

**MEMORANDUM OF AGREEMENT
(MEMORANDUM)**

I. Parties

This Memorandum is entered into between the Texas Natural Resource Conservation Commission (TNRCC) and the City of Houston (Houston), collectively, the Parties, effective as of the date of the countersignature by Houston's Controller as set forth on the signature page hereto.

II. Intent and Purpose

The intent of this Memorandum is to memorialize the agreement between Houston and the TNRCC to reduce emissions of oxides of nitrogen (NO_x) at the Houston Airport System. Houston is assisting the airlines in obtaining an overall ninety percent (90%) reduction of NO_x emissions of ground support equipment by agreeing to provide emission reductions from other sources at the Houston Airport System in an amount necessary to cover the difference between the ninety percent (90%) required by the TNRCC and the seventy-five percent (75%) proposed by the airlines. The Parties enter into this Memorandum for the purpose of making Houston's reduction in emissions of nitrogen oxides (NO_x) a part of the Texas State Implementation Plan ("SIP").

III. Definitions

As used in this Memorandum, the following terms have the meanings given below:

- (A) "EPA" shall mean the United States Environmental Protection Agency.
- (B) Ground Support Equipment or GSE shall mean equipment that is used to service

aircraft during passenger, baggage and/or cargo loading and unloading, maintenance, and other ground-based operations as identified in the SIP.

(C) **AHouston Airport System** shall mean all real property, facilities, fixtures, and personal property whether owned by Houston or another entity, leased by Houston or another entity or otherwise located on, maintaining a presence on or in any way operating (including but not limited to contractors, commercial operators and off-airport operators such as hotel and parking facilities) on or within the boundaries of George Bush Intercontinental Airport/Houston, William P. Hobby Airport, Ellington Field, and any other future facility acquired by Houston.

(D) "TPD" shall mean tons per day.

IV. Background

(A) The eight (8) county region of the Houston/Galveston area has been designated as a severe non-attainment area for ozone by the EPA.

(B) Under Section 110 of the Federal Clean Air Act, 42 U.S.C. ' 7410, each state that has a non-attainment area must submit a plan to the EPA demonstrating strategies to come into compliance with the National Ambient Air Quality Standards ("NAAQS").

(C) Section 110 of the Federal Clean Air Act, 42 U.S.C. ' 7410 also requires Texas to submit to the EPA for approval any SIP revisions and to demonstrate that such SIP revisions will assist the Houston/Galveston non-attainment area in reaching the NAAQS.

(D) The Houston Airport System consists of one or more sources as defined in Tex. Health & Safety Code ' 382.003(12).

(E) TNRCC has calculated that the projected total 2007 NO_x emissions from GSE for the Houston/Galveston nonattainment area is 5.650 tpd.

(F) On August 9, 2000, the Executive Director of the TNRCC presented a proposed SIP to the TNRCC Commission for consideration. The proposed SIP includes a ninety percent (90%) reduction of NO_x emissions from GSE. In order to reduce GSE emissions by ninety percent (90%), there must be a reduction of 5.085 tpd of NO_x in the non-attainment area.

V. Obligations of Parties

(A) Houston agrees as follows:

In accordance with the terms of this Memorandum, Houston agrees to implement strategies to obtain reductions in the NO_x emissions at the Houston Airport System by December 31, 2004. Houston agrees that the amount of NO_x emissions reductions that Houston is responsible for achieving at the Houston Airport System is 1.809 tpd. Houston agrees to submit to the Executive Director of the TNRCC by May 1, 2002, its plan to achieve this reduction.

The emission reduction plan submitted by Houston must demonstrate in sufficient detail the strategies that will be in place by December 31, 2004, to achieve the required amount of 1.809 tpd reductions in emissions of NO_x at the Houston Airport System. Houston may choose (but is not required) to make reductions from the following strategies:

1. consolidation of rental car facilities and common bussing system;
2. consolidated employee parking lot and busses;
3. cleaner busses for the City economy lot;

4. a pilot program for fuel cell technology; and
5. voluntary reductions of GSE emissions by various operators at the Houston Airport System with support by Houston for infrastructure.

In lieu of Houston's implementation of one or more of the strategies described above, Houston may propose one or more alternative strategies, subject to approval by the TNRCC. Houston may also comply with all or any part of its commitments through the use of NOx emission control measures which have been achieved elsewhere within the nonattainment area, or the purchase of NOx emission reduction credits or offsets, as long as such actions are creditable pursuant to the TNRCC Emissions Banking Program as defined in 30 TAC ' 101.29, or successor regulations, and Houston can reasonably demonstrate that such measures have resulted in NOx emission reductions at least equal to those required or expected from the commitment being substituted. The emission reduction plan and alternative strategies will be approved, provided the emissions reductions or the effect on the environment from such alternative strategies will achieve a reduction of 1.809 tpd in NOx emissions at the Houston Airport System, and the potential strategies set forth above and the alternative strategies are not duplicative of strategies relied upon in the most recent SIP approved by the TNRCC as of the date which that strategy is included in the emission reduction plan submitted by Houston. Houston may submit this plan anytime after January 1, 2001 in order to ensure that strategies are not duplicative. The plan may be revised to include alternative strategies which would then be evaluated using the SIP existing at the time of the revision. If Houston elects to propose an alternative strategy, it will submit to the TNRCC

Executive Director all information reasonably necessary to evaluate and approve the alternative strategy as part of its reduction plan, which approval shall not be unreasonably withheld.

(B) TNRCC agrees as follows:

The TNRCC agrees to support this Memorandum as a revision to the SIP and to recommend that the Governor submit it as such to the EPA.

The TNRCC will not require Houston to regulate the activities of entities that use the Houston Airport System.

VI. Term

The term of this Memorandum shall begin on the date of the countersignature by Houston's Controller and shall expire on December 31, 2007 unless sooner terminated by mutual written consent of both Parties.

VII. Miscellaneous

This Memorandum represents the entire agreement between the TNRCC and Houston and supersedes all other agreements, understandings or commitments, written or oral relative to the subject matter of this Memorandum.

This Memorandum may not be amended or modified except pursuant to a mutual written agreement executed by each of the Parties.

This Memorandum shall be governed by and interpreted in accordance with the laws of the State of Texas, without giving effect to the conflicts laws thereof.

Both Parties represent they have authority to enter into this Memorandum, including the authority granted in the Texas Government Code Chapter 791, Interlocal Cooperation Contracts, and upon approval of the TNRCC Commission and Houston's governing body, it will be binding on both Parties.

In Witness Whereof, TNRCC and Houston, by their authorized officers, have made and executed this Memorandum in multiple copies, each of which is deemed an original.

Texas Natural Resource Conservation Commission
"TNRCC"

By: _____
Name: Jeffrey A. Saitas, P.E.
Title: Executive Director

City of Houston, Texas
"Houston"

By: _____
Mayor

APPROVED:

Director, Department of Aviation

APPROVED AS TO FORM:

Sr. Assistant City Attorney
LD File No.0040000179001

ATTEST/SEAL

City Secretary

COUNTERSIGNED:

Houston's City Controller

DATE COUNTERSIGNED:

PASSED AND APPROVED at the regular meeting of the Texas Natural Resource Conservation Commission on _____.

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

For the Commission