

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
Meeting Date: August 15, 2023

Request to Approve an Interagency Agreement with the California Air Resources Board (“CARB”) Regarding the California Capital Access Zero-Emission Heavy-Duty Vehicle (ZEHDV) Air Quality Loan Program

Prepared by: *Doreen Smith*

Summary. The California Pollution Control Financing Authority (“CPCFA”) requests to enter into an Interagency Agreement (“IA”) with the California Air Resources Board (“CARB”) under the California Capital Access Loan Program (“CalCAP”) to provide Independent Contributions to CPCFA in its role as administrator and operator of CARB’s Zero-Emission Heavy-Duty Vehicle Air Quality Loan Program. This item seeks Board approval to approve Interagency Agreement Number 18MSC, between CPCFA and CARB in the amount of \$5 Million.

Background. The Governor’s Executive Order N-79-20 required 100 percent of sales of new passenger vehicles and trucks, all drayage trucks, off-road vehicles and equipment to be zero-emission by 2035 where feasible, and all other vehicles in the medium- and heavy-duty fleet to be zero-emission by 2045 where feasible. SB 372 was approved by the Governor in the fall of 2021. The bill directs CARB to develop the Medium- and Heavy-Duty Zero-Emission Vehicle Fleet Purchasing Assistance Program to make financial tools and non-financial supports available to the operators of medium- and heavy-duty vehicle fleets to fully enable the transition of their fleets to ZEVs. To meet the goals of the bill, CARB has created the Zero-Emission Heavy-Duty Vehicle Air Quality Loan Program (ZEHDV Air Quality Loan Program), in partnership with the CPCFA, to provide financial assistance to owners of zero-emission heavy-duty vehicles. This program builds on the original HDV Air Quality Loan Program which began in April 2009 and was implemented by CPCFA to specifically provide financial assistance to owners of heavy-duty vehicles affected by the CARB’s Statewide In-Use Truck and Bus Regulation and the Heavy-Duty Vehicle Greenhouse Gas Emission Reduction Regulation.

Funding was approved for the new Zero-Emission Truck Loan Pilot Project at the November 17, 2022 CARB Board meeting as part of the Fiscal Year 2022-23 Funding Plan. The new funding came from the Greenhouse Gas Reduction Fund.

Current Request. CPCFA and CARB are seeking approval of an Interagency Agreement to administer the CARB Zero-Emission Heavy-Duty Vehicle Air Quality Loan Program. The proposed Interagency Agreement No.18MSC is attached as Exhibit A.

Staff Recommendation. Staff recommends the approval of Resolution No. 23-02-001 to authorize the Executive Director or Deputy Executive Director to execute the Interagency Agreement CARB 18MSC in the amount of \$5 Million.

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY AUTHORIZING
THE EXECUTIVE DIRECTOR OR DEPUTY EXECUTIVE DIRECTOR TO
EXECUTE INTERAGENCY AGREEMENT 18MSC WITH THE CALIFORNIA AIR
RESOURCES BOARD**

August 15, 2023

WHEREAS, the California Pollution Control Financing Authority (“Authority”) was created under the provisions of the California Pollution Control Financing Authority Act (Division 27 (commencing with Section 44500) of the Health and Safety Code); and

WHEREAS, Section 44522(c) of the Health and Safety Code provides that the Authority is authorized to “do all things generally necessary or convenient to carry out its powers and the purposes”; and

WHEREAS, Section 44519 of the Health and Safety Code provides that the Authority may employ an Executive Director and any other persons as are necessary to enable it to properly perform the duties imposed upon the Authority by the California Pollution Control Financing Authority Act, and the Authority may delegate to the Executive Director the power to enter into contracts on its behalf; and

WHEREAS, the California Capital Access Loan Program (“CalCAP”) is administered by the Authority, as established in Article 8 (commencing with Section 44559) of Chapter 1 of Division 27 of the Health and Safety Code, with the Legislature finding and declaring, “Better access to capital will allow small businesses to more easily comply with environmental mandates, and to remediate contamination of properties with a reasonable potential of economically beneficial reuse, and to succeed economically, generating additional revenue to state and local governments that can be used for environmental improvements, all to the benefit of all the residents of the state”; and

WHEREAS, the Authority desires to enter into Interagency Agreement 18MSC with the California Air Resources Board (“CARB”) to utilize \$5 million in funding for a loan loss reserve program called the Zero-Emission Heavy-Duty Vehicle Air Quality Loan Program to specifically provide financial assistance to owners of zero-emission vehicles affected by the CARB’s Truck and Bus Regulation; and

WHEREAS, pursuant to Interagency Agreement 18MSC, the Authority provides CARB all the services it normally provides to Independent Contributors in the role as administrator of CalCAP, and other services specified in Interagency Agreement 18MSC in support of the Zero-Emission Heavy-Duty Vehicle Air Quality Loan Program.

NOW, THEREFORE, BE IT RESOLVED, by the California Pollution Control Financing Authority the following:

Section 1. The Executive Director and Deputy Executive Director of the Authority are hereby authorized to prepare, enter into, and execute Interagency Agreement 18MSCA with the California Air Resources Board, the total amount not to exceed \$5 Million, for the Authority to administer the Zero-Emission Heavy-Duty Vehicle Air Quality Loan Program, a loan loss reserve program through the California Capital Access Loan Program.

Attachment A

EXHIBIT A SCOPE OF WORK

PURPOSE

The California Pollution Control Financing Authority (“CPCFA” or “Contractor” or “Authority”) agrees to approve the California Air Resources Board (“CARB”) as an Independent Contributor under the California Capital Access Program (“CalCAP”) to provide CARB all the services CPCFA provides to Independent Contributors in CPCFA’s role as administrator and operator of CalCAP’s loan loss reserve credit support programs (4 CCR § 8078.22 through 8078.28), and other services specified in this Agreement.

In consideration of the above, CARB agrees to participate in CalCAP as an Independent Contributor, to commit up to \$5,000,000.00 (\$5 million dollars) to CalCAP, and to perform all the duties and services normally performed by Independent Contributors to CalCAP, except where specified in this Agreement.

A. ACRONYMS AND DEFINITIONS

List of Acronyms

1. CARB - California Air Resources Board
2. CalCAP - California Capital Access Program, administered by CPCFA
3. CPCFA - California Pollution Control Financing Authority
4. ZEHDV Air Quality Loan Program - Zero-Emission Heavy-Duty Vehicle Air Quality Loan Program
5. HDV - Heavy-Duty Vehicle Air Quality Loan Program
6. MWDVBE - Minority, Women, Disabled Veteran Business Enterprise
7. STO - State Treasurer’s Office

List of Definitions

1. Administrator – CPCFA as administrator of the CalCAP
2. Claims – Claims by lenders for loan defaults
3. Cost Account – The account CPCFA will use to reimburse itself for the administrative cost incurred in the administration of the ZEHDV Air Quality Loan Program
4. Independent Contributor – For the purposes of this Interagency Agreement, CARB is the independent contributor (4 CCR § 8078)
5. Interest Sweep - The transfer of interest earnings on an account and deposited to another account
6. Loan Loss Reserve - An account created specific to each individual participating lender and funded by CARB, for the sole purpose of paying qualifying claims on defaulted loans enrolled in the ZEHDV Air Quality Loan Program and any claims outstanding from the ZEHDV Air Quality Loan Program
7. Participating Financial Institution - Lender participating in the program
8. Premium – The fees used to fund the loan loss reserve accounts
9. Previous Loan Loss Reserve Accounts – The loan loss reserve accounts established for the lender under previous CARB/CPCFA loan loss reserve programs
10. Requests for Payment - Invoices to CARB requesting reimbursement for costs and expenses incurred by CPCFA and the Trustee in the administration of the ZEHDV Air Quality Loan Program

B. MISSION OF THE ADMINISTRATOR AND INDEPENDENT CONTRIBUTOR

The mission of CARB is to promote and protect public health, welfare, and ecological resources through

EXHIBIT A SCOPE OF WORK

the effective and efficient reduction of air pollutants while recognizing and considering the effects on the economy of the State. The Governor's Executive Order N-79-20 required 100 percent of sales of new passenger vehicles and trucks, all drayage trucks, off-road vehicles and equipment to be zero-emission by 2035 where feasible, and all other vehicles in the medium- and heavy-duty fleet to be zero-emission by 2045 where feasible. SB 372 was approved by the Governor in the fall of 2021. The bill directs CARB to develop the Medium- and Heavy-Duty Zero-Emission Vehicle Fleet Purchasing Assistance Program with CPCFA, to make financial tools and non-financial supports available to the operators of medium- and heavy-duty vehicle fleets to fully enable the transition of their fleets to ZEVs. To these ends and to fit the larger goals of the bill, CARB has created the Zero-Emission Heavy-Duty Vehicle Air Quality Loan Program (ZEHDV Air Quality Loan Program or the Program), in partnership with the CPCFA, to provide financial assistance to owners of zero-emission heavy-duty vehicles. This program builds on the original HDV Air Quality Loan Program which began in April 2009 and was implemented by CPCFA to specifically provide financial assistance to owners of heavy-duty vehicles affected by the CARB's Statewide In-Use Truck and Bus Regulation and the Heavy-Duty Vehicle Greenhouse Gas Emission Reduction Regulation.

Funding was approved for the new Zero-Emission Truck Loan Pilot Project at the November 17, 2022 CARB Board meeting as part of the Fiscal Year 2022-23 Funding Plan. The new funding came from the Greenhouse Gas Reduction Fund.

CPCFA is committed to stimulating local economies in California by delivering innovative financing support for projects that protect and restore the environment and making capital more accessible to small businesses. CPCFA administers CalCAP, authorized by HSC § 44559 et. seq., which encourages banks and other financial institutions to make loans to small businesses. CalCAP administers a loan loss reserve financing program, a form of "loan portfolio insurance" that provides up to 100 percent coverage to participating financial institutions on certain enrolled loan defaults. The success of the ZEHDV Air Quality Loan Program will be due in part to the CalCAP lenders that agree to participate in the program statewide.

C. THE ROLE OF THE INDEPENDENT CONTRIBUTOR IN THE CALCAP PROGRAM

Health and Safety Code section 44559.2(a), allows third-party entities to participate in CalCAP as "Independent Contributors" to CalCAP lenders' loan loss reserve accounts, thereby contributing the premium costs on behalf of the borrower, the lender, and CPCFA. Requirements for participation as an Independent Contributor in CalCAP are found in 4 C.C.R. § 8078 (Participation in the Program by Certain Public or Private Entities) which, enables CPCFA to permit any individual, company, corporation, institution, utility, government agency or other entity to become an Independent Contributor in CalCAP, making possible the collaboration with CARB to aid lenders with financing new, cleaner-emission heavy-duty trucks and buses. Additionally, HSC § 44559.12, authorizes CalCAP to allow lenders to enroll Terminal Rental Adjustment Clause (TRAC) leases, in addition to loans, in CalCAP's Independent Contributor program.

Loan Loss Reserve Premiums/Funding: For implementation of the ZEHDV Air Quality Loan Program, CARB, as an Independent Contributor to CalCAP, shall contribute the loan loss reserve account premiums each time a loan is enrolled in the ZEHDV Air Quality Loan Program.

Lender and Borrower Fees: To incentivize participation in the ZEHDV Air Quality Loan Program, for each lender CARB will waive the fees to the lender and borrower and shall be the source of funding to the lender's loan loss reserve account in an amount equal to 25 percent of a borrower's enrolled loan amount each time a loan is enrolled in the ZEHDV Air Quality Loan Program.

EXHIBIT A SCOPE OF WORK

Contribution Changes: In consultation with CPCFA, the Executive Officer of CARB may direct that the premium contribution schedule be adjusted, however, the premium contributions for each enrolled loan may be no less than 4 percent of the borrower's enrolled loan amount and no more than 25 percent. Such adjustments shall take into account program objectives including maximizing available program funding and increasing participation by lenders and borrowers in the ZEHDV Air Quality Loan Program throughout California. Any such change to the premium contribution schedule shall be enacted by written memorandum from the Executive Officer of CARB.

Previous Loan Loss Reserve Accounts: Participating lenders may also utilize the same loan loss reserve accounts established and maintained, either by the participating lender or the Trustee, under previous Interagency Agreements 08-607, 13-606, or 18MSC004 (and any subsequent amendments), for the purpose of the HDV Air Quality Loan Program and/or the ZEHDV Air Quality Loan Program.

D. PROGRAM STRUCTURE

As the Independent Contributor, CARB requests the following ZEHDV Air Quality Loan Program characteristics:

1. **Maximum eligible fleet size:** twenty (20) vehicles;
2. **Maximum interest rate a lender may charge:** twenty (20) percent annual percentage yield (APY);
3. **Refinances:** Refinancing of existing loans to be enrolled in the Program are allowed;
4. **Warranty & Maintenance Plans:** Allow the financing of equipment warranty and maintenance plans, when funded with the purchase of an eligible truck;
5. **Maximum eligible fleet size exemption:** Non-profit organizations, may have more than 20 vehicles, however must satisfy all other requirements of the CalCAP and ZEHDV Air Quality Loan Programs;
6. Limiting eligibility of enrollment in the Program to financing of vehicles registered in California, substantiated by the California Department of Motor Vehicles registration;
7. **Borrower Certifications:** CARB and CPCFA will require the borrower to complete the *ZEHDV Air Quality Loan Program Borrower Eligibility Criteria and Self-Certification Form* (Exhibit A, Attachment 1 - Borrower Certification). The purpose of the Borrower Certification is for each borrower to certify that the small business meets specified requirements of both CalCAP and CARB's program parameters prioritized by AQIP and SB 359. Any subsequent modifications to the Borrower Form must be agreed to in writing by CARB and CPCFA.
 - a. The Borrower Certification contains the lender's certification that it has adhered to all of its responsibilities and collected all loan enrollment documentation required by the CalCAP regulations.
 - b. CPCFA shall require the lender to submit the completed Borrower Certification, on behalf of the borrower, to CPCFA for review.
 - c. CPCFA shall be responsible for review of the Borrower Certification and shall respond to a lender's request for loan enrollment within fifteen (15) working days from receipt of the lender's request.
 - d. CPCFA shall bear no responsibilities for verification of information submitted by the Borrower on the Borrower Certification.
8. **Loan Enrollment:** CPCFA will enroll qualified loans in the ZEHDV Air Quality Loan Program under CalCAP (4 CCR § 8078.24) unless questions regarding eligibility arise during the review process. If questions arise or if a loan is determined to be ineligible, CPCFA will contact the lender as per CalCAP regulations.

EXHIBIT A SCOPE OF WORK

- a. CARB understands that CPCFA has no role in underwriting loans. Loan approval is made solely by the lender. CPCFA's role is limited to approving the enrollment of loans into the ZEHDV Air Quality Loan Program under CalCAP.
9. **Claims:** In the event a qualified loan defaults, the lender can contact CPCFA as per program regulations (4 CCR § 8078.26) and CalCAP regulations (4 CCR § 8074). The lender can be reimbursed (for up to 100% of the principal loss) from the lender's loan loss reserve account. If questions arise, or if a claim is determined to be ineligible, CPCFA will contact the lender as per CalCAP regulations. Claim approval is solely made by CPCFA.
10. **Lender Audits:** Per 4 CCR § 8071(a)(9), CPCFA conducts lender audits that may be in person and/or electronically and include but are not limited to:
 - a. an official request of loan, program, and borrower related documents from the Lender;
 - b. CalCAP staff visiting the Lender onsite to review the documents they are required to retain;
 - c. reviewing the documents against a checklist; and
 - d. drafting and routing a summary for CPCFA Executive Director review.
11. **Program Modifications:** To ensure a sustainable ZEHDV Air Quality Loan Program, CPCFA may consider, in consultation with lenders, financial advisors, and other stakeholders, other program modifications, including whether or not to charge the lender and borrower a fee for each loan enrolled in the CalCAP for Small Business Program. These changes would be adopted either by subsequent amendment to this Agreement or by rulemaking promulgated by the Authority under its CalCAP regulations.

E. AGREEMENT TERM

The term of the Agreement shall commence on January 1, 2024, through June 30, 2027, unless sooner terminated by either party giving of 30 days written notice to the Contract Managers of intent to terminate this Agreement.

F. PROGRAM FUNDING

CARB will provide funds in an amount of up to \$5,000,000.00 (Five million dollars) to CPCFA.

1. During the CARB's participation in CalCAP under this Agreement, the CARB's entire liability shall not exceed the total amount paid into all loan loss reserve accounts over the course of this Agreement or an amount not to exceed \$5,000,000.00 (Five million dollars).

G. SELECTION OF TRUSTEE

CPCFA shall select and appoint a Trustee, which CARB will utilize to disburse and receive program and loans funds from borrowers, lenders, CARB, and CPCFA.

H. TRUSTEE ACCOUNTS

CPCFA has established two CARB-designated accounts with its Trustee Bank through this Agreement 18MSC00. CARB may request the return of uncommitted CARB funds from CARB's Program and/or Cost Accounts at any time for CPCFA's failure to meet the terms and conditions of this Agreement.

1. **CARB Program Account:** an interest-bearing CARB Program Account to provide funds for the premium contributions to the lenders' CARB loan loss reserve accounts.

EXHIBIT A SCOPE OF WORK

- a. Interest earned on the Program Account will be swept into the CARB Cost Account prior to transfer to a lender's CARB loan loss reserve account.
2. **CARB Cost Account:** an interest-bearing CARB Cost Account used to reimburse for services provided by the Trustee related to maintaining the CARB Program and Cost Accounts and CPCFA for costs and expenses incurred as the ZEHDV Air Quality Loan Program Administrator. Interest generated from funds held in the CARB Cost Account shall remain in the CARB Cost Account.
 - a. **Deposits** into the CARB Cost Account shall come from:
 - i. depositing ten (10) percent of each transmittal of funds from CARB; and
 - ii. CPCFA's authorized collection of interest earned on each lender's CARB loan loss reserve account and interest earned on funds held in the CARB Program Account prior to transfer to a lender's CARB loan loss reserve account.
 - b. **Withdrawal of funds:** CARB shall authorize CPCFA to withdraw funds from the CARB Cost Account, upon receipt of quarterly Requests for Payment (See Exhibit B, Attachment 1), in an amount not to exceed ten (10) percent of the total funds provided to CPCFA under this Agreement, to cover Trustee costs and CPCFA's Administrative costs.
 - c. **Marketing, Outreach, and Travel Costs** will be included with and submitted on the quarterly Requests for Payment and may be in excess of ten (10) percent Trustee and Administrative costs but shall not exceed \$5,000.00 (Five thousand dollars) per quarter without prior written consent from CARB. Unused funds shall remain under the authority of the CARB.
 - i. Marketing and outreach includes any work to engage current and/or additional lenders such as conferences, roundtables, lender training, industry events, etc.
 - ii. Travel includes any travel required to fulfill the scope of services included herein and in service to the marketing and outreach efforts.
3. **Trustee Accounts Reporting:** In order to reconcile expenditures by the end of the Agreement term, CPCFA shall provide CARB a report on unused funds, including interest, in the Trustee maintained CARB Program Account and the CARB Cost Account three (3) months prior to the end of the Agreement.
4. **Remaining Funds:** CPCFA and CARB agree that funds (including interest) that have not been transferred to a lender's CARB loan loss reserve account, or have not been used to cover costs related to maintaining the Trustee accounts, CPCFA costs for administration of the ZEHDV Air Quality Loan Program, or travel and marketing costs will remain in the respective account at the Trustee until CARB requests transfer to another designated account for ZEHDV air quality loan or successor programs, or requests the return of the funds.

I. LOAN LOSS RESERVE ACCOUNTS

CPCFA shall require lenders to maintain CARB loan loss reserve accounts for the purpose of the ZEHDV Air Quality Loan Program separate from CPCFA's other CalCAP loan loss reserve accounts except as otherwise permitted above in item C (Previous Loan Loss Reserve Accounts).

1. The CARB loan loss reserve accounts for the ZEHDV Air Quality Loan Program may be held at

EXHIBIT A SCOPE OF WORK

either the participating lender or at the Trustee, based on standard CalCAP practices authorized by CPCFA.

2. **Previous Loan Loss Reserve Accounts:** Participating lenders may also utilize the same loan loss reserve accounts established and maintained, either by the participating lender or the Trustee, under previous Interagency Agreements 08-607, 13-606, or 18MSC004 (and any subsequent amendments), for the purpose of the HDV Air Quality Loan Program and/or the ZEHDV Air Quality Loan Program.
3. **Liability:** During CARB's participation in CalCAP under this Agreement, the CARB's liability under the program to any person or entity shall not exceed premium contributions paid by CPCFA on behalf of CARB into any single lender's loan loss reserve account. With regard to loan loss reserve accounts CPCFA holds no liability to any person or entity under this agreement.
4. **Lender Loan Loss Reserve Accounts:** After a lender has enrolled an eligible loan in the program, CPCFA shall approve the transfer of funds from the CARB Program Account to a lender's CARB loan loss reserve account to cover the eligible premiums.
 - a. Interest collected from each lender's CARB loan loss reserve account through CPCFA's authorized collection procedures shall be deposited, at a minimum, annually in the CARB Cost Account maintained by the Trustee.
5. **The Last Loan Repaid:** Premium contributions funded by CARB in lenders' loan loss reserve accounts made under this Agreement shall be returned to CARB, or, at CARB's discretion and/or direction, held in one of the two CARB-designated accounts at the Trustee, once all loans guaranteed by the loan loss reserve account have been repaid.

J. REPORTING

1. **Borrower Certification:** CPCFA shall make available to CARB, upon request, all copies of the Borrower Certifications, subject to the allowable use and disclosure provision in Section L below. CPCFA will collect all other loan enrollment data on the Borrower Certification, not included in the monthly reporting below.
2. **Monthly Reporting:** CPCFA shall provide monthly reports on loans enrolled in the ZEHDV Air Quality Loan Program to CARB. The report will be provided in the form of a spreadsheet, submitted to CARB electronically, include a document signed by CPCFA's Executive Director stating that to the best of his/her knowledge the information contained in the reports is complete and accurate and include the following information:
 - a. **Per Loan:**
 - i. Borrower's city;
 - ii. Borrower's county;
 - iii. Borrower's zip code;
 - iv. CalCAP loan number;
 - v. Date enrolled;
 - vi. Type of loan;
 - vii. Interest rate;
 - viii. Maturity date of loan;
 - ix. Percentage and dollar amount of the premium contribution;

EXHIBIT A SCOPE OF WORK

- x. Type of business;
- xi. Borrower's three-year average annual revenue;
- xii. Number of employees; and
- xiii. MWDVBE information.

b. Program Totals:

- i. Number of loans and Terminal Rental Adjustment Clause Leases (TRAC Leases) enrolled in CalCAP (monthly activity and cumulative activity);
 - ii. Dollar amount transferred into each lender's CARB loan loss reserve account including adjustments;
 - iii. Total dollar amount of fund transfers to or from CARB Program Account and the date of such fund transfers;
 - iv. Dollar amounts, including applicable interest in or out of the CARB Program Account;
 - v. Interest deposits into the CalCAP/CARB Cost Account;
 - vi. Information for each claim including enrolled loan amount, dollar amount paid from lender's CARB loan loss reserve account;
 - vii. Project information from the Borrower Form, Section III;
3. **Quarterly Reporting:** The report will be provided in the form of a spreadsheet, submitted to CARB electronically, include a document signed by CPCFA's Executive Director stating that to the best of his/her knowledge the information contained in the reports is complete and accurate and include administrative costs related to management of CARB-designated accounts and by CPCFA for administration of the ZEHDV Air Quality Loan Program.
4. **Annual Reporting:** In addition to the monthly reports described above, CARB shall coordinate with CPCFA to prepare any summary or annual reports that may be required as a result of program implementation.

K. AUDITING

CARB reserves the right to audit CPCFA's implementation of the ZEHDV Air Quality Loan Program. Such audits shall be limited to the records, data, and other information CPCFA is required to collect from borrowers and lenders pursuant the Agreement.

L. INFORMATION PRACTICES ACT OF 1977

CARB and CPCFA acknowledge that certain personal information of individual borrowers is protected under the California Information Practices Act of 1977 (CIPA), Civil Code § 1798 et seq., and that the maintenance and dissemination of such information is subject to strict limits. CPCFA shall require lenders to provide each borrower a copy of the Privacy Notice (Exhibit A, Attachment 2) which identifies CPCFA as the responsible agency under CIPA. If and when CARB requests copies of the Borrower Form pursuant to Sections J(1) & (2) above that includes personal information, CARB and CPCFA shall first execute a nondisclosure agreement that specifies the purpose for which the information is to be used, any foreseeable disclosures of such information, and the notice, maintenance and safeguard procedures that CARB will implement to ensure compliance with Government Code section 1798.18 – 1798.22.

M. MARKETING AND OUTREACH

EXHIBIT A
SCOPE OF WORK

As described in H.2.c. (Marketing, Outreach, and Travel Costs), CPCFA and CARB shall coordinate to market the ZEHDV Air Quality Loan Program throughout California to secure lenders to serve the trucking sector and to educate heavy-duty truck owners, truck dealers, and equipment vendors on the program.

**EXHIBIT A
 SCOPE OF WORK**

N. CONTRACT REPRESENTATIVES

The Project Managers during the term of this Agreement will be:

Requesting Agency: CARB	Providing Agency: State Treasurer's Office
Section/Unit: Mobile Source Control Division	Section/Unit: CPCFA
Name: Eric Patton	Name: Doreen Smith
Address: 1001 I Street, 5 th Floor Sacramento, CA 95814	Address: 901 P Street Sacramento, CA 95814
Phone: (279) 208-7483	Phone: (916) 653-3993
Email: Eric.Patton@arb.ca.gov	Email: Doreen.Smith@treasurer.ca.gov

Direct all Administrative inquiries to:

Requesting Agency: CARB	Providing Agency: State Treasurer's Office
Section/Unit: Mobile Source Control Division	Section/Unit: CPCFA
Attention: Eric Patton	Attention: Nicholas Montalvo
Address: 1001 I Street, 5 th Floor Sacramento, CA 95814	Address: 901 P Street Sacramento, CA 95814
Phone: (279) 208-7483	Phone: (916) 653-3993
Email: Eric.Patton@arb.ca.gov	Email: Nicholas.Montalvo@treasurer.ca.gov

Direct all inquiries to the Administrative Representatives.

The parties may change their Contract Representative(s) upon providing ten (10) days written notice to the other party's Contract Representative(s). The notifying party shall provide complete contact information for the replacement Contract Representative(s) to include the information provided above.

EXHIBIT A, ATTACHMENT 1 – BORROWER CERTIFICATION

Borrower Name: _____
Lender/Participating
Financial Institution: _____ Lender Loan No.: _____

HEAVY-DUTY VEHICLE AIR QUALITY LOAN PROGRAM (ZEHDV AIR QUALITY LOAN PROGRAM) BORROWER ELIGIBILITY CRITERIA AND SELF-CERTIFICATION FORM

The undersigned Borrower hereby applies to the California Pollution Control Financing Authority (CPCFA) for funds to pay the Borrower's premium for participation in the CPCFA's California Capital Access Program (CalCAP). The lender will submit this form with the CalCAP CARB Programs Loan Enrollment Form to CPCFA at:

California Pollution Control Financing Authority (CPCFA)
Attention: California Capital Access Program (CalCAP)
P.O. Box 942809, Sacramento, CA 95814
Fax: (916) 589-2805
For assistance, lenders please call CPCFA staff at (916) 654-5610.

SECTION I: ZEHDV AIR QUALITY LOAN PROGRAM ELIGIBILITY

By initialing on each line below, Borrower certifies to eligibility under the ZEHDV Air Quality Loan Program.

Borrower will use the program only to purchase on-road heavy duty vehicles and equipment for compliance with the California Air Resources Board's (CARB) [Statewide In-Use Truck and Bus Regulation](#) (California Code of Regulations, title 13, Section 2025), and CARB's [Advanced Clean Fleets Regulation](#).

Eligible purchases with loan proceeds include:

- New zero-emission medium- and heavy-duty trucks;
- Equipment Warranty, when funded with the purchase of an eligible truck; and
- The engines must be electric, hydrogen refueling or other zero-emission technology.

(a) _____

Borrower certifies that his/her fleet has 20 or fewer on-road vehicles subject to the Regulations referenced in the above statement or is a non-profit entity that meets all other CalCAP and ZEHDV Air Quality Loan Programs requirements.

Consistent with fleet reporting requirements in California Code of Regulations, Title 13, Section 2025, the Borrower shall include vehicles whether or not they are registered, and include vehicles registered as non-operating. In Section III, the Borrower shall provide the total number of on-road heavy-duty vehicles in his/her fleet subject to the Regulation. *(Non-profit organizations may have more than 20 vehicles but must satisfy all other requirements of the CalCAP and ZEHDV Air Quality Loan Programs).*

(b) _____

Borrower has submitted a public attestation online at: CAZEVLaborLawcompliance.org that they are in full compliance with all labor laws and other conditions as required by Assembly Bill 794 (Statutes of 2021).

(c) _____

SECTION II: GRANTS OR VOUCHERS

By initialing either (a) (b), or (c) below, Borrower certifies that either (a) (b), or (c) is true and correct. **If Borrower has not received a CARB grant or is not approved for the voucher listed below, DO NOT INITIAL ANY OF THE STATEMENTS.**

Borrower certifies that he/she has received a grant through CARB's Proposition 1B Goods Movement Emission Reduction Program for the vehicle(s) being financed.

(a) _____

Borrower certifies that he/she has received a grant through the CARB's Carl Moyer Program On-Road Heavy-Duty Vehicle Voucher Incentive Program (VIP) for the vehicle(s) being financed.

(b) _____

Borrower certifies that he/she is approved for a voucher for CARB's Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) to purchase or lease a hybrid or zero-emission truck or bus.

(c) _____

CONTINUED

EXHIBIT A, ATTACHMENT 1 – BORROWER CERTIFICATION

Borrower Name: _____
Lender/Participating
Financial Institution: _____ Lender Loan No.: _____

SECTION III: CALCAP ELIGIBILITY

By initialing on each line below, Borrower certifies to eligibility under the CalCAP.

- (a) _____ Borrower is a qualified business as defined in the CalCAP regulations (California Code of Regulations, Title 4, Section 8078.22.)
- (b) _____ Borrower obtained a loan that is for a vehicle registered in California with the Department of Motor Vehicles.
- (c) _____ Borrower agrees to allow the participating financial institution to provide information from financial records of the Borrower upon request of the Executive Director of CPCFA.
- (d) _____ Borrower has no legal, beneficial, or equitable interest in the fees or the contribution.
- (e) _____ Borrower does not have a total enrolled principal amount in excess of \$2,500,000 at any CalCAP participating financial institution over a three (3) year period.
- (f) _____ Borrower has secured or made application for all applicable licenses or permits needed to conduct its business.
- (g) _____ Borrower has received CPCFA's CalCAP/CARB Privacy Notice dated December 5, 2018.
- (h) _____ Borrower is not: an executive officer, director, or principal shareholder of the lender/ participating financial institution; a member of the immediate family of those individuals; or a related interest of those individuals.

**EXHIBIT A, ATTACHMENT 1 – BORROWER CERTIFICATION
 CONTINUED**

SECTION IV: VEHICLE INFORMATION

By initialing below, the Borrower certifies that each statement is true and correct.

(a) _____ Borrower certifies that the qualified business meets state and federal requirements to operate in California.

(b) _____ Borrower agrees to allow CARB staff or its designee to inspect the affected vehicle.

(c) _____ The Borrower must provide the applicable information in the table below, including the engine manufacturer and model year of a truck that is replaced with a truck purchased with loan proceeds.

Additional Information for Completion by the Borrower				
Fleet Size^a				
For Truck Purchases				
For truck purchased, state the GVWR^b:				
	Vehicle Manufacturer	Vehicle Model Year	Motor kWh	Technology/ Fuel Type ^c
New Vehicle Purchase				
	Engine Manufacture	Engine Model Year	Engine horsepower	Fuel Type
Replaced Truck (if purchase is to replace a conventional truck)				
For Trailer Purchases^d				
	Trailer Manufacturer	Trailer Model Year	SmartWay Certified? (Y)es or (N)o	
Trailer				

^a The Borrower shall write in the total number (example: 8) of on-road vehicles subject to the Regulations referenced in the beginning of this form, in his or her fleet.

^b Information about Gross Vehicle Weight Rating (GVWR) is available at <http://www.arb.ca.gov/msprog/truckstop/azregs/labels.htm>.

^c Fuel Codes: D-Diesel, E-Electric, H-Hydrogen Fuel Cell, N-Natural Gas, Q-Hybrid, P-Propane

^d Trailers may be eligible for financing ONLY in conjunction with the purchase of an eligible tractor.

 (Business Name)

The undersigned declares under penalty of perjury, under the laws of the State of California, that all statements and responses made in this self-certification are true and correct, with full knowledge that all statements and responses are subject to investigation and that any incomplete, unclear, false, or dishonest response may be grounds for Borrower's disqualification in the ZEHDV Air Quality Loan Program and may also result in Borrower being barred from participating in any other California-sponsored or other state programs, or from doing business with the State of California. The Borrower acknowledges, understands and accepts that by providing or making any false statements or providing false information, the Borrower may be in a violation of the California False Claims Act (Government Code Section 12650 et. seq.).

 (Print Individual's Name)

 (Individual's Title as it pertains to the business)

 (Individual's Signature)

 (Date)

 (Business Address, City, State, Zip Code)

 (Phone Number)

CPCFA USE ONLY	

 (CPCFA Review: Signature and Date)

**EXHIBIT B
BUDGET DETAIL AND PAYMENT PROVISIONS**

1. BUDGET CONTINGENCY CLAUSE

- A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.
- B. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an agreement amendment to Contractor to reflect the reduced amount.

2. PROMPT PAYMENT CLAUSE

- A. Costs for this Agreement shall be computed in accordance with State Administrative Manual Sections 8752 and 8752.1.
- B. Nothing herein contained shall preclude advance payments pursuant to Article 1, Chapter 3, Part 1, Division 3, and Title 2 of the Government Code of the State of California.

3. ADMINISTRATIVE COSTS

- A. Upon approval of this agreement, CalCAP is authorized to charge for administrative costs. These costs will include program initiation and implementation, maintaining files, correspondence with the Trustee and the participating lenders and processing claims. CPCFA will record staff hours devoted to working on this Program and will bill CARB for actual staff hours worked at an hourly rate CPCFA determines at the beginning of each fiscal year. Administrative costs billed to the Cost Account will not exceed the available balance in the Cost Account.
- B. Requests for Payment: CPCFA shall submit Request for Payment (See Exhibit B, Attachment 1) for services rendered under this agreement.
 - a. Shall be submitted no more than quarterly.
 - b. May not exceed ten (10) percent total funds provided to CPCFA under this Agreement.
 - c. Upon receipt of Requests for Payment, CARB shall authorize CPCFA to withdraw funds from the CARB Cost Account
 - d. Marketing, Outreach, and Travel costs will be submitted on the Requests for Payment and not included in the calculation of the ten (10) percent, however, shall not exceed \$5,000.00 (Five thousand dollars) per quarter without prior written consent from CARB.
- C.

4. ZEHDV AIR QUALITY LOAN PROGRAM FUNDING

- A. **FUNDING DISBURSEMENT/TRANSFER FOR \$5,000,000.00 (Five million dollars)**

EXHIBIT B BUDGET DETAIL AND PAYMENT PROVISIONS

CARB will transfer the amount of \$5,000,000.00 \$5,000,000.00 (Five million dollars) to CPCFA upon signing of this Interagency Agreement by both parties and upon receipt of an Invoice(s) for Fund Transfer from CPCFA. For accounting purposes, all Invoices for Fund Transfer will contain the following accounting codes: **PCA Code: 80008; Source Code: 2999000; Controller Fund #: 0930.001.**

All fund transfers to CPCFA shall occur before June 30, 2027.

B. TRUSTEE ACCOUNTS

As described in Exhibit A, Section H (Trustee Accounts) CPCFA will deposit the funds in accounts established at its Trustee Bank.

C. SBAF LOAN

In the event of a temporary shortfall in revenue precluding full disbursement from CARB to CPCFA prior to June 30, 2027, upon written request by CARB's Executive Officer, CPCFA in its discretion may agree to a bridge loan of funds from its Small Business Assistance Fund (SBAF) into an interest-bearing CARB SBAF Loan Account established at the Trustee Bank.

1. The maximum outstanding balance of the loan shall not exceed \$5,000,000 (Five million dollars).
2. This will be a zero-interest loan.
3. All monies loaned by CPCFA to the ZEHDV Air Quality Loan Program will be repaid first in full by the CARB when funds become available.
4. Interest earned on the funds in the CARB SBAF Loan Account shall be repaid to CPCFA on a quarterly basis.

D. TRUSTEE ACCOUNT REPORTING

As detailed in Exhibit A., I.3. (Trustee Account Reporting) in order to reconcile expenditures by the end of the Interagency Agreement term, CPCFA shall provide CARB a report on unused funds, including interest, in the CARB Program Account and in the CARB Cost Account maintained by the Trustee three (3) months prior to the end of this Interagency Agreement.

E. HDV AQL PROGRAM FUNDS

When Interagency Agreement Number 18MSC is terminated, CPCFA and CARB agree that funds previously transferred to CPCFA under Interagency Agreement Number 18MSC, including interest, that have not been transferred to a lenders CARB loan loss reserve account, or have not been used to cover costs related to maintaining the CARB Program Accounts or CPCFA costs for administration of the HDV AQL Program under Interagency Agreement Number 18MSC may be used for the purpose of the ZEHDV Air Quality Loan Program described in the Scope of Work (Exhibit A) in this Agreement. CPCFA and CARB anticipate executing an amendment to this HDV AQL Program Agreement to increase the maximum amount of this Agreement, so that the funds previously transferred under Interagency Agreement Number 18MSC can be transferred for use under this Agreement.