

APPENDIX D-4
Beneficiary Eligible Mitigation Action Certification

BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION

Beneficiary Arizona

Lead Agency Authorized to Act on Behalf of the Beneficiary Arizona Department of Administration (ADOA)
(Any authorized person with delegation of such authority to direct the Trustee delivered to the Trustee pursuant to a Delegation of Authority and Certificate of Incumbency)

Action Title:	School Bus Replacement Project
Beneficiary’s Project ID:	19-01
Funding Request No.	(<i>sequential</i>) 01
Request Type: (select one or more)	<input type="checkbox"/> Reimbursement <input checked="" type="checkbox"/> Advance <input type="checkbox"/> Other (specify): _____
Payment to be made to: (select one or more)	<input checked="" type="checkbox"/> Beneficiary <input type="checkbox"/> Other (specify): _____
Funding Request & Direction (Attachment A)	<input checked="" type="checkbox"/> Attached to this Certification <input type="checkbox"/> To be Provided Separately

SUMMARY

Eligible Mitigation Action	<input checked="" type="checkbox"/> Appendix D-2 item (specify): <u>2</u>
Action Type	<input type="checkbox"/> Item 10 - DERA Option (5.2.12) (specify and attach DERA Proposal): _____
Explanation of how funding request fits into Beneficiary’s Mitigation Plan (5.2.1): See Attached	
Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2): See Attached	
Estimate of Anticipated NOx Reductions (5.2.3): See Attached	
Identification of Governmental Entity Responsible for Reviewing and Auditing Expenditures of Eligible Mitigation Action Funds to Ensure Compliance with Applicable Law (5.2.7.1): See Attached	
Describe how the Beneficiary will make documentation publicly available (5.2.7.2). See Attached	
Describe any cost share requirement to be placed on each NOx source proposed to be mitigated (5.2.8). See Attached	
Describe how the Beneficiary complied with subparagraph 4.2.8, related to notice to U.S. Government Agencies (5.2.9). See Attached	

Beneficiary Eligible Mitigation Action Certification- Supplemental Information

Beneficiary: State of Arizona

Lead Agency: Arizona Department of Administration

In Support of Funding Request No.1

SUMMARY

Eligible Mitigation Action: Appendix D-2 item (specify): 2
Explanation of how funding request fits into Beneficiary Mitigation Plan (5.2.1): The State of Arizona's Environmental Mitigation Plan posted June 2018 identified environmental priorities for the state that mitigation actions prescribed in Appendix D-2 can address, including air q
Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits Title 1 School districts will be given the opportunity to apply for funding to scrap and replace older diesel powered school buses with new diesel or alternative fuel buses. Eligible school districts with buses that meet the minimum requirements being 15 years old with 100,000miles will be funded formulaically in efforts to ensure each eligible district receives at least one bus in efforts to replace up to 10% of their fleet. The school bus replacement project will draw \$38 million of Arizona's allocation, approximately 67% of the total available. Arizona's school bus replacement project, will strive to balance the environmental and societal benefits among Arizona's cities, counties, and statewide interests for all Arizona citizens who are impacted by NOx emissions generated by on-road diesel-fueled vehicles. Specifically within nonattainment areas across the state where excessive levels of ozone aggravate respiratory conditions. People most at risk from breathing air containing ozone include people with asthma, children, older adults, and people who are active outdoors, especially outdoor workers. The ADEQ analyzed a sample of eligible projects that included replacing school buses, with diesel and alt-fuel versions. The estimated total lifetime emission reductions from this group are approximately 385.45 tons of NOx.
Estimate of Anticipated NOx Reductions (5.2.3): These values do not indicate a commitment to the funding amounts or projects ultimately selected. As the Trust program evolves, the terms of the Plan will be adjusted to reflect changes to the funding percent allocations to the groups. The estimated emissions were calculated using the EPA's Diesel Emissions Quantifier and are based on the percentages stated above. Other assumptions used for the calculations of the emission reductions include: <ul style="list-style-type: none">● All vehicles are model year of 2002;

- The upgrade year is 2018;
- Estimated years remaining life of 12 years; and
- The use of diesel fuel for the replacement vehicle.

The estimated total lifetime emission reductions from this group are approximately 385.45 tons of NOX.

Identification of Governmental Entity Responsible for Reviewing and Auditing Expenditures of Eligible Mitigation Action Funds to Ensure Compliance with Applicable Law (5.2.7.1):

Arizona Department of Administration (ADOA)

Describe how the Beneficiary will make documentation publicly available (5.2.7.2).

The Arizona Department of Administration (ADOA) has created a public website, <https://vwsettlement.az.gov/> for information relating to the Trust, the VW Partial Consent Trust Decrees, Arizona's plans, and implementation information. To provide transparency and accountability, the Department will post information on its VW website.

Describe any cost share requirement to be placed on each NOx source proposed to be mitigated (5.2.8).

Environmental Mitigation Funds will provide up to 100 percent or \$110,000, whichever is less for diesel bus replacement and up to 100 percent or \$135,000, whichever is less for alternative fuel replacement, towards school bus replacement costs. Recipients will be responsible for providing the remaining balance.

Describe how the Beneficiary complied with subparagraph 4.2.8, related to notice to U.S. Government Agencies (5.2.9).

ADOA notified the U.S. Department of the Interior and the U.S. Department of Agriculture on _____ using the contact information provided in subparagraph 4.2.8.

If applicable, describe how the mitigation action will mitigate the impacts of NOx emissions on communities that have historically borne a disproportionate share of the adverse impacts of such emissions (5.2.10).

The replacement buses will be distributed to Title 1 districts in which at least 60% of students are eligible for free or reduced-price lunch. Located in nonattainment areas for PM10 and ozone nonattainment areas in the Maricopa-Pinal-Gila and Yuma areas. In which these communities have often borne a disproportionate share of the adverse impacts of NOx emissions.

If applicable, describe how the mitigation action will mitigate the impacts of NOx emissions on communities that have historically borne a disproportionate share of the adverse impacts of such emissions (5.2.10).

ATTACHMENTS
(CHECK BOX IF ATTACHED)

- Attachment A Funding Request and Direction.
- Attachment B Eligible Mitigation Action Management Plan Including Detailed Budget and Implementation and Expenditures Timeline (5.2.4).
- Attachment C Detailed Plan for Reporting on Eligible Mitigation Action Implementation (5.2.11).
- Attachment D Detailed cost estimates from selected or potential vendors for each proposed expenditure exceeding \$25,000 (5.2.6). [Attach only if project involves vendor expenditures exceeding \$25,000.]
- Attachment E DERA Option (5.2.12). [Attach only if using DERA option.]
- Attachment F Attachment specifying amount of requested funding to be debited against each beneficiary's allocation (5.2.13). [Attach only if this is a joint application involving multiple beneficiaries.]

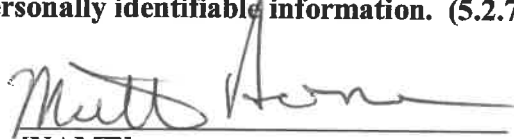
CERTIFICATIONS

By submitting this application, the Lead Agency makes the following certifications:

1. This application is submitted on behalf of Beneficiary State of Arizona, and the person executing this certification has authority to make this certification on behalf of the Lead Agency and Beneficiary, pursuant to the Certification for Beneficiary Status filed with the Court.
2. Beneficiary requests and directs that the Trustee make the payments described in this application and Attachment A to this Form.
3. This application contains all information and certifications required by Paragraph 5.2 of the Trust Agreement, and the Trustee may rely on this application, Attachment A, and related certifications in making disbursements of trust funds for the aforementioned Project ID.
4. Any vendors were or will be selected in accordance with a jurisdiction's public contracting law as applicable. (5.2.5)
5. Beneficiary will maintain and make publicly available all documentation submitted in

support of this funding request and all records supporting all expenditures of eligible mitigation action funds subject to applicable laws governing the publication of confidential business information and personally identifiable information. (5.2.7.2)

DATED: 7/27/18



[NAME]

[TITLE]

Arizona Department of Administration (ADOA)

[LEAD AGENCY]

for

State of Arizona

[BENEFICIARY]

ATTACHMENT A

FUNDING REQUEST AND DIRECTION

(Attachment to Appendix D-4, Beneficiary Eligible Mitigation Action Certification, pursuant to Paragraph 5.2 of the Environmental Mitigation Trust Agreement)

Pursuant to the authority granted to Arizona Department of Administration [*insert Lead Agency*] to act on behalf of Beneficiary State of Arizona under the Mitigation Trust, [*Lead Agency*] directs the Trustee to make the following payments from its subaccount no. 122969-034 to the following payees, for the amounts specified on the dates specified below.

LEAD AGENCY INFORMATION

Beneficiary Name:	<u>State of Arizona</u>	Lead Agency Contact Person:	<u>Matthew Hanson</u>
Lead Agency Name:	<u>Arizona Department of Administration</u>	Lead Agency Email Address:	<u>Matthew.Hanson@azdoa.gov</u>
Lead Agency Address:	<u>100 N. 15th Avenue, Suite 305, Phoenix, AZ 85007</u>	Lead Agency Fax:	<u></u>
Lead Agency Phone:	<u>602-542-7567</u>	Lead Agency TIN:	<u>86-6004791</u>

Contact information entered above may correspond to Lead Agency or any authorized person with delegation of such authority to direct the Trustee delivered to the Trustee pursuant to a Delegation of Authority and Certificate of Incumbency

MITIGATION ACTION INFORMATION

Action Title:	<u>School Bus Replacement Project</u>	Funding Request No:	<u>01</u>
Beneficiary's Project ID:	<u>19-01</u>		

PAYMENTS REQUESTED
(attach additional pages if needed)

Amount	Requested Date	Payee	Request Type
\$22,516,400	7/27/2018	State of Arizona/Arizona Department of Administration	Wire/Advance

PAYEE CONTACT AND WIRE INFORMATION

(fill out both tables below for each payee and payment identified in "Payments Requested" table on p. 1; attach additional pages if needed)

PAYEE CONTACT INFORMATION

Action Title:	School Bus Replacement Project	Beneficiary Project ID:	19-01
Payee Name:	State of Arizona/Arizona Department of Administration	Payee Contact Person:	Cristi Cost
Payee Address:	100 N. 15th Avenue	Payee Email Address:	Cristi.Cost@azdoa.gov
Payee Phone:	602-542-7567	Payee Fax:	
Payee TIN:	86-6004791		

Payment Amount	Requested Date	Request Type
\$22,516,400	7/27/2018	Wire/Advance

WIRE INFORMATION

Receiving Bank Name:	Bank of America		
Receiving Bank Branch:			
Receiving Bank Address:			
Bank Swift ID:	000001000985	National Routing No. / Bank ABA Number	0260009593
		<i>(Sort Code, BLZ)</i>	
Amount of Wire:	\$22,516,400		
Message to Payee:	ADOA-GFR VW Mitigation		
Instructions to Receiving Bank:	State of Arizona		
	ADOA-GFR VW Mitigation		
For Credit to:			
Other Special Instructions:			

[Signature Block]

ATTACHMENT B

PROJECT MANAGEMENT PLAN
PROJECT SCHEDULE AND MILESTONES

Milestone	Date
Lead Agency Provides Notice of Availability of Mitigation Action Funds	6/8/2018
In-person briefing on program at Transportation Administrations Meeting	6/21/2018
AASBO statewide conference call outlining program requirements	7/10/2018
Release of finalized allocations and application kit	8/8/2018
In-person trainings on application process	Weeks of 8/13 and 8/20
Application process closed	App Release + 4 weeks
Grant agreements signed	App Release + 9 weeks
School districts complete procuremen actions and submit purchase orders	App Release + 6 months
Buses delivered	App Release + 8 months
School districts submit evidence of bus scrapping, invoices and other documents required for reimbursement	App Release + 9 months
ADOA/GFR reviews submissions, request corrections if necessary, and provides reimbursement	App Release + 10 months
ADOA/GFR reports to Trustee on status of Mitigation Actions completed and expenditures	Within 6 months of first disbursement

PROJECT BUDGET

Period of Performance: <u>7/1/2018 - 6/30/2019</u>				
Budget Category	Total Approved Budget	Share of Total Budget to be Funded by the Trust	Cost-Share, if applicable (Entity #1)	Cost-Share, if applicable (Entity #2)
1. Equipment Expenditure	\$ 20,700,000	\$ 20,700,000	\$ 0	\$ 0
2. Contractor Support <i>(Provide List of Approved Contractors as Attachment with approved funding ceilings)</i>	\$ 0	\$ 0	\$ 0	\$ 0
3. Subrecipient Support <i>(Provide List of Approved Subrecipients or Grant Awardees as Attachment with approved funding ceilings)</i>	\$ 0	\$ 0	\$ 0	\$ 0
4. Administrative ¹	\$ 1,816,400	\$ 1,816,400	\$	\$
Project Totals	\$ 22,516,400	\$ 22,516,400	\$	\$
Percentage	100 %	100 %	0 %	0 %

¹ Subject to Appendix D-2 15% administrative cap.

PROJECTED TRUST ALLOCATIONS:

	2017	2018	2019	2020	2021
1. Anticipated Annual Project Funding Request to be paid through the Trust	\$ 0	\$ 36,289,800	\$ 20,370,278	\$	\$
2. Anticipated Annual Cost Share	\$ 0	\$ 0	\$ 0	\$	\$
3. Anticipated Total Project Funding by Year (line 1 plus line 2)	\$ 0	\$ 36,289,800	\$ 20,370,278	\$	\$
4. Cumulative Trustee Payments Made to Date Against Cumulative Approved Beneficiary Allocation	\$ 0	\$ 0	\$ 36,289,800	\$	\$
5. Current Beneficiary Project Funding to be paid through the Trust (line 1)	\$ 0	\$ 36,289,800	\$ 20,370,278	\$	\$
6. Total Funding Allocated to for Beneficiary, inclusive of Current Action by Year (line 4 plus line 5)	\$ 0	\$ 36,289,800	\$ 56,660,078	\$	\$
7. Beneficiary Share of Estimated Funds Remaining in Trust	\$ 0	\$ 56,660,078	\$ 0	\$	\$
8. Net Beneficiary Funds Remaining in Trust, net of cumulative Beneficiary Funding Actions (line 7 minus line 6)	\$ 0	\$ 20,370,278	\$ 0	\$	\$

ATTACHMENT C

DETAILED PLAN FOR REPORTING ON ELIGIBLE MITIGATION ACTION IMPLEMENTATION

The Arizona Department of Administration (ADOA) will provide detailed reporting on the school bus replacement project implementation on its public VW website and will fulfill its reporting obligations to Wilmington Trust.

The public website, <https://vwsettlement.az.gov/> was created specifically to provide information related to the Trust, the VW Partial Consent Trust Decrees, Arizona's plans, and implementation information. In order to provide transparency and accountability, the Department will post timely updates on information and will provide information on the following:

- General information on the Partial Trust Consent Decrees, including a link to the documents;
- The State's final Beneficiary Mitigation Plans,
- All public records supporting funding requests the ADOA submits to the Trustee, and all public records supporting all expenditures of the Trust Fund, subject to confidentiality laws and until the Termination Dates of the Partial Trust Consent Decrees; and
- Department contact information.

The ADOA will periodically evaluate implementation of the Beneficiary Mitigation Plan and implementation of the Eligible Mitigation Actions after the initial round of funding and will determine whether any revisions to the Beneficiary Mitigation Plan and funding levels are appropriate or necessary. If future revisions to the Beneficiary Mitigation Plan are necessary, the ADOA will seek public input on major Plan revisions generally consistent with the process outlined above, including publishing a notice of the opportunity for a 30-day public comment period regarding the proposed revisions.

In addition that state will also comply with the reporting obligations listed in the Environmental Mitigation Trust Agreement for State Beneficiaries in subparagraph 5.3:

For each Eligible Mitigation Action, no later than six months after receiving its first disbursement of Trust Assets, and thereafter no later than January 30 (for the preceding six-month period of July 1 to December 31) and July 30 (for the preceding six-month period of January 1 to June 30) of each year, each Beneficiary shall submit to the Trustee a semiannual report describing the progress implementing each Eligible Mitigation Action during the six-month period leading up to the reporting date (including a summary of all costs expended on the Eligible Mitigation Action through the reporting date). Such reports shall include a complete description of the status (including actual or projected termination date), development, implementation, and any modification of each approved Eligible Mitigation Action. Beneficiaries may group multiple Eligible Mitigation Actions and multiple sub-beneficiaries into a single report. These reports shall be signed by an official with the authority to submit the report for the Beneficiary and must contain an attestation that the information is true and correct and that the submission is made under penalty of perjury. To the extent a Beneficiary avails itself of the DERA Option

described in Appendix D-2, that Beneficiary may submit its DERA Quarterly Programmatic Reports in satisfaction of its obligations under this Paragraph as to those Eligible Mitigation Actions funded through the DERA Option. The Trustee shall post each semiannual report on the State Trust's public-facing website upon receipt.





ATTACHMENT D

Detailed cost estimated from selected or potential vendors for each proposed expenditure exceeding \$25,000 (5.2.6)

School Bus Replacement Projects

Bus Style	Diesel	Propane	Gasoline	Electric
Type A	\$60-85,000	\$60-95,000	\$55-77,000	\$225-260,000
Type B	NA	NA	NA	NA
Type C	\$90-125,000	\$105-142,000	\$85-123,000	\$325-355,000
Type D	\$105-170,000	NA	NA	\$365-400,000

School bus vendors in the state of Arizona were polled for prospective costs to purchase new school buses by fuel type and bus type. School buses are classified by type that reflects passenger capacity and body style

	<p>TYPE A: A Type “A” school bus is a van conversion or bus constructed utilizing a cutaway front section vehicle with a left-side driver’s door. This definition includes two classifications: Type A-I, with a Gross Vehicle Weight Rating (GVWR) less than or equal to 14,500 pounds; and Type A II, with a GVWR greater than 14,500 pounds and less than or equal to 21,500 pounds.</p>
	<p>TYPE B: A “type B school bus” is a conversion or body constructed and installed upon a van or front-section vehicle chassis, or stripped chassis, with a gross vehicle weight rating of more than 10,000 pounds, designed for carrying more than ten persons. Part of the engine is beneath or behind the windshield and beside the driver’s seat. The entrance door is behind the front wheels.</p>
	<p>TYPE C: A Type “C” school bus is constructed utilizing a chassis with a hood and front fender assembly. The entrance door is behind the front wheels. A “type C school bus” also includes a cutaway truck chassis or truck chassis with cab, with or without a left side door, and with a GVWR greater than 21,500 pounds.</p>
	<p>TYPE D: A “type D school bus” is a body installed upon a chassis, with the engine mounted in the front, midship or rear, with a gross vehicle weight rating of more than 10,000, designed for carrying more than ten persons. The engine may be behind the windshield and beside the driver’s seat; it may be at the rear of the bus, behind the rear wheels, or midship between the front and rear axles. The entrance door is ahead of the front wheels. A type D school bus has a maximum length of 45 feet.</p>