

# AERCO

## Minutes from the Board of Directors Meeting

Wednesday, November 14, 2018 – 2:00 PM

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

### **MEMBERS PRESENT (quorum of 12):**

John A. Kush (Chair)  
Jo Anna Castilleja \*  
Chad Cryer (TCEQ ex officio) \*  
Michelle Gutermuth \*  
Courtland Holman (proxy)  
Eddie Lewis, JD (Vice Chair) \*  
Blake Meaux  
Mary Jane Naquin  
Will Nipper  
Jeanette Rash (Secretary) (proxy)  
Walt Sass, RPLS  
Yancy Scott, PE CPM \*

### **MEMBERS ABSENT:**

Denae King, PhD  
Patrick Passantino  
Malcolm Richards, JD  
B.J. Simon

### **H-GAC STAFF PRESENT:**

Jim Mahood  
Annette Olsen  
Cameron Stawicki  
Robert Veazie

\* Attended by teleconference

Chair John Kush conducted the proceedings, calling the meeting to order at 2:00 PM. He confirmed that quorum was made and then introduced those attending in person and by phone.

Cameron Stawicki welcomed the following new board members attending their first in-person board meeting:

- Blake Meaux (representing Montgomery County and the general public category)
- Walt Sass (representing Fort Bend County and the economic development category)

Cameron Stawicki detailed the AERCO projects approved by the H-GAC Board of Directors since the August 8 AERCO board meeting:

- Columbia-Brazoria Independent School District (ISD) (4 buses) was approved August 21.
- Humble ISD (6 buses) was approved September 18.
- Huntsville ISD (2 buses) was approved October 16.

Mr. Stawicki also updated the members on AERCO's 12-year recertification from the Texas Commission on Environmental Quality (TCEQ). The commissioners approved the recertification on the morning of November 14, and the certificate of approval should be signed approved and forwarded to H-GAC shortly thereafter.

As their first action item, the members voted unanimously to postpone officer elections until the next meeting, at 2:00 PM on February 13, 2019. (Later in the meeting, Mr. Stawicki announced that the AERCO board's informal meet and greet luncheon/new member orientation will take place at 1:00 PM on that date. This discussion item did not require board approval.) The officers' section from the bylaws was read aloud for the reference of any potential office candidates.

The second board action was the unanimous approval of the meeting minutes from August 8, 2018.

Next, the board unanimously tabled action on the following reports (the third action item) until the next meeting:

- TCEQ Supplemental Environmental Project (SEP) Third-Party Administrator Quarterly Report for the third quarter of 2018
- AERCO Financial Report and Funding History for the third quarter of 2018
- Balance Sheet and Income Statement for Emission Reduction Credit Corporation (July 1-September 30, 2018)

At the next meeting, the board will vote on approving the corrected reports, which will show the reversal of an accidental double-entry (\$773,412 rather than \$386,706 for project reimbursement and staff administrative expenses) by H-GAC’s Finance Department.

In addition, member Mary Jane Naquin requested that in the future the state SEP, federal and general account information (incoming and outgoing amounts) from the reports also be presented simply and side by side, in manner easier to understand visually. Clean Vehicles Program manager Robert Veazie agreed that staff would do so starting with the next board meeting.

Next, Robert Veazie advised the members about the new Federal Vehicle Emission Reduction Fund. On October 1 AERCO deposited \$3.175 million per a federal court’s consent decree. These grant funds are earmarked for distribution to governmental entities within the cities of Pasadena and Galena first, and then offered to such organizations within southeast Harris County (all projects at 100% reimbursement). The federal funds must be distributed within three years, or the donor must pay them as a penalty to the federal government. The company has also donated other funding to AERCO’s state and general accounts.

Finally, the members unanimously approved the following designation of SEP funds:

- |                                      |              |
|--------------------------------------|--------------|
| 1. Houston ISD (43 buses)            | \$193,569.25 |
| <i>Payment # 2 of 5 for 43 buses</i> |              |
| 2. Columbia-Brazoria ISD (4 buses)   | \$128,000.00 |
| 3. Humble ISD (6 buses)              | \$206,000.00 |
| 4. Huntsville ISD (2 buses)          | \$100,000.00 |

During the discussion time, Mr. Veazie detailed staff outreach regarding the Federal Vehicle Emission Reduction Fund. The City of Pasadena has already submitted an application to replace some garbage trucks. No Pasadena or Galena Park governmental entities have expressed interest in using these grant funds for alternative fuels infrastructure.

Chad Cryer reviewed the EBT Program report for the third quarter of 2018, as of October 10, 2018:

**Available Credits in the Bank**

Type	Pollutant	Available Credits in Tons per Year	
		2018 Q2	2018 Q3
Emission Reduction Credits (ERCs)	Nitrogen oxides (NOx)      264.2	326.7	264.2
	Volatile organic compounds (VOCs)	626.8	607.3
Discrete Emission Reduction Credits (DERCs)	Carbon monoxide (CO)	0.0	4.8
	Hazardous air pollutant (HAP)	771.4	771.4
	NOx	30,581.8	33,517.1
	VOCs	983.1	983.9
Mobile DERCs (MDERCs)	NOx	231.0	231.0

**Average Credit Trade Prices for the Previous 12 Months**

Type	Pollutant	Average Credit Trade Price in Tons per Year	
		ERCs	VOCs
	NOx	\$84,964.00	\$73,713.00
DERCs	VOCs	\$5,000.00	\$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)			\$172,421.00
Mass Emissions Cap and Trade (MECT)	\$532.00	\$255.00	\$67,635.00

**EBT Staff Project Status**

Project Type	Total On Hold*	Total Pending	Total Suspended
Compliance Report (HECT and MECT)	10	83	5
DERC Intent to Use		4	1
DERC Use		3	
ERC Generation	10	4	5
ERC Intent to Use		9	4
ERC Re-Review		2	
Miscellaneous		7	
Revision		1	
Transfer	1	15	1

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

There were no public comments.

The next AERCO Board meeting was scheduled for Wednesday, February 13, at 2:00 PM at H-GAC.

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