

Minutes from the Board of Directors Meeting

Wednesday, August 8, 2018 – 2:05 PM

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

MEMBERS PRESENT (quorum of 10):

John A. Kush (Chair)
Jo Anna Castilleja *
Chad Cryer (TCEQ ex officio) *
Michelle Gutermuth *
Courtland Holman *
Eddie Lewis, JD (Vice Chair) (proxy)
Mary Jane Naquin (proxy)
Will Nipper
Patrick Passantino *
Jeanette Rash (Secretary) (proxy)
Malcolm Richards, JD *
Walt Sass, RPLS *

MEMBERS ABSENT:

Denae King, PhD
Yancy Scott, PE CPM
B.J. Simon

H-GAC STAFF PRESENT:

Carlos Lugo
Jim Mahood
Annette Olsen
Robert Veazie

* Attended by teleconference

Chair John Kush conducted the proceedings, calling the meeting to order at 2:05 PM and introducing those attending in person and by phone. Mr. Kush welcomed Walt Sass to his first board meeting as an AERCO member serving on behalf of Fort Bend County and the economic development category.

Annette Olsen updated the members on the AERCO logo and the member and staff directory. She reported the progress of AERCO's 12-year recertification from the Texas Commission on Environmental Quality (TCEQ). The TCEQ commissioners will vote at their September 19 meeting starting regarding preliminary approval of the recertification. If approved, TCEQ will hold a regional public hearing here at H-GAC at 1:30-3:30 PM on October 3. Staff anticipates that TCEQ will send AERCO its official recertification approval in November.

The draft bylaws amendment has been postponed until next meeting, after recertification has been assured. In addition, the proposed meet and greet luncheon/new member orientation has been postponed until February 13, 2019. Staff is expecting many nominations/renomination from the three counties with vacant seats on the board, but perhaps not soon enough to hold the event in November.

The first board action was the unanimous approval of the meeting minutes from May 9, 2018. Second, the members unanimously approved the following 2019 meeting schedule, pending recertification:

February 13, May 8, August 14, and November 13

Next, the board unanimously approved the following reports:

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

Finally, the members unanimously approved the designation of \$128,000.00 in SEP funds to Columbia-Brazoria Independent School District (ISD) for the purchase of four (4) new school buses.

As a discussion matter, Jim Mahood outlined the annual designation of funds for Payment 2 of 5 to Houston ISD for the purchase forty-three (43) new school buses in 2017. This payment will be submitted to the board for approval at the meeting on November 14, 2018.

Next, Chad Cryer reviewed the EBT Program report for the first quarter of 2018, as of April 11, 2018:

Available Credits in the Bank

Type	Pollutant	Available Credits in Tons per Year	
		2018 Q1	2018 Q2
Emission Reduction Credits (ERCs)	Nitrogen oxides (NOx)	525.5	326.7
	Volatile organic compounds (VOCs)	647.9	626.8
Discrete Emission Reduction Credits (DERCs)	Carbon monoxide (CO)	1.3	0.0
	Hazardous air pollutant (HAP)	771.4	771.4
	NOx	29,495.9	30,581.8
	VOCs	983.1	983.1
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	\$55,035.00	\$63,225.00
	NOx	\$90,765.00	\$84,964.00
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)			\$170,026.00
Mass Emissions Cap and Trade (MECT)	\$579.00	\$267.00	\$66,886.00

EBT Staff Project Status

Project Type	Total Hold	Total Pending	Total Suspended
Compliance Report (HECT and MECT)	18	195	22
DERC Intent to Use	1	1	2
DERC Use	2	3	1
ERC Generation	3	5	17
ERC Intent to Use		5	1
Miscellaneous		7	
Transfer	2	15	2

There were no public comments.

The next AERCO Board meeting was scheduled for Wednesday, November 14, 2018, at 2:00 PM at H-GAC.

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