

**TEXAS ENVIRONMENTAL RESEARCH CONSORTIUM  
MINUTES OF THE BOARD OF DIRECTORS' MEETING – OCTOBER 2, 2006**

The regular meeting of the Board of Directors (Directors) of the Texas Environmental Research Consortium (TERC) was held on Monday, October 2, in Dallas, Texas at the office of Chairman LaBoon. Chairman LaBoon convened the meeting at 2:00 p.m. The Agenda for the meeting is provided herein as Attachment I. Directors attending this meeting in addition to Chairman LaBoon were the Honorable Margaret Keliher, the Honorable Chad Adams, Ms. Catarina Cron for Judge Eckels, Dr. Jonathan Ward and Ms. Jan Hart Black who acted with Director Tom Leppert's proxy. Mr. Jim Marston and Ms. Elena Marks (for Mayor White) participated in the meeting by phone. Additional persons attending the meeting were Ms. Ivy Guice, Mr. David Hitchcock, Dr. Jim Lester, Mr. Rich Haut, Dr. Jay Olaguer, Mr. George Beatty, Mr. Alex Cuclis, Ms. Rebecca Rentz, Mr. Mike Eastland, Ms. Ann Culver, Dr. Rudy Smaling, Mr. Doug Deason and Mr. John Hall.

The Board took the following actions at the meeting:

- Approved the Minutes of the regular meeting of June 13, 2006 and the conference call meetings of July 10, 2006 and August 2, 2006;
- Received and discussed the 2007 Legislative Report from John Hall and George Beatty;
- Considered and discussed the Air Quality Research Report, including an update on the Texas Air Quality Study II which was underway as well as the policy assessments that were in progress regarding the Low Income Repair and Assistance Program, that Texas Emissions Reduction Plan and the project on school bus emissions;
- Considered and approved Resolution 1.91 and thereby authorized the Houston Advanced Research Center to increase the budgets for Research Projects H45D by \$45,000; H63B by \$41,000; H78 by \$20,000; H80 by \$31,000 and H81 by \$50,000; and to engage persons or entities to complete Research Project H82 regarding the Annual Report and a special legislative report;
- Received and discussed the New Technology Research and Development Program Report;
- Considered and approved Resolution 1.92 and authorized the Houston Advanced Research Center to publish Request for Grant Assistance #7 to solicit technology projects regarding tug and tow boats in the marine sector;
- Received and discussed a report on the need to establish a Texas Diesel Testing Center and the need for legislative authorization to establish this facility;
- Received and discussed the Financial and Fundraising Reports;
- Considered and approved Resolution 1.93 and added Dr. Jim Lester, Ms. Jane Laping and Ms. Sabrina Strawn to TERC's Advisory Council;
- Received and discussed TERC's Conflict of Interest Policy and compliance questions pertaining to it regarding Environ. The Directors unanimously expressed their serious concerns about Environ's decisions to provide analytical support to TXU Services in a contested permitting matter before the TCEQ as it was completing Research Project H60, which included an assessment of the ozone impacts of TXU's proposed new powerplants. The

Directors also directed the Executive Director and the Houston Advanced Research Center to assure that Environ and various other TERC contractors fully comply with the spirit and actual requirements of TERC's Conflict of Interest Policy in the future and to engage another contractor to validate Environ's conclusions regarding H60;

- Considered and approved Resolution 1.94 and authorized the Houston Advanced Research Center to publish and distribute a Request for Qualifications to solicit additional air quality contractors;
- Considered and approved Resolution 1.95 and established specific procedures that TERC and HARC's staffs are to adhere to in releasing air quality research and technology reports;
- Considered and discussed the Open Meeting Act's applicability to TERC and made the decision to post its meeting agenda, minutes and reports on its website and to invite interested and affected persons to its meetings as necessary in the future;
- Considered and approved Resolution 1.96 and established a Budget and Finance Committee of the Board, which will include the Board Chairman, Director Jan Hart Black and the Executive Director; and
- Scheduled its next meeting for December 14, 2006 in Houston.

The regular meeting of TERC's Board of Directors adjourned at 4:00 p.m.

TEXAS ENVIRONMENTAL RESEARCH CONSORTIUM  
BOARD OF DIRECTORS' MEETING  
MONDAY, OCTOBER 2, 2006 – 2:00 P.M. – 4:00 P.M.  
LOCKELIDDELL & SAPP OFFICES – DALLAS, TX  
2200 ROSS AVENUE, SUITE 2200, CONFERENCE ROOM 21C  
CALL IN NUMBER – 866-316-1519  
PARTICIPANT CODE – 46742713#

**AGENDA**

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|-------|---|-----------|
| I.    | Convening of Meeting and Introductions<br>(Chairman Bruce LaBoon)   |           |
| II.   | Consideration and Approval of the Minutes of the<br>June 13, 2006 Meeting and the Conference<br>Call Meetings of July 10, 2006 and August 2, 2006.<br>(George Beatty, John Hall)  | Directors |
| III.  | TCEQ – Legislative Update<br>(Chairman LaBoon, George Beatty, John Hall)  | Directors |
| IV.   | Consideration and Discussion of the Air Quality Research Report   | Directors |
| V.    | Consideration of Resolution 1.91 Regarding Budget Increases<br>for Research Projects H45D, H63B, H75, H78, H80 and H81 and<br>New H82 Research Project<br>(Jim Lester, John Hall) | Directors |
| VI.   | Consideration and Discussion of the New Technology<br>Research and Development Program Report<br>(Rudy Smalings, John Hall, George Beatty)  | Directors |
| VII.  | Consideration of Resolution 1.92 Regarding Requests for<br>Grant Assistance #7, Regarding the Marine Sector<br>(Rudy Smaling, John Hall, George Beatty)                           | Directors |
| VIII. | Consideration and Discussion Regarding TERC's Efforts to<br>Establish a Texas Diesel Testing Center (RFGA #5)<br>(George Beatty, John Hall)                                       | Directors |
| IX.   | TERC Financial Update<br>(George Beatty, Ivy Guice)   | Directors |
| X.    | Fundraising Update<br>(George Beatty, John Hall)  | Directors |

TEXAS ENVIRONMENTAL RESEARCH CONSORTIUM

**AGENDA Cont.**

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| XI.    | Consideration of Resolution 1.93<br>Regarding the Appointment of Additional Persons to<br>TERC's Advisory Council<br>(George Beatty)  | Directors |
| XII.   | Consideration and Discussion of TERC's Conflict of<br>Interest Policy and Compliance Questions Regarding Environ<br>(George Beatty, Jim Lester, John Hall)  | Directors |
| XIII.  | Consideration of Resolution 1.94 Authorizing the<br>Houston Advanced Research Center to Publish and Distribute a<br>Request for Qualifications to Solicit Additional Air Quality<br>Research Contractors<br>(Jim Lester, John Hall) | Directors |
| XIV.   | Consideration of Resolution 1.95 Regarding the Release of<br>TERC's Air Quality Research Reports<br>(Jim Lester and John Hall)  | Directors |
| XV.    | Consideration and Discussion of the<br>Open Meetings Act and its Applicability to TERC  | Directors |
| XVI.   | Consideration of Resolution 1.96 Regarding the Establishment<br>Of A Board Level Budget and Finance Committee<br>(Chairman LaBoon and George Beatty)  | Directors |
| XVII.  | Scheduling of Next Meeting  | Directors |
| XVIII. | Adjournment (4:00 p.m.)   |           |

**TEXAS ENVIRONMENTAL RESEARCH CONSORTIUM  
MINUTES OF THE BOARD OF DIRECTORS' MEETING – OCTOBER 31, 2006**

The Board of Directors (Directors) of the Texas Environmental Research Consortium (TERC) had a called meeting on Thursday, October 31, 2006 via conference call. The agenda for this meeting is attached. Chairman LaBoon convened the meeting at 2:00 p.m. Directors participating in this meeting in addition to Chairman LaBoon were the Honorable Margaret Keliher, the Honorable Robert Eckels, the Honorable James Yarbrough, the Honorable Ron Harris, Dr. Jonathan Ward , Mr. Jim Marston and Ms. Elena Marks (for Mayor White). Additional persons participating in the conference call were Mr. George Beatty, Dr. Jim Lester, Ms. Catarina Cron, Ms. Ivy Guice, Mr. David Hitchcock, Dr. Rich Haut, Dr. Jay Olaguer, Mr. Alex Cuclis, Dr. Rudy Smaling, Mr. Doug Deason and Mr. John Hall.

The Board took the following actions during the meeting:

- Considered and approved Resolution 1.97 and authorized the Houston Advanced Research Center to publish and distribute Request for Grant Assistance #7 to solicit technology projects regarding tug and tow boats in the marine sector;
- Considered and approved Resolution 1.98 and authorized the Houston Advanced Research Center to publish and distribute Request for Grant Assistance #8 to solicit the development of engine upgrade kits by engine manufactures and technology providers for diesel vehicles in the offroad sector;
- Considered and approved Resolution 1.99 and thereby appointed Ms. Susana Hildebrand to TERC's Science Advisory Committee; and
- Considered and approved Resolution 2.00 and authorized the Houston Advanced Research Center to engage persons and/or entities to complete a research project to assess the ozone impacts of formaldehyde.

The called meeting of the TERC Board of Directors adjourned at approximately 3:00 p.m.

Attachments

TEXAS ENVIRONMENTAL RESEARCH CONSORTIUM  
BOARD OF DIRECTORS' MEETING  
THURSDAY, OCTOBER 31, 2006 – 2:00 P.M. – 3:00 P.M.  
CONFERENCE CALL

**AGENDA**

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|------|--|-----------------------|
| I.   | Introductions  | Chairman Bruce LaBoon |
| II.  | Consideration and Adoption of Resolution 1.97<br>Regarding the Publication of Request for Grant Assistance #7<br>Regarding Tug and Tow Vessels<br>(George Beatty, Rudy Smaling, John Hall)   | Directors             |
| III. | Consideration and Adoption of Resolution 1.98<br>Regarding the Publication of Request for Grant Assistance #8<br>Relative to Engine Upgrade Kits for Diesel Vehicles in the Offroad Sector<br>(George Beatty, Rudy Smaling, John Hall) | Directors             |
| IV.  | Consideration and Adoption of Resolution 1.99<br>Regarding the Appointment of Ms. Susana Hildebrandt to TERC's<br>Science Advisory Committee<br>(George Beatty, Jay Olaguer)   | Directors             |
| V.   | Consideration and Adoption of Resolution 2.00<br>Regarding TERC's Research Plan to Assess the<br>Ozone Impacts of Formaldehyde<br>(Jim Lester, Jay Olaguer, John Hall)   | Directors             |
| VI.  | Adjournment (3:00 p.m.)  | Directors             |