

TEXAS ENVIRONMENTAL RESEARCH CONSORTIUM
MINUTES OF THE BOARD OF DIRECTORS' MEETING

March 12, 2009

The regular meeting of the Board of Directors (Directors) of the Texas Environmental Research Consortium (TERC) was held on Thursday, March 12, 2009 in Dallas, Texas at the Greater Dallas Chamber of Commerce. Chairman Frels convened the meeting at 1:07 p.m. The Agenda for the meeting is provided herein as Attachment I. Board members attending this meeting in addition to Chairman Frels were The Honorable Chad Adams, Ms. Catarina Cron representative and proxy for The Honorable Ed Emmett, Mr. Jim Marston, Mr. Ravi Singhania, Dr. Jonathan Ward, Mr. Jeff Neal representative and proxy for The Honorable Bill White, The Honorable B. Glen Whitley, and Mr. Ronnie Schultz representative and proxy for The Honorable James Yarbrough. Additional persons in attendance were Mr. George Beatty, Ms. Ivy Guice, Dr. Jim Lester, Dr. Jay Olaguer, Dr. Yiqun Huang, Mr. Neil Strassman, Mr. David Duncan, Mr. David Brymer, and Ms. Kathi Harris.

The Board took the following actions at the meeting:

- Considered and approved the minutes of December 11, 2008;
- Received and discussed the Chairman's report. Mr. Frels noted that items to be discussed are now listed on the agenda; in the opinion of the Attorney General, listing items will allow people to know what is to be discussed at meetings. Mr. Frels passed out the Greater Houston Partnership's latest listing of the Clean Air Subcommittee Bill Status Report that contains all of the different air-related bills that are before the legislative at the present time, which includes Senate Bill 16.

Senate Bill 16: Senate Bill 16, a comprehensive legislation of Senator Averitt, is focused on energy efficiency and technology. As the bill is currently drafted, there is no funding for TERC for independent research. After discussion with the Senator's legislative assistant, she said she had made a mistake when drafting the bill and that the research funds need to be put back in. Mr. Frels stated that he and others need to follow up on the legislation to make sure this occurs. The bill also moves direct administration of the NTRD program to the Texas Commission on Environmental Quality (TCEQ) who would work with non-profits and institutions of higher education. Mr. Frels stated that he has not expressed a strong position that TERC should continue managing NTRD, as Senator Averitt's staff feels TCEQ should administer the program. Mr. Karl Pepple spoke with Mr. Frels; he asked that Mr. Frels express to the Board the City of Houston's position - NTRD funds and management should remain with TERC. Mr. Frels urged everyone to read the bill. It was noted that there is no comparable bill in the House at this time. Discussion followed regarding the NTRD program; the difficulties involved in getting the technology to the end user without incentives; and possible steps that could be taken to redirect the bill. Mr. Beatty said he would work with Dr. Lester to develop a one page summary sheet that would focus on the NTRD issues.

It was announced that The Honorable Chad Addams will be resigning effective 4/1/09.

- Received and discussed the Executive Director's report. Mr. Beatty reported TERC maintains a substantial balance in its money market account which is only protected by FDIC to \$250,000, and due to the turmoil the financial industry is currently potentially placed at a high risk. The President's bailout bill will allow TERC to put the funds into a non-bearing interest checking account and the full amount will be protected. TERC's contract with TCEQ specifically states that the funds TERC has received from TCEQ, must be secured and must gain interest. Mr. Beatty and Ms. Guice have been in contact with TCEQ to advise them of the situation and are waiting for written confirmation to proceed. Ms. Guice stated TERC could maintain a balance of \$250,000 in their money market account which would earn interest and be fully insured. This would allow TERC to remain in compliance with the contract.

Mr. Beatty stated that Blazek & Vetterling have been engaged to conduct TERC's 2008 audit.

Attendance at the Advisory committee meetings have dropped. Discussions have followed on what the issues might be and how they could reduce the expenses involved. Mr. Beatty will report back at the next Board meeting of what changes have been decided..

The Science Advisory Council will be held March 30-31 in The Woodlands, with the public portion being held on the 30th.

Mr. Beatty gave a presentation on the history and future direction of the Air Quality Research program.

- Received and discussed the Tower 55 Environmental Study Emissions issue in Fort Worth by The Honorable Glen Whitley and included a presentation by Jeff Neal with the North Central Texas Council of Governments (NCTCOG);
- Received and discussed the Air Quality report given by Dr. Olaguer;
- Considered and approved Resolution 2.69, which authorizes HARC to re-distribute \$426,000 of TERC air quality research funds among existing Board-approved projects of relevance to the SHARP campaign, including but not necessarily limited to H100 (SHARP) and H113 (Houston Urban Air Composition Characterization Using a Mobile Laboratory and Measurements of HONO at Moody Tower), subject to the concurrence of the SAC;
- Received and discussed the Air Quality budget report;
- Received and discussed the NTRD status report;
- Considered and approved Resolution 2.70 and thereby provides approval for TERC funding of up to \$2,895,350 for the NTRD projects outlined below at amounts not to exceed those listed, conditional upon final approval by TCEQ:

Caterpillar	Caterpillar 3406 Emissions Upgrade Group	\$740,647
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EMD	Common Rail Fuel System	\$750,000
FEV	Retrofit Solid SCR System for NOx Reduction	\$750,000
Eaton	Reformer, LNT and SCR based Aftertreatment System	\$654,703

- Considered and approved Resolution 2.71, which thereby authorizes Houston Advanced Research Center to develop, publish and issue a Request for Grant Applications for the purpose of receiving proposals from interested parties for the Verification and Testing of NOx Reduction Technologies and Development of Cost effective Enabling Technologies to Reduced NOx Emissions from Diesel Powered Equipment and Vehicles; and further authorizes TERC's Executive Director and the Houston Advanced Research Center to budget and expend up to \$5 million of the NTRD program's FY2009 budget to support projects under this RFGA;
- Considered and approved Resolution 2.72, which approves this Resolution of Appreciation and hereby recognizes Richard Wilson, Senior Vice President of National Environmental Strategies, Inc. for his outstanding service on the TERC Environmental Technology Advisory Council;
- Received and discussed TERC's financial report;
- Considered, amended, and approved Resolution 2.73, which hereby appoints Mr. Ronnie Schultz to a 3-year term to its Board of Directors effective when TERC receives Judge James Yarbrough's resignation;
- The meeting was adjourned at 3:40 p.m.