.

Mr. Kush formally adjourned the AERCO Board of Directors meeting at 2:35 PM.

**If you have an item you wish to be added to the agenda for a future meeting,
please email your request to H-GAC staff at cleanvehicles@H-GAC.com.**