

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
Meeting Date: March 19, 2024**

**Request to Approve an Interagency Agreement with the California Energy Commission (CEC) Regarding the California Capital Access Zero-Emission Heavy-Duty Infrastructure Loan Pilot Project (ZEHDI Project)**

Prepared by: *Doreen Smith*

**Summary.** The California Pollution Control Financing Authority (CPCFA) requests approval to enter into an Interagency Agreement with the California Energy Commission (CEC) under the California Capital Access Loan Program (CalCAP) to administer CEC's Zero-Emission Heavy-Duty Infrastructure Loan Pilot Project (ZEHDI Project). This item seeks board approval to approve Interagency Agreement Number 600-23-008 between CPCFA and CEC in the amount of \$5 million.

**Background.** In support of California's climate change policy goals, the CEC agrees to participate in CalCAP as an Independent Contributor, and to commit up to \$5.0 million to CalCAP to support the ZEHDI Project loan loss reserve program. CEC and CPCFA expect the ZEHDI project to assist in the expansion of California's electric vehicle charging infrastructure. The CPCFA shall establish the Project under its existing CalCAP program framework, with the cooperation and assistance of the CEC. The Project shall offer loan loss reserve contributions as a credit enhancement to participating financial institutions that enroll qualified loans.

Funding for the ZEHDI Project will be transferred from CEC's Clean Transportation Program to support CPCFA's efforts in developing, implementing, and administering the Project. The proposed Interagency Agreement was approved at the CEC's Business Meeting on February 14, 2024.

**Current Request.** CPCFA and CEC are seeking approval of an Interagency Agreement to administer the CEC Zero-Emission Heavy-Duty Infrastructure Loan Pilot Project (ZEHDI Project). The proposed Interagency Agreement No. 600-23-008 is attached as Exhibit A.

**Staff Recommendation.** Staff recommends the approval of Resolution No. 24-02-002 to authorize the Executive Director or Deputy Executive Director to execute Interagency Agreement 600-23-008 in the amount of \$5 million.

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
AUTHORIZING THE EXECUTIVE DIRECTOR OR DEPUTY EXECUTIVE  
DIRECTOR TO EXECUTE INTERAGENCY AGREEMENT 600-23-008 WITH  
THE CALIFORNIA ENERGY COMMISSION**

**March 19, 2024**

**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 600-23-008 with the California Energy Commission (CEC) to utilize \$5 million in funding for a loan loss reserve program called the Zero-Emission Heavy-Duty Infrastructure Loan Pilot Project (ZEHDI Project); and

**WHEREAS**, pursuant to Interagency Agreement 600-23-008, the Authority provides CEC all the services it normally provides to Independent Contributors in the role as administrator of CalCAP, and other services specified in Interagency Agreement 600-23-008 in support of the Zero-Emission Heavy-Duty Infrastructure Loan Pilot Project (ZEHDI Project).

**Agenda Item 4.A.**  
**Resolution No. 24-02-002**

**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 600-23-008 with the California Energy Commission for the Authority to administer the Zero-Emission Heavy-Duty Infrastructure Loan Pilot Project (ZEHDI Project), a loan loss reserve program through the California Capital Access Loan Program.

## EXHIBIT A SCOPE OF WORK

### PURPOSE

The California Pollution Control Financing Authority (CPCFA or Authority) and the California Energy Commission (CEC) (the Party or Parties) will enter into an agreement under the California Capital Access Program (CalCAP). The CEC will enroll in CalCAP as an Independent Contributor and the CPCFA will provide to the CEC all the services the CPCFA provides to Independent Contributors in CPCFA's role as administrator and operator of CalCAP's loan loss reserve credit support programs.

This Interagency Agreement (Agreement) will support the Zero-Emission Heavy-Duty Infrastructure Loan Pilot Project (ZEHDI Project or Project) help expand California's electric vehicle charging and hydrogen fueling infrastructure installation consistent with California's climate change policy goals that are consistent with the respective goals of the CPCFA and the CEC.

The CEC has established the Project, and the purpose of this Agreement is for CPCFA to implement and administer the Project under its existing CalCAP program framework. The Project shall offer loan loss reserve contributions as a credit enhancement to participating financial institutions that enroll qualified loans. Following the Budget (Attachment B to this Interagency Agreement), the CEC will transfer funds to the CPCFA from the Clean Transportation Program to support the CPCFA's efforts in developing, managing, implementing, overseeing, and administering the Project.

In consideration of the above, the CEC agrees to participate in CalCAP as an Independent Contributor, to commit up to \$5.0 million to CalCAP; and CPCFA will administer the Project to fund installation of electric vehicle and hydrogen fueling infrastructure.

### A. ACRONYMS AND DEFINITIONS

#### List of Acronyms

Term/ Acronym	Definition
CalCAP	California Capital Access Program
CAM	Commission Agreement Manager
CAO	Commission Agreement Officer
CARB	California Air Resources Board
CEC	California Energy Commission
CPCFA	California Pollution Control Financing Authority
CPR	Critical Project Review

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<b>Term/ Acronym</b>	<b>Definition</b>
CTP	Clean Transportation Program
EVSE	Electric Vehicle Supply Equipment, also known as “chargers”
FTD	Fuels and Transportation Division
MDHD	Medium-Duty and Heavy-Duty
MWDVBE	Minority, Woman or Disabled Veteran Business Enterprise
ZEHDI	Zero-Emission Heavy-Duty Infrastructure

**List of Definitions**

Administrator	CPCFA as administrator of the CalCAP
Claims	Requests by Participating Financial Institutions for coverage for loan defaults under the LLR accounts
Charger	One component of the larger charging station which drivers will interact with. The charger is where the charging connectors are located and may include a display screen and the payment interface
Charging Port	The system within a charger that charges one electric vehicle. A charging port may have multiple connectors, but it can only provide power to charge only one electric vehicle through one connector at a time.
Independent Contributor	Please refer to Cal. Code Regs., tit. 4, sect. 8070(h).
Loan Loss Reserve Account	An account created specific to each individual Participating Financial Institution and funded by the CEC, for the sole purpose of paying qualifying claims on defaulted loans enrolled in the Project and any claims outstanding from the Project
Medium-Duty and Heavy-Duty	A vehicle with a gross vehicle weight rating of more than 8,600 pounds and include vans, buses, and trucks
Participating Financial Institution	A Financial Institution, as defined by Cal. Code Regs., tit. 4, section 8070(g), that has been approved by the Authority to enroll Qualified Loans in the Program and has agreed to all terms and conditions set forth in the Law and this Article and as may be required by any applicable federal law providing matching funding.

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Parties	CEC and CPCFA
Premium	The fees used to fund the loan loss reserve accounts
Previous Loan Loss Reserve Accounts	The loan loss reserve accounts established for the Participating Financial Institution under previous CEC/CPCFA loan loss reserve programs
Program Trustee	A bank or trust company chosen by the Authority from time to time to hold or administer some or all of the Loan Loss Reserve Accounts

\*Please refer to Cal. Code Regs., tit. 4, section 8070 for additional definitions.

**B. BACKGROUND**

CPCFA's role as administrator and operator of CalCAP's loan loss reserve credit support programs is authorized by the California Health and Safety Code (HSC) section 44559 *et seq.* and CalCAP regulations as authorized in 4 CCR § 8070-8079 and HSC section 43018.9(f).

The Warren-Alquist Act established the CEC in 1974. As the state's primary energy policy and planning agency, the CEC is committed to reducing energy costs, curtailing greenhouse gas emissions, and ensuring a safe, resilient, and reliable supply of energy, creating the energy system of California's future through activities such as planning and policy development, renewable energy growth, energy efficiency, energy innovation, and cleaner transportation.

Assembly Bill (AB) 118 (Núñez, Chapter 750, Statutes of 2007) created the Clean Transportation Program. The statute authorizes the CEC to develop and deploy alternative and renewable fuels and advanced transportation technologies to help attain the state's climate change policies. AB 126 (Reyes, Chapter 319, Statutes of 2023) re-authorized the Clean Transportation Program through July 1, 2035, and specified that the CEC allocate no less than 15 percent of the moneys appropriated by the Legislature each year to hydrogen fueling stations to support hydrogen vehicles until there is a sufficient network of stations, which includes all types available, until July 1, 2030.

The Clean Transportation Program has an annual budget of about \$100 million and has provided financial support for projects that:

- Reduce California's use and dependence on petroleum transportation fuels and increase the use of alternative and renewable fuels and advanced vehicle technologies.
- Produce sustainable alternative and renewable low-carbon fuels in California.
- Expand alternative fueling infrastructure and fueling stations.
- Improve the efficiency, performance, and market viability of alternative light-, medium-, and heavy-duty vehicle technologies.

## EXHIBIT A SCOPE OF WORK

- Retrofit medium-duty and heavy-duty (MDHD) on-road and non-road vehicle fleets to alternative technologies or fuel use.
- Expand the alternative fueling infrastructure available to existing fleets, public transit, and transportation corridors.
- Establish workforce training programs and conduct public outreach on the benefits of alternative transportation fuels and vehicle technologies.

The Governor's Executive Order N-79-20 requires 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 MDHD fleet to be zero-emission by 2045, where feasible.

In partnership with CARB's Zero-Emission Heavy-Duty Vehicle (ZEHDV) Air Quality Loan Program, the CEC has established the ZEHDV Project, which will assist the state in meeting the goals of N-79-20.

### C. PROBLEM STATEMENT

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 Project will be due in part to the CalCAP Participating Financial Institutions that agree to participate in the program statewide.

CEC funding of the loan loss reserve will provide financial security that will encourage Participating Financial Institutions to provide loans for the construction of zero-emission MDHD fueling infrastructure.

### D. ADMINISTRATIVE TASKS

Cal. Code Regs., tit. 4, sect. 8070(h) defines Independent Contributors. Requirements for participation as an Independent Contributor in CalCAP are found in 4 CCR § 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 the CEC to aid Participating Financial Institutions with financing the purchase and installation of new, fueling infrastructure for zero-emission MDHD vehicles.

The Parties agree that by executing this Agreement and performing the duties described

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herein, the CEC will have satisfied the requirements of an Independent Contributor as specified in California Code of Regulations, Title 4, section 8078.

### **CEC tasks:**

For implementation of the Project, the CEC, as an Independent Contributor to CalCAP, shall contribute to the loan loss reserve account premiums each time a loan is enrolled in the Project, up to \$5,000,000, which is inclusive of any administrative, marketing, outreach, and other costs specified in this Agreement.

### **CPCFA tasks:**

CPCFA will implement the Project, with the following characteristics:

1. **Maximum eligible fleet size:** twenty (20) vehicles;
2. **Maximum eligible fleet size exemption:** Non-profit organizations and public agencies, may have more than 20 vehicles; however, they must satisfy all other requirements of the CalCAP and Projects;
3. **Maximum number of charging ports or hydrogen nozzles to be installed:** twenty (20) charging ports, twenty (20) hydrogen nozzles, or twenty (20) total of both;
4. **Eligible equipment costs:** Eligible acquisitions with loan proceeds include the following. Acquisitions not listed may be eligible on a case-by-case basis with prior CEC approval:
  - a. New electric charging and/or hydrogen fueling equipment capable of supporting zero-emission MDHD vehicles and/or equipment, including taxes and shipping;
  - b. Acquisition of supply equipment, electric panel or grid improvements (if not paid for by the relevant electric utility), materials and supplies (including conduit and construction materials), required signage, and hardware and software necessary for fully operational charging stations;
  - c. Labor to install fully operational charging stations or hydrogen stations; and
  - d. Equipment Warranty, with the purchase of eligible equipment, not to include extended warranties (those exceeding three (3) years).
5. **Maximum interest rate a Participating Financial Institution may charge:** twenty (20) percent annual percentage yield (APY);
6. **Refinances:** Refinancing of existing loans to be enrolled in the program may be considered if for zero-emission vehicle infrastructure installation;
7. **Warranty & Maintenance Plans:** Allow the financing of equipment warranty and maintenance plans, when funded with the purchase of eligible infrastructure, not to include extended warranties beyond three years);



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8. **Eligibility of Enrollment:** Limit eligibility of enrollment in the Project to the financing of zero-emission vehicle charging and/or hydrogen fueling infrastructure at California site locations to support the deployment of zero-emission MDHD vehicles registered in California, substantiated by the California Department of Motor Vehicles (CA DMV) registration (proof of purchase of a MDHD zero-emission vehicle or proof of CA DMV registration for MDHD zero-emission vehicle shall be provided).
9. **Borrower Certifications:** CPCFA will require the borrower to complete the *Zero-Emission Heavy-Duty Infrastructure Loan Pilot Project (ZEHDI Project) 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 business meets specified requirements of both CalCAP.
  - a. The Borrower Certification contains the Participating Financial Institution'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 Participating Financial Institution 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 Participating Financial Institution's request for loan enrollment within fifteen (15) working days from receipt of the Participating Financial Institution's request.
  - d. CPCFA shall bear no responsibilities for verification of information submitted by the Borrower on the Borrower Certification.
10. **Loan Enrollment:** CPCFA will enroll qualified loans in the Project under CalCAP regulations (4 CCR § 8078) 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 Participating Financial Institution as per CalCAP regulations.
  - a. CEC understands that CPCFA has no role in underwriting loans. Loan approval is made solely by the Participating Financial Institution. CPCFA's role is limited to approving the enrollment of loans into the Project under CalCAP.
11. **Claims:** In the event a qualified loan defaults, the Participating Financial Institution can contact CPCFA as per program regulations CalCAP regulations (4 CCR § 8074). The Participating Financial Institution can be reimbursed (for up to 100 percent of the principal loss) from the Participating Financial Institution's loan loss reserve account. If questions arise, or if a claim is determined to be ineligible, CPCFA will contact the Participating Financial Institution as per CalCAP regulations. Claim approval is solely made by CPCFA.
12. **Participating Financial Institution Audits:** Per 4 CCR § 8071, CPCFA conducts Participating Financial Institution audits that may be in person and/or electronically and include, but are not limited to:

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- a. an official request of loan, project, and borrower related documents from the Participating Financial Institution;
- b. CalCAP staff visiting the Participating Financial Institution 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.

Additional audit provisions are contained in the GIA-610 and Exhibit C.

13. **Project Modifications:** To ensure a sustainable Project, CPCFA may consider, in consultation with Participating Financial Institutions, financial advisors, and other stakeholders, other program modifications, including whether or not to charge the Participating Financial Institution 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 this Agreement shall commence when both Parties execute this Agreement through June 30, 2027.

### F. MUTUAL INDEMNITY

CPCFA and CEC agree to compensate the other Party for losses arising out of this Agreement to the extent those losses are caused by the indemnifying party's breach of contract. The Parties agree that this indemnification clause satisfies the requirements of California Code of Regulations, Title 4, Section 8078(a)(3).

### G. WAIVER OF REIMBURSEMENT SPECIFIED IN CALIFORNIA CODE OF REGULATIONS, TITLE 4, SECTION 8078(a)(6)

Apart from the amount specified in this Agreement's Exhibit B, Budget, for administrative costs, CPCFA hereby waives CEC's reimbursement of CPCFA for any reasonable costs related to the Independent Contributor's participation in the program.

Further, CPCFA agrees that if funding under this Agreement is not adequate to complete the tasks specified in this SOW, it will complete the work specified herein at its own expense.

### H. PROGRAM FUNDING

CEC will provide funds in an amount of up to \$5.0 million to CPCFA.

### I. SELECTION OF PROGRAM TRUSTEE

## EXHIBIT A SCOPE OF WORK

CPCFA shall, in accordance with state contracting rules, select and appoint a Program Trustee, which CPCFA will use to receive and disburse loan loss reserve funds, consistent with the Project requirements.

### J. PROGRAM TRUSTEE ACCOUNTS

CPCFA will establish two CEC-designated accounts with its Program Trustee through this agreement. The CEC may request the return of uncommitted CEC funds from the CEC's program and/or cost accounts at any time for CPCFA's failure to meet the terms and conditions of this Agreement.

1. **CEC Project Account:** an interest-bearing CEC Project Account to provide funds for the premium contributions to the Participating Financial Institutions' CEC loan loss reserve accounts.
  - a. Interest earned on the Project Account will be swept into the CEC Cost Account prior to transfer to a Participating Financial Institution's CEC loan loss reserve account.
2. **CEC Cost Account:** an interest-bearing CEC Cost Account used to reimburse for services provided by the Program Trustee related to maintaining the CEC Project and Cost Accounts and CPCFA for costs and expenses incurred as the Project Administrator. Interest generated from funds held in the CEC Cost Account shall remain in the CEC Cost Account.
  - a. **Deposits** into the CEC Cost Account shall come from:
    - i. Depositing ten (10) percent of each transmittal of funds from the CEC; and
    - ii. CPCFA's authorized collection of interest earned on each Participating Financial Institution's CEC loan loss reserve account and interest earned on funds held in the CEC Project Account prior to transfer to a Participating Financial Institution's CEC loan loss reserve account.
  - b. **Withdrawal of funds:** The CEC shall authorize CPCFA to withdraw funds from the CEC Cost Account, upon receipt of quarterly Invoice Payment Requests, in an amount not to exceed ten (10) percent of the total funds provided to CPCFA under this Agreement, to cover Program Trustee costs and CPCFA's Administrative costs.
  - c. **Marketing, Outreach, and Travel Costs** will be included with and submitted on the quarterly Invoice Payment Request and may be in excess of ten (10) percent Program Trustee and Administrative costs but shall not exceed \$5,000.00 (Five thousand dollars) per quarter without prior written consent from the CEC. Unused funds shall remain under the authority of the CEC.

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Please refer to Exhibit B-Budget Details and Payment Provisions for more details.

- i. Marketing and outreach includes any work to engage current and/or additional Participating Financial Institutions 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. **Program Trustee Accounts Reporting:** In order to reconcile expenditures by the end of the Agreement term, CPCFA shall provide the CEC a report on unused funds, including interest, in the Program Trustee maintained CEC Project Account and the CEC Cost Account three (3) months prior to the end of the Agreement.
4. **Remaining Funds:** CPCFA and the CEC agree that funds (including interest) that have not been transferred to a Participating Financial Institution's CEC loan loss reserve account, or have not been used to cover costs related to maintaining the Program Trustee accounts, CPCFA costs for administration of the Project, or travel and marketing costs will remain in the respective account at the Program Trustee until the last loan has been administered and CEC requests transfer to another designated account for the ZEHDl project or successor programs, or requests the return of the funds.

### K. LOAN LOSS RESERVE ACCOUNTS

CPCFA shall require Participating Financial Institutions to maintain the CEC loan loss reserve accounts for the purpose of the Project 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 CEC loan loss reserve accounts for the Project may be held at either the Participating Financial Institution or at the Program Trustee, based on standard CalCAP practices authorized by CPCFA.
2. **Previous Loan Loss Reserve Accounts:** Participating Participating Financial Institutions may also utilize the same loan loss reserve accounts established and maintained, either by the Participating Financial Institution or the Program 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 Project.
3. **Liability:** During the CEC's participation in CalCAP under this Agreement, the CEC's liability under the program to any person or entity shall not exceed premium contributions paid by CPCFA on behalf of the CEC into any single Participating

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Financial Institution's loan loss reserve account, and in no case shall CEC's liability exceed \$5,000,000.

4. **Participating Financial Institution Loan Loss Reserve Accounts:** After a Participating Financial Institution has enrolled an eligible loan in the program, CPCFA shall approve the transfer of funds from the CEC Project Account to a Participating Financial Institution's CEC loan loss reserve account to cover the eligible premiums.
  - a. Interest collected from each Participating Financial Institution's CEC loan loss reserve account through CPCFA's authorized collection procedures shall be deposited, at a minimum, annually in the CEC Cost Account maintained by the Program Trustee.
5. **The Last Loan Administered:** Premium contributions funded by the CEC in Participating Financial Institutions' loan loss reserve accounts made under this Agreement shall be returned to the CEC, or, at the CEC's discretion and/or direction, held in one of the two CEC-designated accounts at the Program Trustee, once all loans guaranteed by the loan loss reserve account have been administered.

## L. REPORTING

1. **Borrower Certification:** CPCFA shall make available to the CEC, 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 Project to the CEC. The reports will be provided in the form of a spreadsheet, submitted to the CEC electronically, including a document signed by CPCFA's Executive Director stating that to the best of his/her knowledge the information contained in the report is complete and accurate and include the following information:
  - a. **Per Loan:**
    - i. Borrower's site address where zero-emission infrastructure will be installed;
    - ii. Borrower's city;
    - iii. Borrower's zip code;
    - iv. Borrower's county;
    - v. CalCAP loan number;
    - vi. Date enrolled;

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- vii. Type of loan;
  - viii. Interest rate;
  - ix. Maturity date of loan;
  - x. Percentage and dollar amount of the premium contribution;
  - xi. Type of business;
  - xii. Borrower's three-year average annual revenue;
  - xiii. Number of employees; and
  - xiv. Minority, Woman or Disabled Veteran Business Enterprise (MWDVBE) information.
- b. **Project 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 Participating Financial Institution's CEC loan loss reserve account including adjustments;
  - iii. Total dollar amount of fund transfers to or from the CEC Project Account and the date of such fund transfers;
  - iv. Dollar amounts, including applicable interest in or out of the CEC Project Account;
  - v. Interest deposits into the CalCAP/CEC Cost Account;
  - vi. Information for each claim including enrolled loan amount, dollar amount paid from Participating Financial Institution's CEC loan loss reserve account;
  - vii. Project information from the Borrower Form, Section IV;
3. **Quarterly Reporting:** The quarterly report will be provided in the form of a spreadsheet, submitted to the CEC 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 CEC-designated accounts and by CPCFA for administration of the Project.

**Per Loan:**

- i. Number, type, date, and location of chargers or hydrogen fueling stations installed.
- ii. Nameplate capacity of the installed equipment, in kiloWatt (kW) for chargers and kilogram per day (kg/day) for hydrogen.
- iii. Number and type of charging ports per charger.
- iv. Location type, such as street, parking lot, hotel, restaurant, or multi-unit housing.
- v. Total cost per charger or fueling station, the subsidy from the CEC per charger or fueling station, federal subsidy per charger or fueling station, utility subsidy per charger or fueling station, and privately funded share

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per charger or fueling station.

4. **Annual Reporting:** In addition to the monthly reports described above, the CEC shall coordinate with CPCFA to prepare any summary or annual reports that may be required as a result of program implementation.

**M. MARKETING AND OUTREACH**

As described in H.2.c. (Marketing, Outreach, and Travel Costs), CPCFA shall market the Project throughout California to secure Participating Financial Institutions to serve the trucking sector and to educate MDHD vehicle owners, vehicle dealers, and equipment vendors on the program.

**N. CONTRACT REPRESENTATIVES**

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

Requesting Agency: CEC	Providing Agency: State Treasurer's Office
Division: Fuels and Transportation Division	Section/Unit: CPCFA
Name: Marc Perry	Name: Doreen Smith
Address: 715 P Street MS-27 Sacramento, CA 95814	Address: P.O. BOX 942809 Sacramento, CA 95814
Phone: (916) 931-9424	Phone: (916) 654-5610
Email: <a href="mailto:Marc.Perry@energy.ca.gov">Marc.Perry@energy.ca.gov</a>	Email: <a href="mailto:Doreen.Smith@treasurer.ca.gov">Doreen.Smith@treasurer.ca.gov</a>

**Direct all Administrative inquiries to:**

Requesting Agency: CEC	Providing Agency: State Treasurer's Office
Division: Fuels and Transportation Division	Section/Unit: CPCFA
Attention: Marc Perry	Attention: Melissa Foster
Address: 715 P Street MS-27 Sacramento, CA 95814	Address: P.O. BOX 942809 Sacramento, CA 95814
Phone: (916) 931-9424	Phone: (916) 654-5610
Email: <a href="mailto:Marc.Perry@energy.ca.gov">Marc.Perry@energy.ca.gov</a>	Email: <a href="mailto:calcap@treasurer.ca.gov">calcap@treasurer.ca.gov</a>

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.

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### **TASKS**

- A. The CEC shall be solely responsible for Task 1.2.
- B. The CPCFA shall be solely responsible for Tasks 1.1, 2, 3, 5, 6, and 7.
- C. The CEC and CPCFA shall be jointly responsible for Task 4.
- D. The parties shall cooperate with each other as necessary and appropriate to ensure the satisfactory performance of each Task.

### **TASK 1 (CEC AND CPCFA): PROJECT FUNDING**

The goal of this task is to establish a funding source for the Project.

#### **Task 1.1 (CPCFA): Initial Project Invoicing**

The CPCFA shall prepare and submit an invoice to the CEC in the amount of \$5.0 million for purposes of beginning the Project.

##### **Product Due:**

- Invoice requesting \$5.0 million

#### **Task 1.2 (CEC): Disbursement of Project Funds**

Upon receipt of the invoice described in Task 1.1 from the CPCFA, the CEC shall disburse the amount of \$5.0 million from available Clean Transportation Program funds to the CPCFA in accordance with the terms of this Agreement. The CPCFA shall report on receipt of all disbursements as specified in the status reports prepared under Task 4.2.

##### **Product Due:**

- Remit \$5.0 million dollars to the CPCFA

### **TASK 2 (CPCFA) FINANCIAL MANAGEMENT OF THE PROJECT**

This task describes the flow and management of Project funds.

#### **Task 2.1: Establishment of the CEC Project Account and CEC Cost Account**

At all times throughout this agreement, the CPCFA shall maintain a valid services agreement with a Program Trustee to hold and manage Project funds consistent with this agreement.

Upon receipt of the first disbursement from the CEC, the CPCFA shall establish two CEC-designated accounts with its Program Trustee: 1) an interest-bearing CEC Project Account to provide funds for the loan loss reserve contributions to the CEC Loan Loss



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Reserve Accounts for each participating financial institution; and 2) an interest-bearing CEC Cost Account.

The CPCFA shall make deposits into the CEC Project account promptly upon receipt of disbursement from the CEC as described in Task 1 of this Agreement.

Additionally, the CPCFA shall make deposits into the CEC Project account utilizing funds recovered from participating financial institutions upon their termination or withdrawal from the Project as described in the Project regulations.

The CPCFA shall make deposits into the CEC Cost Account as follows: Deposits into the CEC Cost Account shall come from the CPCFA's authorized collection of interest earned on each Participating Financial Institution's CEC Loan Loss Reserve Account, and interest earned on funds held in the CEC Project Account prior to disbursement to a Participating Financial Institution's CEC Loan Loss Reserve Account. Interest generated from funds held in the CEC Cost Account shall remain in the CEC Cost Account. Funds held in the CEC Cost Account shall be used to cover the CPCFA's Administrative Costs, including but not limited to the Program Trustee's costs, not to exceed \$500,000 plus interest earnings deposited into the CEC Cost Account. Administrative costs outside of those specified in this scope of work may be provided for in a modification to this Agreement, per Task 4.2.

### Products Due:

- The CPCFA shall establish the above-referenced Accounts and report to the CEC on all deposits and transfers as specified in the status reports prepared under Task 4.2.

### **Task 2.2: Establishment of and Contributions to the Participating Financial Institutions' Loan Loss Reserve Accounts**

The CPCFA shall establish CEC Loan Loss Reserve Accounts pursuant to the Project regulations. After a Participating Financial Institution has enrolled an eligible loan in the Project, the CPCFA shall approve and direct the transfer of funds from the CEC Project Account to a Participating Financial Institution's CEC Loan Loss Reserve Account in the amount of the approved premium contribution. The CPCFA shall approve a minimum Loan Loss Reserve contribution in the amount of 25 percent of the enrolled loan amount for all Qualified Loans enrolled in the Project.

The CEC Loan Loss Reserve Accounts for the Project may be held by either the Participating Financial Institution or the Program Trustee, pursuant to the Project regulations. If a Participating Financial Institution participates in another of the CPCFA's loan loss reserve programs, CPCFA shall establish a separate CEC Loan Loss Reserve Account to maintain Loan Loss Reserve contributions for the Project.

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### Products Due:

- The CPCFA shall report to the CEC on all deposits and transfers as specified in the status reports prepared under Task 4.2. Upon the CEC's request, the CPCFA shall also provide documentation of current balances in each Participating Financial Institution's Loan Loss Reserve Account.

### **Task 2.3 Payment of Eligible Claims for Reimbursement**

Subject to the conditions described in the Project regulations, the CPCFA shall review, approve, and direct the payment of a qualified Claim for Reimbursement to a Participating Financial Institution from the Financial Institution's CEC Loan Loss Reserve Account.

### Products Due:

- The CPCFA shall report to the CEC on Claims for Reimbursement paid as specified in the status reports prepared under Task 4.2.

## **TASK 3 (CPCFA): CREATE AND IMPLEMENT PROJECT REGULATIONS AND OPERATING DOCUMENTS FOR THE PROJECT**

This task requires the CPCFA to implement the Project regulations. The Project shall be operated in compliance with Project regulations and this Agreement.

### **Task 3.1 Creation of Project Regulations and Forms**

The CPCFA will create final Project regulations, as necessary to update current regulations, and develop business forms (including a standard application) for the Project. The CPCFA shall commence rulemaking pursuant to HSC Section 44520(b) in a timely fashion to create the Project regulations. Once created, CPCFA shall continue rulemaking to make the regulations permanent.

CPCFA shall submit draft text of the regulations and associated materials to the CEC for review and approval before any public posting, and also before any submittal to OAL. CPCFA shall ensure that CEC has at least two weeks to review the draft material, followed by a week to respond to any CEC comments or edits, before any deadline to post or submit.

CPCFA shall submit draft business forms to CEC for review and approval prior to finalizing and making those forms publicly available.

### Products Due:

- The CPCFA shall submit draft text of the regulations to the CEC CAM for review and approval.

## **EXHIBIT A SCOPE OF WORK**

- The CPCFA shall submit draft business forms to the CEC CAM for review and approval.

### **Task 3.2 Implementation of Project Regulations**

The CPCFA shall implement the Project according to the regulations.

#### Products Due:

- The CPCFA shall implement and adhere to the Project regulations. The CPCFA shall provide updates to the CEC regarding potential changes to the Project regulations and, with CEC review and approval, undertake rulemaking in a timely fashion to change the Project regulations if CEC determines that changes are necessary.

### **TASK 4 (CEC and CPCFA) MODIFICATIONS TO THE INTERAGENCY AGREEMENT**

Within six months of implementation of the Project, the Parties shall evaluate the Project regulations for effectiveness, and may make modifications thereto.

No modification of the terms of this Agreement shall be valid unless made in writing and signed by the CEC and the CPCFA. No oral understanding or agreement not expressly incorporated in this Agreement shall be binding upon the Parties.

#### Products Due:

- Written modifications to this Agreement and/or the Project regulations, if any.

### **TASK 5 (CPCFA): ADMINISTER THE PROJECT**

This task is to ensure the CPCFA administers the Project in compliance with Project regulations and this Agreement, and provides relevant status reports to the CEC.

#### **Task 5.1 Administration of the Project**

The CPCFA shall administer the Project pursuant to the Project regulations and this Agreement. The Project regulations will define a qualified Financial Institution, borrower, project, and all other terms and conditions of the Project. CPCFA shall require Program Trustee, Participating Financial Institutions, and borrowers to comply with all the provisions applicable to subcontractors, as identified in Exhibit C to this Agreement, Clean Transportation Program Terms and Conditions, including but not limited to prevailing wage, nondiscrimination, and audit requirements. In the event of conflict between Exhibit C and the GIA-610, the GIA-610 prevail.

Specifically, the CPCFA shall review and approve applications from qualified Financial Institutions pursuant to the Project regulations and all applicable laws, ordinances, regulations, and standards. In addition, the CPCFA shall require each Participating

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Financial Institution and Borrower to complete and submit a Project Loan Enrollment Application, including all required Participating Financial Institution and Borrower certifications (Exhibit A, Attachment I). The purpose of the Project Application is for each Participating Financial Institution and Borrower to substantiate and certify that the loan, the business and the project meets specified requirements of Project.

The CEC acknowledges that the CPCFA has no role in underwriting loans enrolled in the Project. Loan approval is made solely by the Participating Financial Institution, according to the Participating Financial Institution's existing credit policies and underwriting criteria. The CPCFA's role in approving loan enrollments into the Project is limited to reviewing the eligibility of the Participating Financial Institution, the eligibility of the Borrower, and ensuring the proceeds of the loan are consistent with the Project regulations and applicable law.

### Products Due:

- The CPCFA shall report to the CEC on program progress as specified in the status reports prepared under Task 5.2.

### **Task 5.2 Status Reports**

#### **Monthly Reports**

The CPCFA shall provide monthly reports on loans enrolled in the Project to the CEC. The information shown below shall be reported and submitted to the CEC electronically:

- a. Number of loans enrolled in the Project;
- b. Dollar amount disbursed into each Participating Financial Institution's CEC Loan Loss Reserve Account including adjustments;
- c. Total dollar amount of fund disbursements to or from the CEC Project Account and the date of such fund disbursements;
- d. Dollar amounts, including applicable interest in or out of the CEC Project Account;
- e. Interest deposits into the CEC Cost Account;
- f. Information for each Project claim including but not limited to, enrolled claim amount, dollar amount paid from each Participating Financial Institution's CEC Loan Loss Reserve Account, and the dollar amount of funds from recovered assets put back into each Participating Financial Institution's CEC Loan Loss Reserve Account;
- h. Project information from the ZEHD Project application, Exhibit A, Attachment 1, Section IV; and

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- i. A document signed by the CPCFA's Executive Director stating that to the best of his/her knowledge the information contained in the reports is complete and accurate.

### Products Due:

- Monthly progress reports due by the 10<sup>th</sup> day of each month.

### **Quarterly Reports**

The CPCFA shall provide quarterly reports on loans enrolled in the Project to CEC. The report will include the following information: Borrower's city and county, loan number, enrolled loan amount, date enrolled, maturity date of the loan, percentage and dollar amount of the Loan Loss Reserve contribution, claims and rebates paid, type of business, number of employees, minority/woman/veteran-owned business information, number of charging dispensers and/or hydrogen dispensing equipment purchased, and the number of charging ports and/or hydrogen nozzles.

The CPCFA shall submit to the CEC a report detailing the CPCFA's Administrative Costs incurred by the CPCFA in support of the Project.

### Products Due:

- Quarterly progress reports due by the 10<sup>th</sup> day of each January, April, July and October.

### **Other Status Reports**

In addition to the monthly and quarterly reports described above, the CPCFA shall prepare, such other summary or annual reports that may be required as a result of Project implementation. The CPCFA shall make available to the CEC, upon request, all copies of the Project applications, subject to the allowable use and disclosure provision in the General Terms and Conditions of this Agreement.

After funding the last project, the Parties shall assess the reporting requirements related to the claims made by Participating Financial Institutions for reimbursement to Participating Financial Institutions and Borrower Rebates, and may mutually agree to make modifications to the frequency that this information will be reported to the CEC, consistent with Task 4.2.

### Products Due:

- Summary and/or annual reports

### **TASK 6 (CPCFA): PROJECT COMPLIANCE**

The CPCFA shall ensure compliance with this Agreement and Project regulations by all Project participants, including the Participating Financial Institutions and Borrowers. In

## **EXHIBIT A SCOPE OF WORK**

addition, the CPCFA shall require Participating Financial Institutions to provide each Borrower a copy of the Privacy Notice for the Project (Exhibit A, Attachment II) which among other things identifies the CPCFA as the responsible agency under the California Information Practices Act (CIPA).

### Products Due:

- Privacy Notice for the Project provided by the Participating Financial Institution to each Borrower

### **TASK 7 (CPCFA): RECONCILIATION AT PROJECT CLOSEOUT**

In order to reconcile expenditures by the end of the Agreement term, the CPCFA shall provide the CEC a report on unused funds, including interest, in the CEC Project Account and the CEC Cost Account, three (3) months prior to the end of the Agreement. The Parties agree that funds (including interest) that have not been disbursed to a Participating Financial Institution's CEC Loan Loss Reserve Account, or have not been used to cover costs related to maintaining the Program Trustee accounts or the CPCFA costs for administration of the Project, , shall remain in the respective account at the Program Trustee until the CEC requests disbursement to another designated account for the purpose of carrying out its policy goals, or requests the return of the funds, in which case the CPCFA shall ensure that said funds are promptly returned to or disbursed as directed by the CEC.

### Products Due:

- Report of Unused Funds in CEC Project Account and CEC Cost Account