

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

January 26-28, 2013

**JW Marriott Orlando Grande Lakes
Orlando, Florida**

I. Introductions and Review of Agenda – Saturday, January 26, 2013

NACAA Co-President Dave Shaw (NY) opened the meeting and welcomed everyone. After attendees introduced themselves, Dave reviewed the agenda (see attached). In addition to Dave, Board Members in attendance at the meeting were Tad Aburn (MD), Mark Asmundson (Mt. Vernon, WA), Mike Bates (AR), Rick Brunetti (KS), Anne Gobin (CT), Vince Hellwig (MI), Merlyn Hough (Springfield, OR), Thomas Huynh (Philadelphia, PA), Dave Klemp (MT), John Paul (Dayton, OH), 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), Jim Hodina (Cedar Rapids, IA), Lynne Liddington (Knoxville, TN), Bill O'Sullivan (NJ), Shelley Schneider (NE), Nancy Seidman (MA), Eddie Terrill (OK), Ursula Kramer (Tucson, AZ) and Dick Valentinetti (VT). NACAA staff in attendance were Bill Becker, Mary Sullivan Douglas, Nancy Kruger and Amy Royden-Bloom.

II. Feedback on NACAA Processes and Procedures – Saturday, January 26, 2013

In accordance with the Board's commitment in January 2012, the Board Members and Committee Chairs spent time in a discussion about how NACAA's processes and procedures are working and what feedback has been shared with Board Members, Committee Chairs and staff.

III. Funding Outlook – Saturday, January 26, 2013

Changes on the Appropriations Committees

Bill Becker, Executive Director of NACAA, reported that there have been several major changes to the leadership and membership of the House and Senate Appropriations Committees and the Interior, Environment, and Related Agencies Subcommittees, which have jurisdiction over EPA's budget. However, the complete membership of the House subcommittee had not yet been announced. Once the subcommittee roster is complete, NACAA will provide the members with the full list. The group discussed that it will be helpful for NACAA members to contact their respective delegations to articulate the need for adequate federal grants for state and local air agencies.

Latest on the "Fiscal Cliff"

Mary Sullivan Douglas, NACAA Senior Staff Associate, provided an update on the FY 2013 appropriations process, noting that Congress had adopted a Continuing Resolution to keep the federal government in operation through March 27, 2013. She

also reported that a decision by Congress about the budget sequestration – part of the so-called fiscal cliff – was postponed until the beginning of March. The sequestration could result in across-the-board reductions of 8.2 percent in non-exempt nondefense discretionary funding, which would include EPA’s budget. It is unknown how Congress will handle the sequestration and the remainder of the FY 2013 appropriations process.

NACAA Recommendations for FY 2014 Funding

Andy Ginsburg (OR), Co-Chair of the NACAA Program Funding Committee, reported that it is not yet known what the President will recommend for FY 2014 funding for federal grants to state and local air agencies. He noted that last year the Board authorized the NACAA staff and Program Funding Committee to communicate NACAA’s reaction to the President’s proposed budget in testimony, letters and meetings. He suggested that the Board again adopt a motion authorizing the staff and committee to provide Congress with NACAA’s position with respect to federal grants for state and local agencies in FY 2014.

The members discussed the role of NACAA in communicating funding needs to Congress, the message that the association should relay to federal decision makers and the fact that the association regularly works in cooperation with the Environmental Council of the States (ECOS) to disseminate information about the need for additional funding.

Following a lengthy discussion, the Board voted on a motion to authorize the NACAA staff and Program Funding Committee to communicate to the Administration and Congress the shortfall in federal funding for state and local air agencies to implement the federally mandated core programs and monitoring, along with the consequences of reduced funding. NACAA would describe the need for funding at least equal to the FY 2012 appropriated amount, and the need for an increase of \$50 million for specific core work. NACAA would also recommend that funding for PM_{2.5} monitoring remain under Clean Air Act section 103 authority, rather than being moved to section 105 authority.

The Local Agency Group of Board Members approved the motion by a vote of five in favor, none opposed and no abstentions. The State Agency Group of Board Members approved the motion by a vote of eight in favor, none opposed and no abstentions.

IV. PM NAAQS Decision – Sunday, January 27, 2013

Tad Aburn (MD), Co-Chair of the NACAA Criteria Pollutants Committee, introduced the topic of EPA’s recent PM NAAQS regulatory decision, discussion of which was deferred from the previous day.

First, Dick Valentinetti (VT), Co-Chair of the NACAA Monitoring Committee, addressed the near-road monitoring provisions of the rule, explaining the phased timing of the near-road PM_{2.5} network and the relationship with the NO₂ near-road network. Dick also noted that the Monitoring Steering Committee has been discussing the possibility of some future monitoring “off ramps,” including, potentially, for PAMS.

Next, Nancy Kruger, Deputy Director of NACAA, apprised the Board of issues that the NACAA-EPA PM Implementation Workgroup has been discussing (e.g., NSR/PSD, designations, precursors) and indicated that the Workgroup would be seeking input from the full membership on these topics.

Finally, Tad discussed the recent (January 4, 2013) D.C. Circuit Court decision in which the court remanded to EPA the implementation rule and NSR implementation rule for the 1997 PM_{2.5} NAAQS because the agency had issued the rules under Clean Air Act Title I, Part D, Subpart 1 (general provisions) rather than Subpart 4 (specific to PM₁₀ nonattainment areas). This decision will have a number of implications including, among others, for NSR/PSD and the control of precursor emissions.

V. Enforcement – Saturday, January 26, 2013

Update on Air Facility System Modernization

Amy Royden-Bloom, NACAA Senior Staff Associate, provided an update on EPA's efforts to modernize the Air Facility System (AFS), the reporting system used by EPA to track federal, state and local enforcement efforts. She said that in response to concerns raised by NACAA members, EPA held a series of webinars on AFS modernization in December 2012 and January 2013. The main result of those webinars was to underscore state and local confusion and concern about EPA's existing reporting requirements, leading to NACAA's subsequent discussion with EPA on what the agency's underlying reporting requirements actually require, whether we agree with the requirements and what the underlying purpose of the requirements is. One of the policy documents driving reporting is the Federally Reportable Violations (FRV) policy, thus leading to NACAA's discussions with EPA on the FRV policy.

Review of Federally Reportable Violations Policy

Eddie Terrill (OK), Co-Chair of the NACAA Enforcement Committee, provided an update on NACAA's discussions with EPA on the Federally Reportable Violations (FRV) policy. Representatives of NACAA and EPA met on January 23, 2013, in Washington, DC, to discuss state and local concerns with the FRV policy as well as to review state and local agencies' current practices with regard to reporting FRVs. As a result of the meeting, EPA agreed to hold a series of calls to discuss five issues related to the FRV policy that require further discussion. In addition, EPA will schedule a webinar on the State Exchange Network, which will help connect state and local computer systems with the new AFS. These calls will be publicized through the NACAA Enforcement Committee and Eddie encouraged Board Members and Committee Chairs to make sure their agencies are involved in these discussions. Barry Wallerstein (Los Angeles, CA), suggested that the Committee involve Gina McCarthy in these discussions, since she is sensitive to potentially inaccurate data being released to the public.

VI. Global Warming – Saturday, January 26, 2013

Status of NSPS for EGUs (New Sources)

Amy Royden-Bloom provided an update on the status of the GHG NSPS for new sources. EPA issued the proposed rule on April 13, 2012, and under the Clean Air Act, EPA is required to finalize the NSPS within a year. She described why industry might be the most likely group to sue if EPA fails to finalize the NSPS by April 13, 2013.

Next Steps Under Section 111(d)

Larry Greene (Sacramento, CA), Co-Chair of the NACAA Global Warming Committee, noted that since EPA issued a carbon dioxide emissions standard for new power plants the agency is required under the Clean Air Act to issue GHG emissions guidelines for existing power plants. Furthermore, the parties that sued EPA and entered into a settlement agreement setting deadlines for action could return to court for court-ordered deadlines for EPA to proceed. Larry said that given that EPA will be coming out with emissions guidelines, and states will have to implement them, it makes sense for NACAA to think about what we would like to see in these emissions guidelines rather than just waiting for EPA's proposal and responding. Vince Hellwig (MI) noted that his state has been participating in a regional dialogue that includes utilities and environmental groups to talk about what they would like to see in a section 111(d) proposal. Larry said the Committee would work on drafting a set of principles or other type of guidance to EPA on section 111(d) and encouraged those attending to participate if interested.

VII. SIP Reform – Sunday, January 27, 2013

Nancy Kruger provided an update on the work of the NACAA-ECOS-EPA SIP Reform Workgroup indicating that the Workgroup was in the process of reviewing its original list of potential SIP process improvements and assessing and documenting the progress made on each. She also reported that two subgroups of NACAA members had been established to work with EPA staff on developing proposed approaches for addressing SIP technical and process issues as part of the PM Full-Cycle Analysis Process.

Nancy then explained that the SIP backlog is a fundamental SIP-related issue yet to be resolved. Bill Becker continued that as frustrations grow over the SIP backlog the issue is gaining increasing attention. He recommended that NACAA be more proactive in working with EPA to resolve the issue. Tad Aburn supported such an initiative. The group then engaged in a discussion of the SIP backlog problem noting inconsistencies from region to region. There was widespread agreement that NACAA should pursue an initiative with EPA, with a number of members expressing concern over a legislative "fix" that would provide for automatic approval of a SIP in the event of EPA inaction within a set amount of time.

VIII. Mobile Sources – Sunday, January 27, 2013

Nancy Seidman (MA), Co-Chair of the NACAA Mobile Sources and Fuels Committee, updated the group on the status of the Tier 3 vehicle and gasoline rule, noting that EPA has indicated its plan to propose the rule this quarter. NACAA also reminded members that NACAA sent a letter earlier in the week to the EPA Administrator urging proposal of the Tier 3 rule this winter and promulgation of the final rule by the end of 2013. The Board and Committee Chairs discussed the importance of the Tier 3 rule.

Nancy then mentioned that the Northeast states are working with EPA to try to get SIP credits for diesel initiatives and also that there is interest among Northeast states

in working on the next generation of vehicle Inspection and Maintenance (I/M). Nancy queried the group to see if there might be interest in NACAA working with EPA on the next generation of I/M. After discussion of the idea, it was agreed that NACAA would give further consideration to this issue.

Nancy Kruger then updated the group on the status of challenges to the North American Emission Control Area (ECA) under which oceangoing vessels within 200 nautical miles of the North American coastline are required, among other things, to use low-sulfur fuel. The first phase of the lower-sulfur fuel requirements took effect August 1, 2012; the second phase will take effect in 2015. The Cruise Lines International Association (CLIA) has opposed the ECA lower-sulfur fuel requirements and in the last Congress was actively seeking a legislative rider to allow for an alternative compliance option using a population-weighted average, which would undermine the ECA program significantly. CLIA is likely to continue to pursue a rider in this Congress. EPA has been working with various individual cruise and shipping lines to allow flexibility and will be seeking codification by the International Maritime Organization of a regional (versus by vessel) emissions reduction averaging scheme such as that which has been established with Royal Caribbean.

IX. Sneak Preview of NACAA Web Design – Sunday, January 27, 2013

Bill Becker made a presentation about the redesign of NACAA's public and private websites, showing sample pages illustrating how the sites will be organized and what features they will contain. The members reacted very positively and offered various suggestions for further enhancing the sites.

X. Interstate Transport Rule – Sunday, January 27, 2013

Tad Aburn reminded the group that the D.C. Circuit Court had denied EPA's request for a rehearing *en banc* of the CSPAR rule case and had ordered the implementation of CAIR until a valid replacement rule is in place. The court called upon EPA to advise upwind states of what their significant contribution is to downwind areas and what their emission reduction responsibilities are; it appears EPA may be coming out with proposal in this regard in the next month or so. The group discussed what role NACAA might play with respect to interstate transport.

XI. Critical Issues – Sunday, January 27, 2013

Dick Valentinetti (VT), Co-Chair of the NACAA Monitoring Committee, said that he was aware of an EPA staff recommendation for resolving the sulfur dioxide monitoring versus modeling issue. He described the proposal briefly. Vince Hellwig (MI), Co-Chair of the NACAA Air Toxics Committee, raised an issue with RICE engines at landfills that meet the carbon monoxide standard but exceed formaldehyde emissions limits, according to speciated data from source testing. John Paul (Dayton, OH) said that Ohio was proposing that, when demolishing houses, contractors need only be required to use Reasonably Available Control Measures to limit asbestos emissions rather than comply with asbestos remediation requirements, because of the costliness of the latter. Mark Asmundson (Mount Vernon, WA), noted that his agency has partnered with Puget Sound and the state of Washington to contract with a Stanford University professor who has developed an afterburner for woodburning devices that would

drastically reduce PM emissions at a minimal cost. Mike Dowd (VA) said that EPA's proposed draft quality standard for environmental data collection, production and use by external organizations could broadly apply to many air regulatory activities and ECOS was handling comments on it, which are due by February 11, 2013. Andy Ginsburg (OR) noted the fires in Oregon and Washington last summer and the need to engage with Federal Land Managers on dealing with forest health to reduce the risk of wildfires, in order to avoid these extremely hazardous air pollution events. That led to a discussion of the status of EPA's update of the fire policy.

XII. Approval of Minutes of 2012 Board of Directors and Committee Chairs Fall Meeting – Monday, January 28, 2013

The Board approved the minutes from the 2012 NACAA Fall Board of Directors and Committee Chairs Meeting in Stevenson, Washington. The Local Agency Group approved them by a vote of five in favor, none opposed and no abstentions and the State Agency Group by a vote of seven in favor, none opposed and one abstention.

XIII. Development of the Agenda for 2013 NACAA Spring Membership Meeting – Monday, January 28, 2013

The group discussed a list of possible sessions for the 2013 Spring Membership Meeting, to take place May 6-8, 2013 in St. Louis, Missouri (to be preceded by a Board of Directors Meeting on May 5, 2013). Board Members and Committee Chairs discussed a meeting agenda that could include sessions such as the following, among others: Face the Air Directors with the sitting Assistant Administrator of the EPA Office of Air and Radiation (OAR); the redesigned NACAA website; NAAQS implementation including, specifically, PM_{2.5} implementation; a panel of EPA OAR's Senior Management Team; the latest on global warming science and adaptation; enforcement; monitoring; regional haze progress reports; quantifying the air quality benefits of energy efficiency; the health effects of air pollution; and reports from multi-jurisdictional organizations about regional priorities and innovations. The members also discussed inviting outgoing EPA Administrator Lisa Jackson to speak at the meeting.

Following a discussion of possible topics, the group agreed that the NACAA staff should consult with the Presidents and Vice Presidents to determine the final agenda for the Spring Membership Meeting.

XIV. NACAA Finances – Monday, January 28, 2013

Financial Reports

Bill Becker reviewed the state of NACAA finances. NACAA currently has a surplus of funds. NACAA could try to obtain a no-cost extension to allow for spending the funds beyond September 30, 2013, but the funds would have to be used for a specific project. NACAA will more likely use the extra funds to subsidize meeting expenses prior to September 30, 2013, including the spring membership meeting, the summer board meeting and possibly the fall membership meeting. Bill also reported on the current Energy Foundation grant, which runs through September 30, 2013. He noted that the grant does not require NACAA to commit to any particular project or outcome. Bill also raised the idea of exploring different financial investment options that may have better returns than what NACAA currently owns but are still not risky

investments. He and Thomas Huynh (Philadelphia, PA), NACAA Co-Treasurer, will explore options and present them at the next board meeting.

Review of Audit

Bill Becker reviewed the results of NACAA's audit, which had been distributed electronically before the meeting, and reported that the audit was excellent and showed no material deficiencies.

XV. Update on Future Meeting Dates and Locations – Monday, January 28, 2013

Bill Becker advised the group that the 2013 Spring Membership Meeting would take place May 6-8, 2013 in St. Louis, with a Board and Committee Chairs Meeting on Sunday, May 5, 2013. The group then discussed the location for the 2013 Summer Board and Committee Chairs meeting and voted to hold it in New York City. The group also agreed that NACAA should pursue Baltimore as the location for the 2013 Fall Membership Meeting.

XVI. New Business – Monday, January 28, 2013

Barry Wallerstein (Los Angeles, CA), NACAA Co-President, requested that NACAA set up a meeting for the NACAA officers with the EPA Assistant Administrator. Bill Becker agreed to do so and also noted that NACAA would work to schedule a strategic planning session with top EPA staff, similar to sessions the association and EPA have held in the past.

XVII. Adjournment – Monday, January 28, 2013

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

FINAL AGENDA

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

January 25-28, 2013

**JW Marriott Orlando Grande Lakes
Orlando, Florida**

Friday, January 25, 2013

5:00 p.m. – 10:00 p.m. NACAA Hospitality Suite

Saturday, January 26, 2013

7:30 a.m. – 8:30 a.m. Breakfast

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

8:45 a.m. – 9:30 a.m. Feedback on NACAA Processes and Procedures

9:30 a.m. – 10:00 a.m. Funding Outlook
1. Latest on the “Fiscal Cliff”
2. Changes on the Appropriations Committees
3. NACAA Recommendations for FY 2014 Funding

10:00 a.m. – 10:15 a.m. Break

10:15 a.m. – 10:45 a.m. PM NAAQS Decision
1. Discussion of Near-Road Monitoring Provisions
2. Latest on PM Implementation Guidance
3. Other Issues

10:45 a.m. – 11:30 a.m. Enforcement
1. Update on Air Facility System Modernization
2. Review of Federally Reportable Violations Policy

11:30 a.m. – 12:15 p.m. Global Warming
1. Status of NSPS for EGUs (New Sources)
2. Next Steps under Section 111(d)

12:15 p.m. Lunch

Sunday, January 27, 2013

- 7:30 a.m. – 8:30 a.m. Breakfast
- 8:30 a.m. – 9:00 a.m. SIP Reform
1. NACAA/ECOS/EPA SIP Reform Workgroup
2. SIP Backlog
- 9:00 a.m. – 9:30 a.m. Mobile Sources
1. Update on Tier 3
2. Status of Emission Control Areas (ECAs)
- 9:30 a.m. – 10:15 a.m. Sneak Preview of NACAA Web Redesign
- 10:15 a.m. – 10:30 a.m. Break
- 10:30 a.m. – 11:00 a.m. Interstate Transport Rule
1. Update on EPA Rulemaking
2. Is There a Role for NACAA?
- 11:00 a.m. – Noon Critical Issues
- Noon Lunch

Monday, January 28, 2013

- 7:30 a.m. – 8:30 a.m. Breakfast
- 8:30 a.m. – 8:35 a.m. Approval of Minutes of 2012 Board of Directors and Committee Chairs Fall Meeting
- 8:35 a.m. – 9:30 a.m. Development of Agenda for 2013 NACAA Spring Membership Meeting
- 9:30 a.m. – 10:00 a.m. Break and Check-out
- 10:00 a.m. – 10:30 a.m. NACAA Finances
1. Financial Reports
2. Review of Audit
- 10:30 a.m. – 10:45 a.m. Update on Future Meeting Dates and Locations
- 10:45 a.m. – 11:00 a.m. New Business
- 11:00 a.m. Adjourn

NACAA BOARD OF DIRECTORS

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New York

*James Goldstene
California*

Barry Wallerstein
Los Angeles, CA

David Klemp
Montana

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Mark Asmundson
Mount Vernon, WA

*Bruce Andersen
Kansas City, KS*

Mike Bates
Arkansas

Rick Brunetti
Kansas

Anne Gobin
Connecticut

Italics = Not present at meeting

NACAA COMMITTEE CHAIRS

Agriculture Committee

Shelley Schneider (Nebraska)
Merlyn Hough (Springfield, OR)

Air Toxics Committee

Vince Hellwig (Michigan)
Bob Colby (Chattanooga, TN)

Criteria Pollutants Committee

Lynne Liddington (Knoxville, TN)
Tad Aburn (Maryland)

Emissions and Modeling Committee

David Thornton (Minnesota)
Jim Hodina (Cedar Rapids, IA)

Enforcement Committee

Eddie Terrill (Oklahoma)
Richard Stedman (Monterey, CA)

External Relations Committee

Dave Shaw (New York)
Vacant

Global Warming Committee

Stu Clark (Washington)
Larry Greene (Sacramento, CA)

Mobile Sources and Fuels Committee

Nancy Seidman (Massachusetts)
Barry Wallerstein (Los Angeles, CA)

Monitoring Committee

Dick Valentinetti (Vermont)
*Barbara Lee (Northern Sonoma
County, California)*

New Source Review Committee

Bill O'Sullivan (New Jersey)
John Paul (Dayton, OH)

Permitting Committee

Ursula Kramer (Tucson, AZ)
Jac Capp (Georgia)

Program Funding Committee

Andy Ginsburg (Oregon)
Bruce Andersen (Kansas City, KS)

Public Education and Communications Committee

Vacant
Vacant

Training Committee

Arturo Blanco (Houston, TX)
Mike Dowd (Virginia)

NACAA STAFF

Bill Becker

Executive Director

Nancy Kruger

Deputy Director

Mary Sullivan Douglas

Senior Staff Associate

Amy Royden-Bloom

Senior Staff Associate

Stephanie Cooper

Office Manager

Monique Faye

Administrative Assistant

Italics = Not present at this meeting