

**Bylaws of the  
Houston-Galveston Area Emission Reduction Credit Organization  
for the Houston-Galveston Nonattainment Area**

**Article I. Purpose**

The purpose of the Houston-Galveston Area Emission Reduction Credit Organization (AERCO) for the Houston-Galveston ozone nonattainment area is to promote air quality improvement and economic development within the nonattainment area through acquisition and distribution of emission reduction credits. Its activities may include transactions in emission reduction credits to help meet federal Clean Air Act requirements as well as using other forms of credits and financial incentives to facilitate Clean Air Act compliance in the Houston-Galveston region.

**Article II. Geographic Area**

The geographic area served by AERCO is the TCEQ Regions 10 and 12, excluding Shelby County. This area currently includes the counties of Angelina, Austin, Brazoria, Chambers, Colorado, Fort Bend, Galveston, Hardin, Harris, Houston, Jasper, Jefferson, Liberty, Matagorda, Montgomery, Nacogdoches, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Trinity, Tyler, Walker, Waller, and Wharton. As designated by the Texas Commission on Environmental Quality (TCEQ), the eight-county Houston-Galveston-Brazoria nonattainment area includes Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties (Nonattainment Area).

**Article III. Responsibilities and Powers**

AERCO has independent decision-making authority for matters enumerated herein and shall not be required to have its decisions reviewed by the Houston-Galveston Area Council (H-GAC). AERCO may, however, enter into agreements with H-GAC to provide staff support and other administrative services. H-GAC will not otherwise be liable for any contracts entered into by AERCO, or any other decision of AERCO. AERCO may:

- (1) Receive and use funds
- (2) Have an account at the TCEQ Emission Reduction Credit Bank
- (3) Enter into contracts with TCEQ to receive and administer Supplemental Environmental Project funding to foster emission reduction credits, school bus emission reduction incentive programs and other purposes consistent with Article I
- (4) Acquire emission reduction credits through purchase, donation, or other means
- (5) Transfer emission reduction credits by sale or other means
- (6) Identify, evaluate, promote, initiate, and facilitate potential projects and strategies to generate emission reduction credits
- (7) Provide financial assistance for projects to generate emission reductions
- (8) Employ staff
- (9) Enter into contracts
- (10) Consider project sustainability

#### **Article IV. Membership**

A. AERCO shall have an eighteen (18) member Board of Directors (AERCO Board) representing the general public, large industrial sources of emissions, small regulated businesses, and environmental and economic development interests. Each county in the Nonattainment Area shall be represented on the AERCO Board. Sub-areas within the nonattainment area will be represented in a manner that reflects the relative contribution of each sub-area to total emissions or potential emission reductions. At least nine (9) of the members shall represent entities and organizations from Harris County.

B. The AERCO Board will be appointed by the H-GAC Board of Directors (H-GAC Board) from nominations submitted by individual H-GAC Board members and other interested organizations and officials within the area.

C. Appointed AERCO Board members will serve three-year terms, with one-third of the members' terms expiring each year.

D. The AERCO Board shall also include an ex-officio, non-voting member from TCEQ or any successor agency.

E. AERCO Board members shall be eligible to succeed themselves without limitation, and members shall serve until the appointment of their successors.

F. An AERCO Board member may be removed for cause by the H-GAC Board if the member cannot discharge his or her duties for a substantial portion of the member's term due to illness or disability. A member may also be removed if he or she is absent from more than one-half of the regularly scheduled meetings during a calendar year, unless the absence is excused by a majority vote of the AERCO Board.

#### **Article V. Officers**

A. AERCO Board officers shall be a Chair, Vice Chair, and Secretary elected by a simple majority of those members present and voting at the first AERCO Board meeting occurring after September 1 of each year. Officers shall serve one-year terms, without limit.

B. All normal powers of the presiding officer shall be vested in the Chair.

C. The Vice Chair shall preside in the absence of the Chair.

D. The Secretary shall preside in the absence of the Chair and Vice Chair.

E. In the absence of all officers, the presiding officer for that meeting will be named by vote of the members present.

F. Upon vacancy of an office through any eventuality, a replacement will be elected from the current AERCO Board membership by majority vote.

G. No officer has the authority to overrule or veto an action of the AERCO Board.

#### **Article VI. Quorum**

A. Quorum for any AERCO Board activity is fifty percent (50%) of the current membership.

B. Quorum is required to conduct business of the AERCO Board. Members attending the meeting via teleconference and members submitting votes via proxy shall be considered as part of the quorum.

#### **Article VII. Vacancies**

A. Upon occurrence of a vacancy among the AERCO Board membership, H-GAC shall immediately be notified so that the vacancy can be promptly filled.

B. When a vacancy occurs, the replacement appointee shall serve the duration of the unexpired term to which he or she is appointed.

#### **Article VIII. Committees and Task Forces**

A. AERCO may be assisted by committees or task forces appointed by the Chair, except as provided in Section B below. Members of task forces do not have to be members of the AERCO Board.

B. An Officer Nominations Committee shall be formed each year from at least three (3) volunteers from the AERCO Board members. None of the officers then serving may sit on the Officer Nominations Committee, which shall (i) be created at the AERCO Board meeting immediately preceding the June 1 term start date and (ii) submit its nominations at the AERCO Board meeting immediately preceding September 1.

#### **Article IX. Voting**

A. At any AERCO Board meeting, members attending the meeting via teleconference and members submitting votes via proxy are entitled to all voting rights accorded to members attending in person. However, each member voting by proxy must submit a completed proxy form for the applicable AERCO Board meeting in a timely manner.

B. All matters of policy, approval of contracts and agreements, transfer of emission reduction credits, or other matters specified by the AERCO Board will be subject to AERCO Board approval. Any matter brought to a vote will be enacted by an affirmative majority vote of the members present or represented by proxy vote at the meeting, except for those matters provided for specifically in other paragraphs of these bylaws.

## **Article X. Conflict of Interest**

No AERCO Board member may participate in a vote in which the member or the member's employer has a direct financial interest. Whenever such a conflict occurs, the member will declare his or her interest and abstain from voting.

## **Article XI. Procedures**

A. All AERCO Board meetings will be open to the public. Board procedures may provide opportunity for public comment.

B. The AERCO Board shall meet as necessary to fulfill its purpose.

C. AERCO Board meetings will be conducted in accordance with *Robert's Rules of Order Newly Revised*.

D. H-GAC staff will generate and distribute meeting materials to members at least five (5) business days before a regular AERCO Board meeting.

E. AERCO Board meetings may be scheduled in between regularly scheduled meetings. H-GAC staff shall post notice of the meeting at least seventy-two (72) hours in advance of the meeting in accordance with the Texas Open Meetings Act.

F. H-GAC staff will keep an accurate record of meetings, actions and proceedings of the AERCO Board.

G. These bylaws may be amended provided that the AERCO Board members have been provided a copy in writing ten (10) days prior to the meeting at which adoption is requested. Bylaw amendments require an affirmative majority vote of the AERCO Board members present. All amendments to the bylaws must be approved by the H-GAC Board, at which date they will go into effect.

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Bylaws revision approved as follows:

- Houston-Galveston Area Emissions Credit Organization Board of Directors on November 11, 2015
- Houston-Galveston Area Council Board of Directors on May 17, 2016