

**APPENDIX D-4**  
**Beneficiary Eligible Mitigation Action Certification MN**  
**Phase 2 Heavy Duty On-Road Electric Class 8 FR 23**

**BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION**

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Beneficiary \_\_\_\_\_

Lead Agency Authorized to Act on Behalf of the Beneficiary \_\_\_\_\_  
*(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)*

<b>Action Title:</b>	
<b>Beneficiary's Project ID:</b>	
<b>Funding Request No.</b>	<i>(sequential)</i>
<b>Request Type:</b> (select one or more)	<input type="checkbox"/> Reimbursement <span style="margin-left: 200px;"><input type="checkbox"/> Advance</span> <input type="checkbox"/> Other (specify): _____
<b>Payment to be made to:</b> (select one or more)	<input type="checkbox"/> Beneficiary <input type="checkbox"/> Other (specify): _____
<b>Funding Request &amp; Direction (Attachment A)</b>	<input type="checkbox"/> Attached to this Certification <input type="checkbox"/> To be Provided Separately

**SUMMARY**

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

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.]

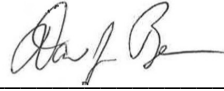
**CERTIFICATIONS**

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

1. This application is submitted on behalf of Beneficiary \_\_\_\_\_, 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:** \_\_\_\_\_



\_\_\_\_\_  
**David J. Benke**  
**Division Director**

\_\_\_\_\_  
**[LEAD AGENCY]**

**for**

\_\_\_\_\_  
**[BENEFICIARY]**

**ATTACHMENT B**  
 Minnesota Funding Application 22 – Phase 2 MN HD Electric Class 4-7 Truck  
**PROJECT MANAGEMENT PLAN**  
**PROJECT SCHEDULE AND MILESTONES**

Milestone	Date
Request for Proposals announced (Phase 2 MN HD Electric Class 4-7 Truck)	May 31, 2022
Request for Proposal Closing – Application Deadline	August 31 ,2022
MPCA selects potential grant recipients from eligible application pool	October 2022
MPCA submits Funding Request to Trustee – Appendix D-4: Beneficiary Eligible Mitigation Action Certification including Attachments	January 2023
Trustee Acknowledges Receipt of Funding Request	Receipt from Trustee
Trustee Allocates Share of State Funds	Transfer date
Grant agreements signed with selected entities	CY 2023, Q1
Grantee provides proof of destruction, invoices and other documents required for reimbursement	CY 2023, Q2 – CY 2025, Q2
MPCA reviews, requests corrections if necessary, certifies project completion, and provides reimbursement	CY 2023, Q2 – CY 2025, Q2
MPCA Reports to the Trustee on the status of and expenditures with Mitigation Actions completed and underway.	Within 6 months of first disbursement: January 30 and July 30 thereafter

Budget Category	Total Project Budget	Share of Total Budget to be Funded by the Trust	Cost-Share, paid by vehicle owners
1. Equipment Expenditure	\$5,253,630	\$3,885,838	\$1,367,792
2. Contractor Support (Provide List of Approved Contractors as Attachment with approved funding ceilings)	\$0	\$0	\$0
3. Sub recipient Support	\$0	\$0	\$0
4. Administrative <sup>1</sup>	\$388,584	\$388,584	\$0
<b>Project Totals</b>	<b>\$5,642,214</b>	<b>\$4,274,422</b>	<b>\$1,367,792</b>
<b>Percentage</b>	<b>100%</b>	<b>76%</b>	<b>24%</b>

**PROJECT BUDGET**

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<sup>1</sup> Subject to Appendix D-2 15% administrative cap

## PROJECTED TRUST ALLOCATIONS

	2018	2019	2020	2021	2022	2023
1. Anticipated Annual Project Funding Request to be paid through the Trust						\$4,274,422
2. Anticipated Annual Cost Share						\$1,367,792
3. Anticipated Total Project Funding by Year (line 1 plus line 2)						\$5,642,214
4. Cumulative Trustee Payments Made to Date Against Cumulative Approved Beneficiary Allocation	\$2,350,000	\$7,401,110	\$1,871,242	\$6,475,586	\$5,519,112	-
5. Current Outstanding Trustee Payments Made to Date Against Cumulative Approved Beneficiary Allocation						\$2,944,813
6. Current Beneficiary Project Funding to be paid through the Trust (line 1)						\$4,274,422
7. Total Funding Approved (plus pending) for Beneficiary Eligible Mitigation Actions, inclusive of Current Action (sum of line 4, 5 and 6)	\$2,350,000	\$7,401,110	\$1,871,242	\$6,475,586	\$5,519,112	\$7,219,235
8. Beneficiary Share of Estimated Funds Remaining in Trust (Market Value of last statement date from Online Portfolio)	\$47,133,334	\$44,864,077	\$38,437,993	\$37,651,313	\$31,187,749	\$27,317,301

9. Net Beneficiary Funds Remaining in Trust, net of cumulative Beneficiary Funding Actions (line 8 minus lines 5 and 6)	\$44,864,077	\$38,437,993	\$37,651,313	\$31,187,749	\$27,317,301	\$20,098,066
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## **ATTACHMENT C DETAILED PLAN FOR REPORTING ON ELIGIBLE MITIGATION ACTION IMPLEMENTATION**

The Minnesota Pollution Control Agency (MPCA) will provide detailed reporting on this Environmental Mitigation Trust project in 2 ways:

1. Timely updates to MPCA's Volkswagen (VW) Environmental Mitigation Trust webpage ([www.pca.state.mn.us/vw](http://www.pca.state.mn.us/vw)) ;
2. Minnesota's semiannual reporting obligation to Wilmington Trust (the "Trustee")

MPCA maintains a VW Environmental Mitigation Trust specific webpage that has been designed to support public access and limit burden for the general public. The MPCA's VW specific webpage can be found at [www.pca.state.mn.us/vw](http://www.pca.state.mn.us/vw). Timely updates to the webpage will inform the general public on the projects' status as well as when these projects have been completed.

Subparagraph 5.3 of the Environmental Mitigation Trust Agreement for State Beneficiaries details Minnesota's Reporting Obligations: "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."

MPCA shall, in the next semiannual report following the Trustee's approval of this project, describe the progress implementing this Eligible Mitigation Action that will include a summary of all costs expended on the Eligible Mitigation Action through the reporting date. The report will also include a complete description of the status, development, implementation (including project schedule and milestone updates), and any modification to this Eligible Mitigation Action.



Attachment D

DETAILED COST ESTIMATES FROM SELECTED OR POTENTIAL VENDORS FOR EACH PROPOSED EXPENDITURE EXCEEDING \$25,000

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Project owners were asked to submit the total cost for each new project in their grant application.

Listed below are detailed cost estimates for the class 8 electric truck projects that are projected to be above \$25,000.

Note: New electric vehicle projects are reimbursed based on final invoice with a 75% grant maximum, so these are not the final costs.

<b>Project</b>	<b>Project ID</b>	<b>Vehicle Class</b>	<b>VW Grant Amount</b>	<b>Total Project Cost</b>
Regional haul semi-tractor	17	8	\$187,500.00	\$250,000.00
Regional haul semi-tractor	18	8	\$187,500.00	\$250,000.00
Regional haul semi-tractor	71	8	\$383,697.00	\$511,596.00
Regional haul semi-tractor	19	8	\$187,500.00	\$250,000.00
Regional haul semi-tractor	78	8	\$383,697.00	\$511,596.00
Regional haul semi-tractor	20	8	\$187,500.00	\$250,000.00
Regional haul semi-tractor	69	8	\$383,697.00	\$511,596.00
Regional haul semi-tractor	22	8	\$187,500.00	\$250,000.00
Regional haul semi-tractor	14	8	\$187,500.00	\$250,000.00
Regional haul semi-tractor	15	8	\$187,500.00	\$250,000.00
Yard truck	47	8	\$190,000.00	\$272,791.00
Regional haul semi-tractor	70	8	\$383,697.00	\$511,596.00
Regional haul semi-tractor	40	8	\$187,500.00	\$250,000.00
Regional haul semi-tractor	26	8	\$187,500.00	\$250,000.00
Regional haul semi-tractor	21	8	\$187,500.00	\$250,000.00
Regional haul semi-tractor	32	8	\$187,500.00	\$250,000.00
Delivery step van	79	8	\$98,549.60	\$184,454.90

## Appendix D-4– Supplemental Information Beneficiary Eligible Mitigation Action Certification

**Beneficiary:** Minnesota

**Lead Agency:** Minnesota Pollution Control Agency

**In support of funding request no. 23**

**MN Phase 2 Heavy Duty Electric Class 8 Grant Program**

### Appendix D4 - Summary

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#### **Explanation of how funding request fits into Beneficiary’s Mitigation Plan (5.2.1):**

A detailed description of this project is described on page 10 of Minnesota’s Beneficiary Mitigation Plan (see attached excerpt). This funding request will support the diesel bus replacement program.

#### **Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2):**

This Truck replacement project will permanently remove from service an expected 17 1992-2009 model year diesel class 8 trucks, and replace them with new, 2021 or 2022 model year electric trucks. This program will provide grants for the replacement of class 8 up to 75% of the total vehicle cost.

We anticipate more than 40% of these projects will be located in areas disproportionately impacted by air pollution.

The Minnesota Pollution Control Agency anticipates the following emissions reductions as a result of this truck replacement project:

Pollutant	NOx	PM 2.5	GHG
Lifetime Tons of Pollution Reduced	138	7	5371

#### **Estimate of Anticipated NOx Reductions (5.2.3):**

Lifetime NOx reductions will be 138 Tons

#### **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):**

The Minnesota Pollution Control Agency (MPCA) is responsible for all Volkswagen projects in MN.

#### **Describe how the Beneficiary will make documentation publicly available (5.2.7.2):**

- All non-private documents will be publicly available through Minnesota’s public facing website: [www.pca.state.mn.us/vw](http://www.pca.state.mn.us/vw).

The Minnesota Government Data Practices Act (MGDPA), found in [Chapter 13 of Minnesota statutes](#), is a Minnesota state law that regulates the handling of all governmental data that are collected, created, disseminated, maintained, received and stored by a political subdivision, state agency or statewide system regardless of their physical form, how they are stored or how they are used. The Minnesota Pollution Control Agency (MPCA) is a state agency and, therefore, subject to the requirements of the MGDPA.

There is a general presumption in the MGDPA that all governmental data are public unless there is a federal law, state statute or temporary classification that allows the data to be classified as not public. Some of the not public data types that may be included within the MPCA's grant application and award documentation include, but are not limited to, business data, personal information, security information, social security numbers, trade secret information etc.

The MPCA is statutorily obligated to maintain such data types as not public and, therefore, will not provide them when requested or present them on our public facing website. The MPCA will provide requesters with notification that the not public data are not being provided and will cite the federal law, state statute or temporary classification that allows for this not public classification.

**Describe any cost share requirements to be placed on each NOx source proposed to be mitigated (5.2.8):**

This program is a specific grant for each eligible truck being replaced. The grant amount is 75% of the total cost of each truck. Vehicle owners are responsible for funding the remainder of the replacement cost for each truck.

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

The Minnesota Pollution Control Agency contacted all necessary US Government agencies on Monday, Feb 12, 2018 as described in 4.2.8. The MPCA received replies from National Park Service and US Forest Service on Wed, Feb 14, 2018 acknowledging receipt of all necessary documents.

**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 MPCA is using our Environmental Justice and Department of Health mapping tools to help choose projects in areas that have historically borne a disproportionate share of the adverse impacts of NOx emissions.

# Excerpt: MN Phase 2 Beneficiary Mitigation Plan

## Funding process

Projects will be funded through a competitive grant application process. MPCA has developed a set of criteria for scoring projects and selecting those that best align with the program goals. The agency will continue to adapt and improve these criteria throughout Phase 2.

In most cases, the settlement requires that most of the funds for vehicle and equipment replacement be provided by equipment owners; the smaller portion of the total cost of the new vehicle will be covered by VW settlement funds (see next section for allowable matches). Eligible applicants are people and organizations who either own heavy-duty diesel vehicles and equipment or install EV charging infrastructure. Applicants may include, but are not limited to, local governments, tribes, school districts, state government agencies, metropolitan planning organizations, transit authorities, private businesses, and non-profit organizations.

As in Phase 1, selected applicants will receive their funding as a reimbursement after the new equipment has been delivered and MPCA has received confirmation that their old equipment has been destroyed. Settlement funds cannot be used for vehicles, engines, or electric vehicle charging stations that are purchased before a grant agreement is signed between the owner and the MPCA.

Under the clean heavy-duty off-road grant program, vehicle or equipment owners can work with third parties to submit aggregated applications for multiple vehicles owned by different organizations. In Phase 1, aggregated applications through grant contractors were allowed for all grant programs; however, based on applications received and input from stakeholders, in Phase 2 aggregated applications eligible for administrative costs will be eligible solely in the clean heavy-duty off-road grant program. The agency may re-evaluate this policy as needed for specific projects.

## Phase 2 grant programs

Below are descriptions of the six grant programs the MPCA will administer during Phase 2.

### Clean heavy-duty on-road vehicles grant program 15% (\$3,525,000)

**Estimated emissions reductions: NO<sub>x</sub>: 142-187 tons; PM<sub>2.5</sub>: 6-9 tons; GHGs 4,467-9,616 tons**

There are approximately 200,000 heavy-duty diesel class 4-8 delivery trucks in Minnesota. Heavy-duty diesel trucks have an estimated lifespan of 25 years, making replacements of older trucks a very cost-effective investment in terms of total pollution reduced per dollar spent. This program will fund the replacement of transit buses and large and medium-sized (class 4-8) delivery trucks, up to 25% of the overall cost of the vehicle. MPCA may use a maximum funding cap to reflect that vehicles in this category vary greatly in size and that some can cost 2-3 times more than others, yet emission reductions may not be greater. During project selection, we will score additional points for GHG reductions and consider higher cap amounts or grant percentages for hybrid, ultra-low NO<sub>x</sub> compressed natural gas (CNG), and ultra-low NO<sub>x</sub> propane engines which cost more than clean diesel engines, but achieve greater emission reductions.

**Eligibility:** Public and private organizations with eligible diesel trucks and transit buses operating 75% or more of their miles in Minnesota. Eligible fuel types include diesel, propane, natural gas, and fuel/electric hybrid. Gasoline vehicles are not eligible for funding under the terms of the settlement.

**Why heavy-duty on-road vehicles?** This category represents the largest on-road opportunity for emissions reductions, including GHG reductions. The heavy-duty on-road category contains diesel equipment that emit the most nitrogen oxides in Minnesota, and also offers some of the most cost-effective vehicle replacements. Compared with school bus replacements, heavy-duty on-road projects achieve greater NO<sub>x</sub>, PM<sub>2.5</sub>, and GHG reductions because delivery trucks and transit buses travel two to six times further per year than school buses, and their estimated lifespan is 10 years longer (see Appendix 7).