

VW Environmental Mitigation Trust for State Beneficiaries
Mr. Russell Crane, 5th Floor
c/o Wilmington Trust, N.A. as Trustee
Rodney Square North
110 North Market Street
Wilmington, DE 19890

RE: State of Montana VW Settlement – Semiannual Report
Reporting period October 2, 2019 – March 31, 2020

Dear Mr. Crane,

On October 2, 2019, Montana received approval of its first request for disbursement of Trust Assets, commencing Montana's reporting obligations to the Trustee. As per section 5.3 *Beneficiary Reporting Obligations* of the Environmental Mitigation Trust Agreement, each Beneficiary shall submit to the Trustee a semiannual report describing the following:

1. 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), and
2. The status (including actual or projected termination date), development, implementation, and any modification of each approved Eligible Mitigation Action.

Please contact Neal Ullman of my staff if you have any questions about this report. He can be reached at 406-444-6582 or neal.ullman@mt.gov.

In accordance with Section 5.3 of the Volkswagen Environmental Mitigation Trust Agreement for State Beneficiaries, I attest that the information contained in this report is true and correct and that the submission is made under penalty of perjury.

Sincerely,



04/30/2020

Chris Dorrington
Administrator
Air, Energy & Mining Division
Montana Department of Environmental Quality

Beneficiary	Montana Department of Environmental Quality
Eligible Mitigation Action Title	Class 4-8 School Bus, Shuttle Bus, or Transit Bus
Reporting Period Covered	10/02/2019-03/31/2020

Project Budget				
Budget Category	Share of Total Budget to be Funded by the Trust	Cost-Share to be paid by Project Recipient	Total Budget Amount	Expended
Transit Buses & Charging Infrastructure	\$1,000,000	\$841,208	\$1,841,208	\$0
Administrative Costs (Program planning, development, outreach, administration)	\$50,000	\$0	\$50,000	\$43,749.31
Project Totals	\$1,050,000	\$841,208	\$1,891,208	\$43,749.31*

* Total administrative expenses includes \$1,422.29 of administrative expenses incurred in September 2019 in accordance with Montana's mitigation plan.

Narrative: The Montana Department of Environmental Quality (DEQ) posted a Request for Applications in January 2019 for the Clean Transit Bus program, offering up to \$2,500,000 to provide reimbursement funding for eligible transit bus replacement projects. The purpose of this program is to support the overall goal of the Volkswagen Environmental Mitigation Trust (EMT), reduction of mobile source NOx emissions, while also achieving the goals outlined in Montana's Volkswagen EMT Beneficiary Mitigation Plan, and the Class 4-8 School Bus, Shuttle Bus, or Transit Bus Eligible Mitigation Action. The program is to fund the replacement of 2009 engine model year or older class 4-8 transit buses with new all-electric, diesel hybrid, compressed natural gas (CNG), or propane transit buses.

In 2019, the Clean Transit Bus program received two applications in two grant rounds for a total of \$2,000,000 to fund the replacement of four diesel transit buses with electric-powered transit buses and associated charging infrastructure. As of this semiannual report, a contract has been signed with one of the applicants, the Missoula Urban Transportation District (MUTD), to replace two diesel transit buses with electric-powered transit buses and to purchase charging infrastructure.

DEQ's contract with MUTD requires that the mitigation action be completed by August 21, 2021.