

**NACAA
BOARD OF DIRECTORS AND COMMITTEE CHAIRS
SUMMER MEETING**

July 27-29, 2013

**Hilton New York
New York, New York**

I. Introductions and Review of Agenda – Saturday, July 27, 2013

NACAA Co-President Dave Shaw (NY) opened the meeting and welcomed everyone. After attendees introduced themselves, Bill Becker (NACAA) reviewed the agenda (see attached). In addition to Dave, Board Members in attendance at the meeting were Tad Aburn (MD), Bruce Andersen (Kansas City, KS), Mark Asmundson (Mt. Vernon, WA), Rick Brunetti (KS), Stu Clark (WA), Anne Gobin (CT), Vince Hellwig (MI), Merlyn Hough (Springfield, OR), Thomas Huynh (Philadelphia, PA), John Paul (Dayton, OH), Richard Stedman (Monterey, CA), Barry Stephens (TN) and Barry Wallerstein (Los Angeles, CA). Committee Chairs who are not Board Members in attendance were Arturo Blanco (Houston, TX), Jac Cap (GA), Bob Colby (Chattanooga, TN), Mike Dowd (VA), Andy Ginsburg (OR), Larry Greene (Sacramento, CA), Ursula Kramer (Tucson, AZ), Lynne Liddington (Knoxville, TN), Bill O'Sullivan (NJ), Shelley Schneider (NE), Nancy Seidman (MA), Eddie Terrill (OK), and Dick Valentinetti (VT). Chris Salmi (NJ), a NACAA member, was in attendance on Saturday, July 27, 2013. NACAA staff members in attendance were Bill Becker, Mary Sullivan Douglas and Karen Mongoven.

II. Prepare for Meeting with Bob Perciasepe, EPA Deputy Administrator – Saturday, July 27, 2013

Dave Shaw opened the floor for suggestions on issues to discuss with EPA Deputy Administrator Bob Perciasepe, who would be joining the members later in the day. Members raised potential topics and Dave assembled the following potential agenda for the session based on the ensuing discussion: (1) development of GHG emissions regulations for existing power plants under Clean Air Act section 111(d); (2) funding; (3) mobile sources; (4) improved efficiencies, including SIP reform, the SIP backlog and Title V streamlining; (5) ozone/transport issues; (6) the Mercury and Air Toxics Standards (MATS)/toxics; and (7) NACAA and EPA as co-regulators. With regard to the last item, the members agreed to ask for a NACAA-EPA retreat that would cover the following topics: (i) understanding EPA's priorities for the next three years, (ii) improving efficiencies and consistency between the EPA regions and headquarters, and (iii) critical funding issues.

III. Discussion with Bob Perciasepe, Deputy Administrator, EPA – Saturday, July 27, 2013

EPA Deputy Administrator Bob Perciasepe met with the NACAA Board and committee chairs and discussed a range of topics. He reported that the new EPA Administrator, Gina McCarthy, and he have some major themes on which they will focus. These include making EPA more high performing by examining internal processes, beginning a new era of state relations, updating the Toxic Substances Control Act, focusing on water jurisdiction issues, addressing sustainability and working on climate change.

The NACAA members raised six issues with Bob.

Climate Change and Section 111(d) – Stu Clark (WA), Co-Chair of the NACAA Global Warming Committee, asked about future regulations under section 111(d) and how they will work with state programs. Bob described some of the activities EPA is undertaking, including communications, webinars, etc. The agency will try to provide flexibility for states and merge energy and environmental programs. Bob reported that the proposal is expected in June 2014 and consideration to implementation issues should be given now, not later.

Funding – Bruce Andersen (Kansas City, KS), Co-Chair of the NACAA Program Funding Committee, articulated concerns about limited funding for state and local air agencies. Bob noted that EPA has requested additional funds for state and local air grants for the last three years. He noted that EPA is facing cuts and there are additional reductions expected from a second sequestration in January 2014. He noted that EPA may have to begin to manage differently, perhaps more simply.

Mobile Sources and Fuels – Nancy Seidman (MA), Co-Chair of the NACAA Mobile Sources and Fuels Committee, stated that NACAA was pleased that the Tier 3 proposal had been issued. Bob indicated that NACAA's continued support is essential. He expressed optimism about the proposal going forward without delay. With respect to International Maritime Organization (IMO) regulations for ships, Nancy expressed concerns about possible delays and how they can be prevented. Bob reported that this would be addressed internationally and expressed hope that it would be successful. He noted that communicating with the Coast Guard would be helpful.

Ozone/Transport – Tad Aburn (MD), Co-Chair of the NACAA Criteria Pollutants Committee, noted that transport is a very important issue. He also noted that there has been good progress related to ozone and particulate matter. It is important to share information and to have certainty.

Toxics – John Paul (Dayton, OH) stated that reforms to Title V should be encouraged. He also noted that he is supportive of the Mercury and Air Toxics

Standard and believes it is necessary and that refinements to it have been helpful. Bob noted that the agency was thoughtful in tying the rule to reliability.

SIP Backlog – Lynne Liddington (Knoxville, TN), Co-Chair of the NACAA Criteria Pollutants Committee, complimented EPA on SIP reform activities. She noted that timely guidance is essential and it would be helpful to have guidance and standards issued at the same time.

Next Steps – Dave Shaw suggested that EPA and NACAA hold another retreat during which they can discuss priorities for the next few years and ways to pool resources; regional consistency; and funding (how to work with what we have). Bob was receptive to the idea of a retreat.

IV. Critical Issues – Sunday, July 28, 2013

A. Next Steps on Section 111(d)

Stu Clark noted that the Committee developed draft “Principles for Setting GHG Emissions Guidelines for Existing Power Plants” for NACAA to send to EPA; members were given 30 days to comment on the draft principles. The Committee received a great deal of member feedback and has circulated a revised draft for additional comments. The final product will be styled as a letter to EPA Administrator Gina McCarthy. The draft letter will also be circulated to the members for review before it is sent.

The board members and committee chairs discussed the draft principles and offered suggested edits and additions. Stu stated that after the principles are sent to the Administrator, NACAA will work with the membership to attempt to flesh out these principles. NACAA is also planning to develop a model section 111(d) implementation plan in the future.

B. Clearing the SIP Backlog

Tad Aburn reported that the NACAA-ECOS-EPA SIP Reform Workgroup has been engaged in a process to address the SIP backlog problem and is making steady progress. The SIP Reform Workgroup is working on a framework with quantifiable targets to remedy the backlog. The process is already underway in some regions, particularly Region 4. Tad requested feedback on this overall approach.

Several members observed that in some cases, particular EPA lawyers are contributing to the backlog problem. Vince Hellwig (MI) stated that Michigan and some other Midwestern states are exploring the possibility of a lawsuit that would force EPA to act on SIPs that have been awaiting EPA action for the longest amount of time (e.g., 25 years). The members observed that the backlog problem is far worse in some regions than others. Tad said the SIP Reform

Workgroup is exploring the possibility of developing a Memorandum of Understanding with EPA that would include concrete goals for clearing the backlog.

C. Update on Federally Reportable Violations Discussions

Eddie Terrill (OK), Co-Chair of the NACAA Enforcement Committee, reported that the committee has concluded its technical discussions with EPA regarding state and local concerns with the Federally Reportable Violations (FRV) policy, and a straw proposal for revising the policy has been drafted. Under the proposal, FRVs and High Priority Violations (HPVs) would be covered by separate policies, with an overarching framework to link them together. The next step will be for EPA to roll out the straw proposal to all of the state and local agencies. EPA plans to do this by late September or early October, but Eddie is not sure that they will meet that deadline. He would prefer that EPA release something before the NACAA Fall Membership meeting so that the members can offer reaction at the meeting, but this does not appear likely.

D. Ozone Implementation Rule

Lynne Liddington reported that EPA's proposed Ozone Implementation Rule was published on July 6, 2013. The deadline for submitting comments has been extended to September 4, 2013. On a well-attended two-hour call, NACAA members discussed potential items to include in the association's comments. Issues highlighted during the discussion included: (1) EPA's lack of timeliness in issuing implementation guidance; (2) the possibility of allowing states to submit a consolidated SIP within 30 months after designation, rather than submitting individually; (3) alternative approaches to Reasonable Further Progress (RFP) (members were split on this issue); (4) RFP reduction credits from sources outside nonattainment areas (again, members were split on this issue, so NACAA will not include it in the comments), and (5) the substitution of nitrogen oxide reductions for volatile organic compound reductions to meet RFP requirements, if EPA has the legal authority to do so.

The members offered varying opinions on whether it was appropriate for NACAA to make comments concerning the legality of particular proposed regulatory approaches or methods.

E. Funding

Region 1 Disinvestment Pilot Program

Nancy Seidman reported on a project in Region 1 for the states to identify areas of possible disinvestment. The region developed a template into which the state agencies listed activities for disinvestment. There was a discussion about how the information would be used, with some concern expressed that it could

be employed to justify further cut budgets. Several members described similar exercises to identify activities that could be cut due to budget constraints.

Shifting Monitoring Funds from Section 103 to Section 105

Andy Ginsburg (OR), Co-Chair of the NACAA Program Funding Committee, raised the issue of NACAA's position that fine particulate matter monitoring grants should remain under section 103 authority, rather than shifting to section 105 authority, where matching funds would be needed. Andy noted that no decision is necessary, but that the issue could be considered and discussed in the future. He reported that for FY 2014, for the first time, EPA has recommended shifting the funds to section 105 but has not suggested a commensurate cut of 40 percent, as it has in the past. If it is possible that EPA will eventually succeed in shifting the funds, he asked if NACAA should consider accepting this change while the agency is not planning to cut the funds.

The members discussed whether adding the monitoring funds to section 105 could cause match problems for some agencies and reviewed some of the pros and cons of keeping the funds under section 103. Several members indicated that matching would be a problem, while other said that it would not be. However, some members reported that Maintenance of Effort (MOE) requirements pose larger concerns in their agencies.

Andy suggested that the members consider the issue about continuing to fund fine PM monitoring under section 103 further and perhaps discuss it again in the future. For the time being, there should be no change to NACAA's position. Additionally, Andy suggested that MOE be a topic of discussion for a future retreat with EPA.

Report on FY 2014 Appropriations

Bruce Andersen provided a summary of EPA and Congressional activity related to FY 2014 appropriations. He noted that NACAA submitted testimony and met with House and Senate Appropriations Committee staff. He stated that NACAA should not expect much because the House staff has been told to find 14-percent decreases. He also predicted that there will not be final Congressional action by September 30, 2013 and that there will likely be a Continuing Resolution. Additionally, there is supposed to be a second round of sequestration cuts totaling 7 percent (although they are not required to be across-the-board as the last sequestration cuts were).

Impacts of Sequestration

Andy Ginsburg asked the members for input on how the recent budget cuts, including sequestration, have affected their agencies. Many members reported there have been reductions in their staff, some because they are unable

to replace employees who have left or retired. This has resulted in a troublesome loss of experienced workers and institutional memory. Additionally, agencies have experienced reductions to monitoring, including toxics monitoring, and an inability of the state to compensate for the loss of federal funds.

F. IMO Consideration of Delay in Emission Control

Nancy Seidman announced that there are reports of the potential for a five-year delay in the implementation of IMO Emission Control Area rules for shipping. She noted that these are federal measures that many agencies have been counting on for attainment. She asked if the NACAA Mobile Sources and Fuels Committee could work on a letter on this issue to send to EPA, the Coast Guard and other appropriate federal agencies. Nancy noted that the committee could draft a letter and send it out for comments. The members agreed to move forward and that the Committee should draft a letter in the coming months for membership review.

G. NACAA GHG Permitting Survey

Karen Mongoven (NACAA) reported that NACAA conducted an internal survey seeking basic information about members' greenhouse gas (GHG) permitting programs. Thirty-eight members completed all or part of the survey. Although this sample may not be large enough to be representative of the full membership, the survey results were informative and suggestive of trends and areas for potential further inquiry. Almost all survey respondents reported having issued very few GHG permits since the Tailoring Rule came into effect. Two-thirds reported no significant problems in administering their GHG permitting programs. For those that have experienced an increased administrative burden, staff training was most frequently cited as a major concern. Karen suggested that NACAA perform a more detailed follow-up survey in order to more fully and comprehensively assess these issues. The members generally supported the idea of a follow-up survey.

H. NACAA MATS Survey

Vince Hellwig (MI), Co-Chair of the NACAA Air Toxics Committee, reported that NACAA had sent out a survey to the members asking how many requests state and local agencies had received for one-year compliance extensions to the Mercury and Air Toxics Standards (MATS). He noted that out of 51 agencies in 40 states, DC and Puerto Rico that responded, there had been 61 requests, of which 56 were granted and none had been refused (the remainder were under consideration). Several members expressed concern that the survey results had been publicly released, while others noted that the information is already public. Mary Sullivan Douglas (NACAA) reported that the members had been told before the survey results were released that the information would be made public and no one had objected. The members

discussed whether future NACAA surveys on this or other topics should be made public, but no conclusion was reached.

I. NACAA MATS Survey (continued) – Monday, July 30, 2013

Barry Wallerstein, Co-President of NACAA, brought up again the issue of the NACAA MATS extension survey that had been discussed the day before. He reported that NACAA had sent emails to the members in both March and June 2013 seeking information on the MATS extensions and indicating that the results would be public. Members had ample opportunity to highlight any sensitivities and no one had. He noted that the exchange of information is one of the benefits of NACAA.

J. Rapid Response on NACAA Positions

Barry Wallerstein reported that during the previous week a rider in a House of Representatives bill had come up that would have prohibited Tier 3 standards. Although Tier 3 is a program that NACAA had endorsed in the past, the association held off on commenting because there was not enough time to react. He suggested that NACAA develop general principles that would enable the officers to work with NACAA staff to communicate quickly with the board and/or the membership so that the association could comment in similar situations in the future. These principles would be used for issues that are not controversial.

The members had a lengthy discussion. At the conclusion, Barry stated that he and Dave Shaw would consider all the points and bring some draft policy language to the board at a future meeting. This language would serve as guidance for future presidents.

V. Development of Agenda for 2013 NACAA Fall Membership Meeting – Monday, July 29, 2013

Bill Becker reviewed potential topics for the agenda of the NACAA 2013 Fall Membership Meeting, which will take place in Baltimore, Maryland, September 23-25, 2013. Potential session topics include hydraulic fracturing, a debate between Jeff Holmstead and John Walke on key Clean Air Act issues, a presentation from Anna Wood (EPA OAQPS) on EPA's regulatory agenda, and a session on section 111(d) standards for existing power plants. Shelley Schneider (Nebraska) proposed adding a session on the Keystone XL pipeline, and the members were receptive to this idea. The members supported all of the proposed agenda topics.

VI. Approval of Minutes – Monday, July 29, 2013

The local air directors voted to approve the minutes from the NACAA Board of Directors and Committee Chairs meeting on May 5, 2013 (seven in favor, none opposed and none abstaining). The state air directors also voted to approve the minutes (six in favor, none opposed and one abstaining).

VII. NACAA Finances and Treasurer's Report – Monday, July 29, 2013

Bill Becker reviewed NACAA's current finances. If it appears that NACAA will have a surplus of federal grant funds at the end of the fiscal year, the association will request from EPA a no-cost extension to allow for spending the funds beyond September 30, 2013. Most likely, the no-cost extension would be used to pay for the completion of the redevelopment of the NACAA websites. Alternatively, if funds are not needed for that project, they could be used to subsidize the members' costs to attend the 2013 Fall Membership Meeting. Bill noted that there will not be funds to subsidize the members' meeting costs in the next fiscal year.

Bill reported that the budget for the upcoming fiscal year is approximately \$50,000 to \$100,000 short of what is needed, so he is seeking outside funding. He stated that he has had discussions with the Energy Foundation to inquire about another grant from that organization. As with the current Energy Foundation grant, the new grant would not require NACAA to commit to any particular project or outcome. NACAA will hear about this grant later in the fall.

VIII. Discussion of Potential Investment Strategies for NACAA Treasury – Monday, July 29, 2013

Thomas Huynh (Philadelphia, PA), NACAA Co-Treasurer, reminded the members that the board had suggested investigating possible financial investment options that may have better returns than what NACAA currently owns but are still not risky investments. He reported that he and the NACAA leadership had discussed options with three consultants and had selected one proposal, that of QP Consulting, a company that handles the NACAA staff retirement account.

Following a discussion of the option, and the fact that it is not highly aggressive, the board voted unanimously to approve the investment. The state board members voted seven in favor, none opposed and none abstaining. The local board members voted seven in favor, none opposed and none abstaining.

IX. Update on Future Meeting Dates and Locations – Monday, July 29, 2013

Bill Becker advised the group that the 2013 Fall Membership Meeting would take place on September 23-25, 2013 at the Renaissance Baltimore Harborplace Hotel in Baltimore, Maryland, with a Board and Committee Chairs Meeting on Sunday, September 22, 2013. The 2014 NACAA Winter Board and Committee Chairs Meeting will be held in Scottsdale, Arizona on January 25-27, 2014. Bill announced that NACAA is investigating venues for the 2014 Spring Membership Meeting in Atlanta, Georgia in late April or early May 2014.

X. New Business – Monday, July 29, 2013

Barry Wallerstein suggested that the NACAA Board approve a resolution thanking Gina McCarthy for her service as the Assistant Administrator for the EPA Office of Air and Radiation and congratulating her on becoming the new EPA Administrator. The members agreed to this suggestion.

XI. Adjournment – Monday, July 29, 2013

The Board of Directors and Committee Chairs 2013 Summer Meeting was adjourned.

FINAL AGENDA

**NACAA
BOARD OF DIRECTORS AND COMMITTEE CHAIRS
SUMMER MEETING**

July 27-29, 2013

**Hilton New York
Sutton North Room
2nd Floor
1335 Avenue of the Americas
New York, NY**

Friday, July 26, 2013

5:00 p.m. – 11:00 p.m. NACAA Hospitality Suite Empire Suite

Saturday, July 27, 2013

7:30 a.m. – 8:30 a.m. Breakfast Sutton North

8:30 a.m. – 8:45 a.m. Introductions and Review of Agenda

8:45 a.m. – 10:15 a.m. Prepare for Meeting with Bob Perciasepe,
Deputy Administrator, EPA

10:15 a.m. – 10:30 a.m. Break

10:30 a.m. – 12:00 noon Discussion with Bob Perciasepe,
Deputy Administrator, EPA

Noon Lunch

Sunday, July 28, 2013

7:30 a.m. – 8:30 a.m. Breakfast Sutton North

8:30 a.m. – 10:00 a.m. Critical Issues
 1. Next Steps on Section 111(d) (30 minutes)
 2. Update on Federally-Reportable Violations
 3. Discussions (15 minutes)
 4. Clearing the SIP Backlog (15 minutes)
 5. Ozone Implementation Rule (30 minutes)

Sunday, July 28, 2013, (continued)

10:00 a.m. – 10:15 a.m.	Break
10:15 a.m. – 12:00 noon	<u>Critical Issues</u> <ol style="list-style-type: none">6. Funding (60 minutes)<ol style="list-style-type: none">a. Region 1 Disinvestment Pilot Programb. Shifting Monitoring Funding From Sectionc. 103 to 105?d. Report on FY 2014 Appropriationse. Impacts of Sequestration7. IMO Consideration of Delay in Emission Control8. Area Requirements (10 minutes)9. NACAA GHG Permitting Survey (10 minutes)10. NACAA MATS Survey (10 minutes)11. Rapid Response on NACAA Positions (15 minutes)
Noon	Lunch

Monday, July 29, 2013

7:30 a.m. – 8:30 a.m.	Breakfast	Sutton North
8:30 a.m. – 9:30 a.m.	<u>Development of Agenda for 2013 NACAA Fall Membership Meeting</u>	
9:30 a.m. – 9:35 a.m.	<u>Approval of Minutes of 2013 Board of Directors and Committee Chairs Spring Meeting</u>	
9:35 a.m. – 10:00 a.m.	<u>NACAA Finances</u> <ol style="list-style-type: none">1. Treasurers' Reports2. Update on NACAA Dues	
10:00 a.m. – 10:30 a.m.	<u>Discussion of Potential Investment Strategies for NACAA Treasury</u>	
10:30 a.m. – 10:45 a.m.	<u>Update on Future Meeting Dates and Locations</u>	
10:45 a.m. – 11:00 a.m.	<u>New Business</u>	
11:00 a.m.	<u>Adjourn</u>	

7/22/2013