

APPENDIX D-4
Beneficiary Eligible Mitigation Action Certification
FUNDING REQUEST #21

BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATIONBeneficiary: State of IllinoisLead Agency Authorized to Act on Behalf of the Beneficiary: Illinois Environmental Protection Agency (Illinois EPA)

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| Action Title: | Electric School Bus Replacements |
| Beneficiary's Project ID: | Highland Electric Fleets – Palatine CCSD 15: 2024-002 Highland Electric Fleets – Carpentersville CUSD 300: 2024-003 |
| Funding Request No.: | 21 |
| Request Type: (select one or more) | <input checked="" type="checkbox"/> Reimbursement <input type="checkbox"/> Advance <input type="checkbox"/> Other (specify): _____ |
| Payment to be made to: (select one or more) | <input type="checkbox"/> Beneficiary <input checked="" type="checkbox"/> Other (specify): <u>Highland Electric Fleets, Inc.</u> |
| Funding Request & Direction: (Attachment A) | <input type="checkbox"/> Attached to this Certification <input checked="" type="checkbox"/> To be Provided Separately |

SUMMARY

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| Eligible Mitigation Action Action Type | <input checked="" type="checkbox"/> Appendix D-2 item (specify): <u>2. Class 4-8 School Bus Replacement and Administrative Expenditures</u> <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): Illinois' revised BMP submitted in April 2022 allocates up to 32 percent of its funds to replace older diesel school buses with new all-electric school buses and charging infrastructure and up to 2 percent for administrative costs (Section IV(D)). | |
| Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2): This funding request involves the replacement of seven older Class 7 and Class 8 diesel school buses, consisting of three Class 8 engine model year 2009, two Class 8 engine model year 2006, and two Class 7 engine model year 2009 school buses, with seven new Class 7 and Class 8 all-electric school buses. The seven new buses will operate in the Chicago nonattainment area (Priority Area 1 in Illinois' BMP). The grant award was established at 75% of eligible costs for the electric school buses and any necessary charging equipment. The total grant award for Highland Electric Fleets, Inc., applying on behalf of Palatine CCSD 15 and Carpentersville CUSD 300, is \$2,036,027.50. The project includes the installation of charging equipment. Replacing seven older diesel buses from model years 2006-2009 with new electric school buses will result in reductions of NOx and other pollutants thereby providing air quality benefits to the area and the students served by the buses. | |
| Estimate of Anticipated NOx Reductions (5.2.3): It is anticipated that the project will result in 0.26 tons of annual NOx reductions. | |
| 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): Illinois EPA | |

Describe how the Beneficiary will make documentation publicly available (5.2.7.2) The public may access documentation and records relative to the State of Illinois' administration of Trust Funds by submitting a request to the Illinois EPA pursuant to the Illinois Freedom of Information Act (5 ILCS 140/1, et. seq.). The Illinois EPA has regulations ("Access to Public Records of the Illinois Environmental Protection Agency," 2 Ill. Adm. Code Part 1828) that provide the framework by which Illinois EPA public records may be requested, accessed, inspected, duplicated, and further lists the records that will not be disclosed to the public, including records that contain personally-identifiable information and confidential business information. Trade secret and confidential business information claims are reviewed by the Illinois EPA in accordance with procedures and rules provided in 35 Ill. Adm. Code Part 130 and 2 Ill. Adm. Code Part 1828.

The Illinois EPA will make certain documentation and records relative to its administrative of Trust Funds available on its Driving a Cleaner Illinois webpage. The Illinois EPA's Beneficiary Mitigation Plan ("BMP") was made available to the public for review and comment, and the final BMP is available through the Illinois EPA's Driving a Cleaner Illinois webpage. The Illinois EPA will make available funding opportunities and related information and documents through this webpage. Further, the Illinois EPA will maintain and make available for public review all documentation submitted in support of funding requests and all records supporting all expenditures of eligible mitigation action funds consistent with the aforementioned laws and regulations.

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

Environmental Mitigation Trust Funds will provide 75% funding of eligible costs for the seven new buses and for the necessary charging equipment. The applicants are required to provide a minimum 25% cost share, resulting in a minimum cost share amount of \$678,677.50.

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

Illinois EPA provided the requisite notice via email to the appropriate agencies on February 27, 2018.

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 seven new electric school buses will operate in the Chicago ozone nonattainment area and will serve schools in the Palatine CCSD 15 and Carpentersville CUSD 300 school districts in Cook and Kane counties that have a higher proportion of minority and low-income students. This project will reduce emission impacts in this nonattainment area and to the communities and students served.

ATTACHMENTS (CHECK BOX IF ATTACHED)

| | | |
|-------------------------------------|---------------------|---|
| <input type="checkbox"/> | Attachment A | Funding Request and Direction. |
| <input checked="" type="checkbox"/> | Attachment B | Eligible Mitigation Action Management Plan Including Detailed Budget and Implementation and Expenditures Timeline (5.2.4). |
| <input checked="" type="checkbox"/> | Attachment C | Detailed Plan for Reporting on Eligible Mitigation Action Implementation (5.2.11). |
| <input checked="" type="checkbox"/> | 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.] |
| <input type="checkbox"/> | Attachment E | DERA Option (5.2.12). [Attach only if using DERA option.] |
| <input type="checkbox"/> | Attachment F | Attachment specifying amount of requested funding to be debited against each beneficiary's allocation (5.2.12). [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 the Beneficiary State of Illinois, 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 Attached 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: 2/27/2025


Name: Julie K. Armitage
Title: Chief, Bureau of Air

Illinois Environmental Protection Agency
LEAD AGENCY

For

State of Illinois
BENEFICIARY

ATTACHMENT B

Eligible Mitigation Action Management Plan Including Detailed Budget and Implementation and Expenditures Timeline (5.2.4)

Electric School Bus Replacements

Pursuant to Section 5.2.4 of the Environmental Mitigation Trust Agreement, the Illinois EPA provides the following Eligible Mitigation Action Management Plan. The milestone dates and yearly budget distributions provided are estimates and are subject to change based on the date of grant agreement execution and other variables.

Project Implementation Schedule and Milestones

Grantee: Highland Electric Fleets, Inc.

Project ID: Highland Electric Fleets – Palatine CCSD 15: 2024-002
Highland Electric Fleets – Carpentersville CUSD 300: 2024-003

Period of Performance: December 2024 – June 2026

| Milestone | Estimated Date |
|---|----------------|
| Illinois EPA enters into Grant Agreement | December 2024 |
| Applicant enters into Purchase Agreement/Places Order | March 2025 |
| Delivery of Vehicles from Vendor | May 2026 |
| New Vehicles placed into Service | June 2026 |
| Existing Vehicles Scrapped | June 2026 |
| Applicant provides detailed invoices for all claimed project costs and required final project certification documents to Illinois EPA to support direction to Trustee for Payment (Reimbursement, Direct-to-Vendor) | June 2026 |
| Illinois EPA Completes Review and Certifies Payment Direction to Trustee (Reimbursement) | July 2026 |
| Trustee Acknowledges Receipt of Direction for Payment(s) (Reimbursement) | August 2026 |
| Illinois EPA submits Final Report for Project Completion | July 2026 |

PROJECT BUDGET

Electric School Bus Replacements

| Budget Category | Total Approved Budget | Share of Total Budget to be Funded by the Trust | Cost-Share |
|---|-----------------------|---|--------------|
| 7 New Electric School Buses and Charging Equipment | \$2,714,705 | \$2,036,027.50 | \$678,677.50 |
| IEPA Administration @2% | \$40,720.55 | \$40,720.55 | |
| Project Totals | \$2,755,425.55 | \$2,076,748.05 | \$678,677.50 |
| Percentage of Bus and Equipment Expenditure (not including 2% admin.) | 100% | 75% | 25% |

PROJECTED TRUST ALLOCATIONS

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|---|--|
| Illinois' Allocation | \$108,679,676.98 |
| Obligated Awards from Previous D-4 Submittals for Funding Requests #1-20 (Equipment + Administration Costs) | \$101,813,783.24 |
| Illinois' Net Allocation | \$6,865,893.74 |
| Current D-4 Project Funding Request (Funding Request #21 for 7 Electric Buses + Administration Costs) | \$2,076,748.05 |
| Illinois' Remaining Unobligated Allocation | \$4,789,145.69 (not including accrued interest) |

| Funding Request #21: Anticipated Budget Year Distribution of Project Costs (Equipment + Admin.) | 2025 | 2026 (7 Electric School Buses and Charging) | 2027 |
|--|-------------|--|-------------|
| 1. Anticipated Annual Project and Administrative funding request to be paid through the Trust | | \$2,076,748.05 | |
| 2. Anticipated Annual Cost Share | | \$678,677.50 | |
| 3. Anticipated Total Project Funding by Year | | \$2,755,425.55 | |

ATTACHMENT C

Detailed Plan for Reporting on Eligible Mitigation Action Implementation (5.2.11) Electric School Bus Replacements

Pursuant to Sections 5.2.11 and 5.3 of the Environmental Mitigation Trust Agreement, the Illinois EPA provides this project implementation reporting plan for the purchase of seven new electric school buses and charging equipment by Highland Electric Fleets, Inc. This detailed plan for reporting incorporates applicable State of Illinois grantee reporting requirements as well as Illinois' obligation to comply with the semi-annual reporting requirement contained in Section 5.3 of the Environmental Mitigation Trust Agreement. Highland Electric Fleets will provide the reports as specified below to the Illinois EPA. Further, the Illinois EPA will provide semi-annual reports to the Volkswagen Trustee as specified below and as required based on the reporting information received from the grantees. The reporting deadlines contained herein are estimates and are subject to change based on the date of grant agreement execution and other variables.

Grantee: Highland Electric Fleets, Inc.

Project ID: Highland Electric Fleets – Palatine CCSD 15: 2024-002
Highland Electric Fleets – Carpentersville CUSD 300: 2024-003

Reports and Reporting Schedule

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|---|--|
| Estimated execution of grant agreement and start of project: | December 2024 |
| Due date of quarterly project report #1 from Grantee to Illinois EPA: | April 15, 2025 (January-March 2025) |
| Due date of quarterly project report #2 from Grantee to Illinois EPA: | July 15, 2025 (April-June 2025) |
| Due date of semi-annual project report #1 from Illinois EPA to Trustee: | July 30, 2025 (January – June 2025) |
| Due date of quarterly project report #3 from Grantee to Illinois EPA: | October 15, 2025 (July-September 2025) |
| Due date of quarterly project report #4 from Grantee to Illinois EPA: | January 15, 2026 (October-December 2025) |
| Due date of semi-annual project report #2 from Illinois EPA to Trustee: | January 30, 2026 (July-December 2025) |
| Due date of quarterly project report #5 from Grantee to Illinois EPA: | April 15, 2026 (January-March 2026) |
| Due date of final project report from Grantee to Illinois EPA: | June 30, 2026 |
| Due date of final project report from Illinois EPA to Trustee: | July 30, 2026 |

Report Content

Grantee and Illinois EPA reports will contain, at a minimum, the following information:

1. Summary of all costs expended through the reporting period and to date
2. Project status and development and implementation accomplishments
3. Any project modifications as compared to the original plan
4. Actual or projected project completion and grant termination date

ATTACHMENT D

Detailed Cost Estimates from Selected or Potential Vendors for each Proposed Expenditure Exceeding \$25,000 (5.2.6) Electric School Bus Replacements

Pursuant to Section 5.2.6 of the Environmental Mitigation Trust Agreement, Illinois EPA provides the following detailed cost estimates for the purchase of seven new electric school buses by Highland Electric Fleets, Inc.

Grantee: Highland Electric Fleets, Inc.

Project ID: Highland Electric Fleets – Palatine CCSD 15: 2024-002
Highland Electric Fleets – Carpentersville CUSD 300: 2024-003

| Equipment | Equipment Cost | Eligible Award Cost @75% |
|--|--|--|
| 7 MY 2025 or newer electric school buses | \$375,000 per bus \$2,625,000 for 7 buses | \$281,250 per bus \$1,968,750 for 7 buses |
| Charging Equipment | \$89,704.50 | \$67,277.50 |
| TOTALS | \$2,714,704.50 | \$2,036,027.50 |

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| Trust Fund Request 7 Electric School Buses and Charging Equipment: | \$2,036,027.50 |
| Trust Fund Request for Illinois EPA 2% Administrative Costs: | \$40,720.55 |

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| Total Trust Fund Request for Funding Request #21: | \$2,076,748.05 |
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