

APPENDIX B

Sample Grant Agreement

**Hybrid and Zero-Emission Truck and Bus
Voucher Incentive Project (HVIP)**



This Sample Grant Agreement is provided as an illustration of terms that have been historically included in Grant Agreements and is subject to change at CARB's sole discretion. Upon selection of a grantee, an updated Grant Agreement will be developed to reflect any changes in policy or procedures directed by the Board at the October 24, 2019 Board Meeting, and other changes may be made as necessary.

Throughout this Sample Grant Agreement, references are made to the Hybrid and Zero Emission Vehicle Voucher Incentive Program Implementation Manual. The current Implementation Manual and previous versions are available for review at the following web address: <https://www.californiahvip.org/resources/#implementation-manuals>. A new implementation manual will be developed in coordination with the selected Grantee and will reflect any policy changes enacted at the October 24, 2019, Board Meeting.

GRANT PROVISIONS

- A.** The parties agree to comply with the requirements and conditions contained herein, as well as all commitments identified in the Fiscal Year 2019-20 Funding Plan for Clean Transportation Incentives for Low Carbon Transportation Investments and the Air Quality Improvement Program (AQIP) and the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) implemented through HVIP and Grantee Application Package. This includes all provisions, roles, and responsibilities identified in the current HVIP Terms and Conditions and the HVIP Implementation Manual.
- B.** Where applicable, the Grantee agrees to acknowledge the California Climate Investments program and California Air Resources Board (CARB) as a funding source for HVIP. Below are specific requirements for acknowledgement.

The California Climate Investments logo and name serves to bring under a single brand the many investments whose funding comes from the Greenhouse Gas Reduction Fund (GGRF). The logo represents a consolidated and coordinated initiative by the State to address climate change by reducing greenhouse gases, while also investing in disadvantaged communities and achieving many other co-benefits. The Grantee agrees to acknowledge the California Climate Investments program as a funding source from CARB's Low Carbon Transportation program whenever projects funded, in whole or in part by this Agreement, are publicized in any news media, websites, brochures, publications, audiovisuals, or other types of promotional material. The acknowledgement must read as follows: "This Project is part of California Climate Investments, a statewide program that puts billions of Cap-and-Trade dollars to work reducing greenhouse gas emissions, strengthening the economy, and improving public health and the environment particularly in disadvantaged communities." Guidelines for the usage of the CCI logo can be found at <http://www.caclimateinvestments.ca.gov/logo-graphics-request> .



Grantee agrees to acknowledge the California Air Resources Board (hereinafter referred to as CARB, the State, or the Board) as a funding source for HVIP when publicized in any news media, websites, applications, brochures, publications, audiovisuals, or other types of promotional material. The grantee agrees to adhere

to the Board's logo usage requirements in a manner directed by CARB. CARB logos shall be provided to the Grantee by CARB staff.



The CARB logo is a visual representation of our air environment. The arcs represent; the different elements that make up air we breathe, the protection of our atmosphere and the efforts we take to protect the health of Californians, the collaboration of multiple stakeholders all moving in the same direction together, and innovation with the arcs all growing and changing.

C. GRANT SUMMARY AND AMENDMENTS (if applicable)

Project Title: Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP)

Authorized Officials: _____

Title: _____

Total Funding: _____

D. GRANT PARTIES AND CONTACT INFORMATION

1. This Grant is from the CARB to _____. (hereinafter referred to as Grantee).
2. CARB Project Liaison is Andrea Morgan. Correspondence regarding this project shall be directed to:

Andrea Morgan
California Air Resources Board
Mobile Source Control Division
P.O. Box 2815
Sacramento, California 95812
Phone: (916) 323-6169
Email: andrea.morgan@arb.ca.gov

The Grantee Liaison is _____. Correspondence regarding this project

shall be directed to:

Name:
Title:
Address:
Phone:
Email:

E. TIME PERIOD

1. Performance of work or other expenses billable to CARB under this grant may commence after full execution of this grant by both parties. Performance on this grant ends once the Grantee has submitted the final report or if this grant is terminated, whichever is earlier.
2. Upon completion of the project, the Grantee shall submit a draft final report to the Project liaison no later than **March 15, 2024** (See Section K, Reporting, of this Grant Agreement).
3. Final request for payment and Final Report shall be received by CARB no later than **March 31, 2024** (See Sections H[3] and K[2] of this Grant Agreement).
4. CARB Executive Officer retains the authority to terminate or reduce the dollar amount of this grant if by **January 1, 2024**, 75 percent of project funding has not been reserved in the form of vouchers issued by the Grantee. In the event of such termination, Section H(4) of these provisions shall apply.

F. OPTION FOR NEW GRANT AGREEMENT FOR FY 2020-21

1. CARB, in its sole discretion may exercise the option to award a new Grant Agreement for each of the following two fiscal years (FY 2020-21 and FY 2021-22) as specified in Grant Agreement Number GXX-HVIP-XX. The Grantee understands and agrees that there is no guarantee that the FY 2020-21 or FY 2021-22 Grant Agreement will be awarded.

G. DUTIES AND REQUIREMENTS

This section defines the respective duties and requirements of CARB and the Grantee in implementing HVIP.

1. California Air Resources Board

CARB is responsible for the following:

- a. Provide policy direction and review proposed drafts of the Implementation Manual in consultation with the Grantee.
- b. Selecting the Grantee.
- c. Evaluating and approving vehicles and equipment for HVIP eligibility, and providing the Grantee an up-to-date list of eligible vehicles and equipment. CARB is responsible for working closely with vehicle and equipment manufacturers in order to determine vehicle eligibility.
- d. Determining vehicle voucher amounts and providing this information to the Grantee.
- e. Participating in regular meetings with the Grantee to discuss project refinements and guide project implementation.
- f. Reviewing and approving project elements provided by the Grantee, such as the HVIP incentives webpage, voucher payment verification, and progress reports.
- g. Review and approve or return all Grant Disbursement Request Forms (Form MSCD/ISB-90).
- h. Distributing project funds to the Grantee.
- i. Providing project oversight and accountability (in conjunction with the Grantee).
- j. Verifying vehicle ownership through checking vehicle identification numbers (VIN) with the California Department of Motor Vehicles.

2. The Grantee

The Grantee is responsible for implementation of HVIP as approved by the Board as part of the FY 2019-20 Funding Plan for Clean Transportation Incentives (Funding Plan). The Grantee's responsibilities encompass three phases to ensure the efficient and proper distribution of vouchers for eligible vehicles: project development, project implementation, and project reporting. These phases are to be completed in a manner directed by CARB and on a timeframe as stated in the grant agreement.

The Grantee is responsible for the on-the-ground project implementation and distributing voucher payments for eligible vehicles, including, but not limited to, the following tasks:

a. Project Planning and Development

- i. Finalize and update the Implementation Manual in consultation with CARB throughout the grant term.
- ii. Develop a policies and procedures document and flow chart that describes the Grantee's administrative action for processing vouchers. Examples include details on acceptable supporting documentation for voucher applications, process for voucher payments, fiscal procedures, protocols for recording CARB case-by-case approvals, and recordkeeping and audit procedures.
- iii. Assist CARB in updating the heavy-duty three-year plan on an annual basis starting with the FY 2020-21 Funding Plan by providing information to CARB upon request. Information requested by CARB may include, but not limited to, the following:
 - a.) Status of the heavy-duty market
 - b.) Market and technical analysis on commercialized and emerging vehicle and equipment and infrastructure to determine the state of technologies
 - c.) Barriers and potential solutions
 - d.) Recommendations to improve the effectiveness of HVIP investments
 - e.) Recommendations to improve HVIP and heavy-duty incentive programs
 - f.) Role of incentives and how incentive programs can complement near-term regulatory measures
 - g.) Review other heavy-duty incentive programs from CARB and other local, State and Federal agencies that support the commercialization and deployment of advanced clean heavy-duty vehicles and technologies
 - h.) Coordinate with heavy-duty vehicle technology providers and end user fleets, including school bus fleets, to forecast sales
 - i.) Document findings and update the three-year heavy-duty investment strategy as part of the annual AQIP Funding Plan
- iv. Meet all applicable requirements of statutes; all applicable Funding Plans; CARB's Funding Guidelines¹; this solicitation; Appendix B: Sample Grant Agreement; the final Grant Agreement; the HVIP Implementation Manual

¹ CARB, 2018; <https://ww2.arb.ca.gov/resources/documents/cci-funding-guidelines-administering-agencies>

including any future updates and/or revisions issued during the grant term. The Grantee must also ensure its subcontractors meet all the aforementioned requirements, as applicable. CARB's Funding Guidelines and Funding Plan are available at: www.arb.ca.gov/msprog/aqip/aqip.htm.

- v. Closely communicate with CARB to ensure that the most current vehicle eligibility list is being used.
- vi. Support and help inform CARB's determination of appropriate base voucher amounts for eligible pieces of equipment and voucher enhancement amounts outlined in the Implementation Manual.

This will include gathering and providing cost information to help support CARB's determination of the estimated aggregated cost of new conventionally-fueled vehicles or equipment that could perform the same function as the vehicles for which manufacturers seek eligibility. This information will be used to calculate the incremental cost. This will be performed for each eligible equipment category outlined in the Implementation Manual, and reviewed periodically as market shifts take place. This cost will be determined on an equipment-specific basis and informed by discussions with fleets and other stakeholders, market data, and/or other relevant information.

b. Education and Outreach

- i. Conduct statewide public outreach to vehicle dealers and fleets necessary for the project to be successful. Outreach could include on-site dealer trainings and public question and answer sessions.
 - a.) Develop and implement outreach strategies to increase the awareness of fleets and dealers of the incentives to spur the adoption of advanced clean heavy-duty vehicles and equipment statewide;
 - b.) Target outreach in disadvantaged communities (based on CalEnviroScreen 3.0²); and
 - c.) Develop and implement a strategy to engage lower-income and disadvantaged communities through activities relevant to the community being served.
- ii. Develop/maintain a user-friendly public website that may be hosted by CARB, the grantee, or a CARB approved third party. The website, and all content posted thereto must be ADA compliant in accordance to the Web Content Accessibility Guidelines 2.0, or a subsequent version, published

² The CalEnviroScreen 3.0 mapping tool is available at <https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-30>

by the Web Accessibility Initiative of the World Wide Web Consortium at a minimum Level AA success criteria. The website must include, at a minimum:

- a.) General project information and instructions on how to participate;
 - b.) A list of eligible vehicles and equipment and associated voucher amount;
 - c.) Voucher request and voucher redemption forms which include terms and conditions to which purchasers must attest or commit;
 - d.) Real-time voucher statistics, including vouchers requested and vouchers redeemed, dollars awarded by funding source, available and expended funds, location of voucher, and other statistics as defined by CARB such as vehicle type, location, and vocation;
 - e.) Ability to provide a visual representation of where vouchers are being requested and/or disbursed with a mapping tool;
 - f.) Ability to provide user survey data to display information such as demographics, dealer experience, motivations to purchase, decision-making process, etc., upon request by CARB;
 - g.) Applicable documents and forms related to the project; and
 - h.) Other information to support fleets including infrastructure funding information and links to other funding sources.
- iii. Develop, make available, and distribute language-specific and culturally-appropriate materials, to be determined by CARB which will be used for the effective implementation of HVIP. Language-specific materials must include, but not limited to, the following:
- a.) Outreach and education materials;
 - b.) Website;
 - c.) Owner requirements;
 - d.) Terms and conditions agreement forms;
 - e.) Frequently asked questions; and
 - f.) Contact information.
- iv. Train and approve vehicle dealers for participation in HVIP based upon eligibility criteria identified in the Implementation Manual.
- v. Respond promptly to legislative and public requests regarding HVIP in coordination with CARB.

- vi. Work with vehicle manufacturers to create a list of dealerships authorized to submit voucher requests and receive HVIP voucher payments.

c. Voucher Distribution and Processing

- i. Ensure participating equipment manufacturers, vehicle dealers, purchasers and lessees meet all applicable HVIP requirements.
- ii. Support three year ownership and lease-term requirements by identifying and reporting voucher recipients to CARB who are at risk of not meeting the requirements.
- iii. Track and report vehicle resale inquiries to CARB.
- iv. Contact voucher recipients that have, or will potentially sell their vehicle early (See Section E[3] of the Implementation Manual).
- v. Review required documentation prior to voucher redemption. Documents include, but are not limited to, the following:
 - a.) Signed Final Invoice – must show the final purchase price less the voucher amount and any other additional incentive funding. It must also provide line items listing:
 - 1) Vehicle or equipment base price.
 - 2) Price of equipment upgrades (i.e., non-standard features).
 - 3) Sale price of any other equipment supported by HVIP.
 - 4) Voucher discount, including all voucher enhancements itemized.
 - 5) All applicable taxes and fees.
 - b.) Financing/Lease Documentation – copy of check, money transfer receipt, financing/loan agreement identifying the lien holder, and/or lease contract indicating terms of lease.
 - c.) DMV Registration or application, which includes:
 - 1) California registration.
 - 2) Gross Vehicle Weight Rating (GVWR).
 - 3) California License plate number.
 - d.) Delivery Bill of Lading – must be signed and dated at delivery location.
 - e.) Line Setting Ticket (Factory Build Sheet) – manufacturer issued indicating GVWR.

- f.) Digital photos of vehicle showing:
 - 1.) Vehicle from left side – showing completed vehicle with applicable numbering.
 - 2.) Engine tag – with engine serial number (ESN) & Engine Family Number (EFN).
 - 3.) VIN tag.
 - 4.) Odometer.
- g.) HVIP Vehicle Inspection signed by authorized dealer or Grantee representative.
- h.) Site plans and cost documentation for supporting infrastructure if requested by CARB.
- i.) Vehicle must have no more than 3,500 miles at time of the vehicle inspection. Vouchers for vehicles with more than 3,500 miles may be redeemed on a case-by-case basis at the sole discretion of the CARB Project Liaison with sufficient evidence or explanation justifying such mileage.
- j.) Verify there is a label placed on or in any zero-emission vehicle stating that no on-board fuel-fired heaters or auxiliary motors that emit any vehicle exhaust emissions or fuel-based evaporative emissions are present on the vehicle.
- k.) Documentation to demonstrate that voucher applicants are in compliance with all applicable federal, state, and local air quality rules and regulations, including, but not limited to the CARB Truck and Bus Regulation and Innovative Clean Transit Regulation.
- l.) For voucher applicants proposing to use multiple grant or incentive funding sources, collect information on the name of the funding source, amount of funding requested, and what portions of the purchase will be covered by the funding. Follow the HVIP Implementation Manual and CARB's guidance to determine if co-funding is allowed with the proposed funding source.
- m.) Coordinate with other funding programs, including but not limited to, the Carl Moyer Memorial Air Quality Standards Program, Prop 1B Goods Movement Emission Program, Volkswagen Environmental Trust Funding, AB 617 Community Air Protection Program, and Funding Agricultural Replacement Measures for Emissions Reductions (FARMER) Program funds, to ensure that fleets are not inappropriately accepting multiple funding sources.

- vi. Use the criteria in the Implementation Manual to review and approve or disapprove voucher requests and document this process in each project file.
- vii. Require the purchaser/lessee and dealer to sign and date the HVIP Voucher Request Form.
- viii. Establish safeguards to ensure HVIP participants (i.e., equipment manufacturers and purchasers) conform to all applicable terms and conditions set forth in the Implementation Manual.
- ix. Distribute voucher payments to vehicle and equipment dealers for eligible vehicle and equipment purchases.
- x. The Grantee will develop a mechanism to notify the electric utility for the service area of the vehicle operator of any plug-in equipment purchase plans, based on the details of voucher requests. The utility will be able to determine if there are any infrastructure requirements and upgrades needed to successfully utilize the additional zero-emission equipment. The Grantee will facilitate coordination between the utility/energy provider and the purchaser to ensure the necessary infrastructure installation or upgrades take place successfully.
- xi. Develop and maintain accounting procedures to track funding reservation and expenditures by grant award, fiscal year, and funding source.
- xii. Establish a process for returned voucher funds as a result of uncashed voucher checks, prorated returns, cancellations, etc.
- xiii. Establish a waiting list if the project becomes oversubscribed and CARB determines a waiting list is appropriate.

d. Recordkeeping and Reporting

- i. Establish and maintain voucher records (see Section M[3] of the Grant Agreement).
- ii. Utilize best practices to store all records in a safe and secure storage facility that maintains confidentiality and provides fire and natural disaster protection. Files shall be retained during the term of the Grant Agreement plus three years. Upon completion of the required record-retention period, the Grantee must submit all project records to CARB. Hardcopy or electronic records are suitable. Acceptable forms of electronic media must be approved based on prior written concurrence from CARB.

- iii. Develop a systematic process and schedule to back-up HVIP database(s) each day, at a minimum.
- iv. Develop and enforce security measures to safeguard HVIP database(s).
- v. Develop, in coordination with CARB, an annual vehicle user survey/questionnaire (Questionnaire) and mileage reporting tool, that characterizes vehicle usage and evaluates fleet user satisfaction with HVIP-funded vehicles. Grantee will, at a minimum:
 - a.) Develop and implement an effective mechanism for vehicle operators to respond to the satisfaction and usage Questionnaire annually for three years from the vehicle purchase date;
 - b.) Conduct quality control for Questionnaire data, and provide to CARB as part of the periodic HVIP Status Report; and
 - c.) Provide a mechanism, which should be outlined in the Grantee's transfer plan, for subsequent Grantees to continue collecting such data from fleets for a three year period after voucher redemption.
- vi. Acquire key telematics data from HVIP-funded vehicles as required, except military vehicles for a minimum of three years from the vehicle purchase date collecting hours of operation and mileage within and outside of disadvantaged community census tracts. Grantee must provide a mechanism for subsequent Grantees to continue collecting such data from fleets for a three year period after voucher redemption (See Section C[1][k] of the Implementation Manual).
- vii. Track vouchers issued to vehicles domiciled in AB 1550 (Gomez, Chapter 369, Statutes of 2016) in a manner directed by CARB and outlined in the Implementation Manual.
- viii. Provide data updates to CARB upon request, which could include all voucher records
- ix. Provide periodic data summaries to the public via a method approved by CARB.
- x. Provide monthly Status Reports to the CARB detailing vouchers approved for ordered vehicles and redeemed for purchased vehicles (See Section K[1] of the Grant Agreement).
- xi. Provide information, upon request, to individuals or organizations that wish to appeal a voucher denial to CARB.

- xii. If necessary, the Grantee shall support CARB's enforcement efforts, including the recapturing of funds, by providing CARB with any fleet information, purchaser information, documents, data, or other material needed to investigate or carry out such efforts.
- xiii. Support CARB in efforts to track key information about the distribution of State funds to support the development, deployment, and commercialization of eligible vehicles and equipment.

e. Transition

- i. Once the term of the HVIP grant agreement has ended, the Grantee shall deliver all project data to CARB or the subsequent Grantee in a format approved by CARB.
- ii. Develop and execute a project transfer plan, as part of the Grantee's closeout duties, to ensure a complete and timely transfer of data and website to the next administrator on a timely basis. The project transfer plan, which will be approved by CARB, includes at a minimum the following tasks:
 - a.) Process vouchers for all of FY 2019-20;
 - b.) Complete all tasks associated with the FY 2019-20 HVIP closeout (See Section K[2] of the Grant Agreement);
 - c.) Process vouchers for FY 2020-2021 for up to three months or until the subsequent Grantee is prepared to process vouchers; and
 - d.) If applicable, transfer HVIP to new Grantee/administrator selected by CARB (See Section N of the Grantee Agreement).
- iii. Provide CARB with a Final Report that summarizes and evaluates total fund expenditures (including match, interest earned, and in-kind funds), vehicles funded, outreach efforts, and implementation challenges per source of funding and recommends potential program improvements (See Section K[2] of the Grant Agreement).
- iv. Provide CARB with all webpage(s), databases, software or other intellectual property developed or purchased by the Grantee for the purposes of administering or implementing HVIP, if requested (See Section N of the Grant Agreement).

H. FISCAL ADMINISTRATION

1. Budget

- a. The maximum amount of this grant is up to \$_____. The maximum amount of this Grant may be increased further contingent upon receiving additional funds. The Grantee understands and agrees that there is no guarantee that additional funds will become available. Under no circumstance will CARB reimburse the Grantee for more than this amount. A written grant agreement amendment is required whenever there is a change to the amount of this Grant.
- b. The budget for this project is shown in Exhibit B, Attachment I. Grant Disbursement Requests (Form MSCD/ISB-90) for vehicle voucher and Grantee voucher processing fee shall not exceed the grant amount.
- c. The total funding may be reallocated at CARB's sole discretion in the event that the Grantee requests less than the total voucher processing fee than the amount stated in the budget.
- d. Subject to prior written approval from CARB, line item shifts of up to ten percent of the grant total may be made over the life of the grant. Line item shifts greater than ten percent require a formal amendment to the grant. Line item shifts may be proposed by either the State or the Grantee and must not increase or decrease the total grant amount. All line item shifts must be approved in writing by CARB. If the grant is formally amended, all line item shifts must be included in the amendment.

2. Project Funding

a. Vehicle Voucher Funding

The success of HVIP is contingent upon vehicle dealerships deducting the voucher amount from the vehicle purchase price at the time the purchaser makes the purchase. A dealership is more likely to accept the voucher's cash value at the time of purchase if the voucher is redeemed quickly. As such, the Grantee will receive an initial disbursement of up to 10 percent of HVIP vehicle voucher funding as seed money at project start-up in order to turn around voucher redemptions from dealers within one to two weeks once the Grant Agreement has been signed and upon availability of funds (See Exhibit B, Attachment II of this Grant Agreement).

In order to ensure adequate project funds are available in the Grantee's account to cover the cost of vouchers, the Grantee may request subsequent disbursements by submitting a Status Report documenting the need for additional vehicle funding from CARB. Except for wait list situations in which

voucher funds must be available, the Grantee must ensure that no more than 20 percent of total vehicle voucher funds are available in the Grantee's general ledger account. The Grantee must advise CARB whenever the 20 percent limit is exceeded. Additional funds may be disbursed, if necessary and at CARB's sole discretion, to reflect an increase in market activity.

b. Voucher Processing Fee (up to seven percent of the total project amount)

The Grantee shall receive voucher processing fees on the following schedule:

- i. 50 percent of voucher processing fees at the time the Grant Agreement is signed and upon availability of funds for outreach, dealer training, and other project start-up costs.
- ii. 5 percent of voucher processing fees after completion of dealer trainings, finalization of the HVIP implemented through the Implementation Manual, and HVIP website is fully functional.
- iii. 5 percent of voucher processing fees after 25 percent of voucher funding is committed via vouchers issued.
- iv. 5 percent of voucher processing fees after 50 percent of voucher funding is committed via vouchers issued.
- v. 5 percent of voucher processing fees after 75 percent of voucher funding is committed via vouchers issued.
- vi. 5 percent of voucher processing fees after all voucher funding is committed via vouchers issued.
- vii. 5 percent of voucher processing fees after 25 percent of voucher funding has been expended on vehicles purchased.
- viii. 5 percent of voucher processing fees after 50 percent of voucher funding has been expended on vehicles purchased.
- ix. 5 percent of voucher processing fees after 75 percent of voucher funding has been expended on vehicles purchased.
- x. Final 10 percent (100 percent cumulative) of voucher processing fees after CARB has received all intellectual property and data needed to ensure continued smooth implementation of HVIP (See Section N of this Grant Agreement), the Grantee provides documentation describing expenditure of all match funding and in-kind services committed to in the project

application and CARB has received a Final Report documenting vehicles paid for by the program and fulfillment of all project commitments.

CARB will have the sole discretion to accelerate the timeline for allowable disbursements of voucher processing fees identified above (with the exception of the final voucher processing fee disbursement) necessary to assure the goals of the project are met. With the exception of the initial 50 percent of voucher processing fees provided for project start-up, all voucher processing fees provided to the Grantee shall be on a reimbursement basis and requires cost summaries approved by CARB for completed tasks and/or eligible expenses. The Grantee must provide documentation of actual processing costs incurred for the first 50 percent of voucher processing fees before additional voucher processing fees will be provided.

Invoices used to justify voucher processing fees from CARB must provide documentation in accordance with Section H(6) for costs for work completed in the following categories: 1) labor expenses (including total staff time and labor costs); 2) external consultant fees for completed work (if applicable); 3) printing, mailing, travel, and other outreach expenses; and 4) indirect costs. Additional invoices may be provided to CARB if warranted. Documentation substantiating these costs must be maintained by the Grantee and provided to CARB upon request, as described in Section H(6) of this Grant Agreement. Furthermore, in consultation with CARB and subject to CARB's approval, the grantee may redirect any voucher processing fees to fund additional vouchers for eligible vehicles.

3. Grant Disbursements

- a. Requests for payment shall be made with the Grant Disbursement Request Form (Form MSCD/ISB-90) and conform to the instructions identified in Sections H and J of this Grant Agreement. Disbursements requesting funds from multiple funding sources shall be submitted individually by funding source. Grant payments shall be made only for reasonable costs incurred by the Grantee and (with the exception of the first disbursement of voucher processing fee funds) only when the Grantee has submitted a Grant Disbursement Request Form (Form MSCD/ISB-90), milestones stipulated in Exhibit B, Attachment II, the requirements established herein including Section H(6) and in Section K of this Grant Agreement have been accomplished, documentation of accomplishment has been provided to CARB in the form of the Status Report, and any associated deliverables (if applicable) have been provided to CARB. CARB will have the sole discretion to accelerate the allowable timeline for disbursement of voucher processing fee funds identified in Exhibit B, Attachment II (with the exception of the final disbursement of voucher processing fee funds), necessary to assure the goals of the project are met.

- b. Grant payments are subject to CARB's approval of Status Reports and any accompanying deliverables. (See Section K, Reporting, of this Grant Agreement.) A payment will not be made if CARB Project Liaison deems that a milestone has not been accomplished or documented, that a deliverable meeting specification has not been provided, that claimed expenses have not been documented or accomplished, not valid per the budget, or not reasonable, or that the Grantee has not met other terms of the grant.

The Chief of the Mobile Source Control Division or designee of CARB may review the Project Liaison's approval or disapproval of a grant disbursement. No reimbursement will be made for expenses that, in the judgment of the Division Chief of the Mobile Source Control Division, are not reasonable or do not comply with the Grant Agreement.

- c. The Grantee shall mail Grant Disbursement Requests to CARB Project Liaison.
- d. CARB will withhold payment of ten percent of voucher processing fees, as identified in Section H(2)(b) of this Grant Agreement, until completion of all work, all intellectual property has been relinquished to CARB in accordance with Sections K and N of these provisions, CARB has received and approved the Grantee's mechanism for receiving annual activity reports and questionnaires, and submission to CARB by Grantee of a Final Report. It is the Grantee's responsibility to submit a Grant Disbursement Request for this final disbursement of funds.
- e. CARB shall disburse funds in accordance with the California Prompt Payment Act, Government Code, Section 927, et seq.

4. Termination and Suspension of Payments

- a. CARB reserves the right to terminate this grant upon 30 days' written notice to the Grantee. In addition, CARB may terminate this Grant in accordance with Section O(24). In case of early termination, the Grantee will submit a grant disbursement request form, a Status Report covering activities up to, and including, the termination date, following the requirements in Section K of these provisions. Upon receipt of the Grant Disbursement Request form, and Status Report, and once all intellectual property has been relinquished to CARB, a final payment will be made to the Grantee. This payment shall be for all CARB-approved, actually incurred costs that in the opinion of CARB are justified. However, the total amount paid shall not exceed the total grant amount.
- b. CARB reserves the right to issue a grant suspension order in the event that a dispute should arise. The grant suspension order will be in effect until the dispute has been resolved or the grant has been terminated. If the Grantee

chooses to continue work on the project after receiving a grant suspension order, the Grantee will not be reimbursed for any expenditure incurred during the suspension in the event CARB terminates the grant. If CARB rescinds the suspension order and does not terminate the grant, CARB will reimburse the Grantee for any expenses incurred during the suspension that are reimbursable in accordance with the terms of the grant.

- c. CARB reserves the right to immediately terminate this Grant in accordance with Section O(24).
- d. Upon termination for whatever reason, vehicle voucher funds must be immediately returned to CARB.

5. Contingency Provision

In the event this Grant is terminated for whatever reason, CARB Executive Officer or designee reserves the right in his or her sole discretion to award a grant to the next highest scored applicant and if an agreement cannot be reached, to the next applicant(s) until an agreement is reached. If CARB is unable to award a grant under these circumstances, CARB may reallocate funding to other projects.

6. Documentation of Voucher Processing Fees

- a. Voucher processing fees shall be used to fund Grantee costs for administering HVIP to process vouchers and activities covering voucher processing and outreach and includes all Grantee costs including:
 - i. Grantee's personnel costs and fringe benefits
 - ii. Operating costs (i.e. rent, supplies, and equipment)
 - iii. Indirect costs (i.e. general administrative services, office space, and telephone services)
 - iv. Travel expenses and per diem rates set at the rate specified by California Department of Human Resources (CalHR)³
 - v. Overhead
 - vi. Consultant fees (if pre-approved by CARB), and
 - vii. Printing, records retention, and mailing

In no event shall the voucher processing fee exceed seven percent of the total project amount. In no event shall general and administrative costs, which are included within the voucher processing fees, exceed five percent of the total project amount.

- b. The Grantee must maintain documentation of HVIP voucher processing fees used for implementation and outreach, as follows:

³ CARB will only reimburse travel expenses and per diem rates that are set by CalHR. The Grantee will be responsible for travel expenses and per diem rates that exceed CalHR rates

- i. Personnel documentation must make use of timesheets or other labor tracking software. Duty statements or other documentation may also be used to verify the number of staff and actual hours or percent of time staff devoted to HVIP implementation and outreach.
 - ii. Fees for external consultants must be documented with copies of the consultant contract and invoices. All external consultant fees must be pre-approved by CARB. Fees included in the budget as a part of the Grantee Application Package are considered pre-approved by CARB.
 - iii. Printing, mailing, and travel expenses must be documented with receipts and/or invoices.
 - iv. Any reimbursement for necessary travel and per diem shall be at rates not to exceed those amounts paid to the State's represented employees. No travel outside the State of California shall be reimbursed unless prior written authorization is obtained from CARB. The State's travel and per diem reimbursement amounts may be found online at <http://www.calhr.ca.gov/employees/pages/travel-reimbursements.aspx>. Reimbursement will be at the State travel and per diem amounts that are current as of the date costs are incurred by the Grantee.
 - v. If indirect costs are used to document voucher processing fees for HVIP, the Grantee must have an official written policy regarding calculation of these costs. The Grantee must maintain documentation for all costs referenced in the indirect cost calculation formula.
- c. The above documentation, records, and referenced materials must be made available for review during monitoring visits and audits by CARB, or its designee. These records must be retained for a minimum of three years after submittal of the final HVIP invoice to CARB.
 - d. The above documentation must be provided to CARB in Status Reports and a Final Report.

7. Earned Interest

“Earned interest” means any interest generated from State funds provided to the Grantee and held in an interest-bearing account.

- a. Interest earned by the Grantee on HVIP funds must be reported to CARB. All interest income on HVIP funds, including both vehicle voucher funds and voucher processing fee /outreach funds, must be reinvested in HVIP to fund additional vouchers for eligible vehicles. The Grantee is responsible for reporting to CARB on all vehicles funded with interest earned on HVIP funds.

- b. The Grantee must maintain accounting records (e.g. general ledger) that tracks interest earned and expended on HVIP funds, as follows:
 - i. The calculation of interest must be based on an average daily balance or some other reasonable and demonstrable method of allocating the proceeds from the interest-generating account back into the program.
 - ii. The methodology for tracking earned interest must ensure that it is separately identifiable from interest earned on non-HVIP funds.
 - iii. The methodology for calculating earned interest must be consistent with how it is calculated for the Grantee's other fiscal programs.
 - iv. Earned interest must be fully expended by **March 15, 2024**.
- c. Documentation of interest earned on the HVIP funds must be retained for a minimum of three years after it is generated. Documentation of interest expended on eligible vehicles must be retained for a minimum of three years after the interest-funded voucher has been redeemed.
- d. The above documentation must be provided to CARB in a Status Reports and a Final Report.

8. In-Kind Services

The Grantee is encouraged to contribute in-kind services to improve HVIP's effectiveness. "In-kind services", for the purposes of HVIP, means payments or contributions made in the form of goods and services, rather than direct monetary contributions. Funds expended on in-kind services must meet all the requirements described herein and must be documented in the HVIP Final Report to CARB.

9. Advance Payments

Consistent with the Legislature's direction to expeditiously disburse grants, CARB in its sole discretion may provide advance payments of grant awards in a timely manner to support program initiation and implementation with a focus on mitigating the constraints of modest reserves and potential cash flow problems.

Grantee acknowledges that CARB is in the process of promulgating additional Advance Payment regulations. Grantee agrees that this Agreement may be reopened and modified to comply with those regulations once finalized, as appropriate.

Recognizing that appropriate safeguards are needed to ensure grant monies

are used responsibly, CARB has developed the grant conditions described below to establish control procedures for advance payments. CARB may provide advance payments to grantees of a grant program or project if CARB determines all of the following:

- a. The advance payments are necessary to meet the purposes of the grant project.
- b. The use of the advance funds is adequately regulated by grant or budgetary controls.
- c. The request for application or the request for proposals contains the terms and conditions under which an advance payment may be received consistent with this section.
- d. The Grantee is either a small air district or the Grantee meets all of the following criteria:
 - i. Has no outstanding financial audit findings related to any of the moneys eligible for advance payment and is in good standing with the Franchise Tax Board and Internal Revenue Service.
 - ii. Agrees to revert all unused moneys to CARB if they are not liquidated within the timeline specified in the grant agreement.
 - iii. Submits a spending plan to CARB for review prior to receiving the advance payment.
 - iv. The spending plan shall include project schedules, timelines, milestones, and the Grantee's fund balance for all state grant programs.
 - v. CARB shall consider the available fund balance when determining the amount of the advance payment.
 - vi. Reports to CARB any material changes to the spending plan within 30 days.
 - vii. Agrees to not provide advance payment to any other entity.
- e. In the event of the nonperformance of the Grantee, CARB shall require the full recovery of the unspent moneys. A Grantee shall provide a money transfer confirmation within 45 days upon the receipt of a notice from CARB.
- f. The Grantee must complete and submit to CARB for review and approval, an Advance Payment Request Form, along with each grant disbursement that is requesting advance payment. The Advance Payment Request Form shall be provided by CARB to the Grantee after the grant execution.
- g. CARB may provide an advance of the direct project costs of the grant, if the program has moderate reserves and potential cash flow issues. Advance payments will not exceed the Grantee's interim cash needs.

- h. The grantee assumes legal and financial risk of the advance payment.
- i. Grantee shall place funds advanced under this section in an interest-bearing account. Grantee shall track interest accrued on the advance payment. Interest earned on the advance payment shall only be used for eligible grant-related expenses as outlined in the Grant Provisions, Exhibit A or will be returned to CARB.
- j. Grantee shall report to CARB the value of any unused balance of the advance payment and interest earned and submit quarterly fiscal accounting reports consistent with Section K (Reporting) of this grant agreement.
- k. Grantee shall remit to CARB any unused portion of the advance payment and interest earned within 90 days following the end date of this Grant Agreement term or the reversion date of the appropriation.

10. Grantee Match Funding

- a. Match funding from the Grantee, if applicable, can only be used in two ways – to increase the number of eligible vehicles funded or to increase the voucher amount provided to eligible vehicles, as directed by CARB. Match funding must meet the following criteria:
 - i. Funding from other state or federal revenue sources, such as the Carl Moyer Program or other AB 118 programs, may not be counted as match from the Grantee.
 - ii. The combination of HVIP and match funding may not exceed a vehicle's purchase price.
 - iii. Match funding must meet the same requirements applicable to HVIP funds.
 - iv. Vehicles purchased wholly or in part with match funding, must meet the same requirements as vehicles funded with HVIP funds.
- b. Documentation of match funding must be retained for a minimum of three years after the voucher has been redeemed.
- c. The above documentation must be provided to CARB in a Final Report.

I. PROJECT MONITORING

1. Meetings

- a. Initial meeting: A meeting will be held between key project personnel and CARB staff before work on the project begins. The purpose of the first meeting will be to discuss the overall plan, details of performing the tasks, the project schedule, and any issues that may need to be resolved.
- b. Review meetings: Meetings to discuss progress must be held at least quarterly beginning three months after the initial meeting. Additional meetings may be scheduled at the sole discretion of CARB Project Liaison. Such meetings may be conducted by phone, if deemed appropriate by CARB Project Liaison.
- c. Site visits: Site visits shall be established by CARB Project Liaison during the term of this grant.

2. Technical Monitoring

- a. Any changes in the scope or schedule for the project shall require the prior written approval of CARB Project Liaison and may require a formal grant amendment.
- b. The Grantee shall notify CARB Project Liaison and Grant Coordinator in writing, immediately if any circumstances arise (technical, economic, or otherwise), which might place completion of the project in jeopardy. The Grantee shall also make such notification if there is a change in key project personnel (see Exhibit B, Attachment IV).
- c. In addition to Status Reports (see Section K, Reporting, of this Grant Agreement), the Grantee shall provide information requested by CARB Project Liaison that is needed to assess progress in completing tasks and meeting the objectives of the project.
- d. Any change in budget allocations, re-definition of deliverables, or extension of the project schedule must be requested in writing to CARB Project Liaison and approved by CARB, in its sole discretion and may require a formal grant amendment.

J. DOCUMENTATION OF EXPENDITURE OF STATE FUNDS

The Grantee must provide CARB with documentation accounting for the proper expenditure of CARB funds. The documentation must be provided in Status Reports submitted monthly to CARB and a Final Report submitted after all vehicle funding

has been expended and prior to the Grantee receiving their last disbursement of voucher processing funding.

K. REPORTING

1. Status Reports

- a. The Grantee shall submit Status Reports on a monthly basis. The Status Reports shall be provided in a format agreed upon between CARB Project Liaison and the Grantee and meet the requirements specified herein. CARB may specify an electronic format for Status Reports.
- b. The Grantee must provide a Status Report to CARB detailing the vehicles and associated voucher amounts assigned and redeemed to date. The Status Report must include the following components:
 - i. Excel spreadsheet of vehicles funded for the reporting period – format and data fields to be agreed upon by the Grantee and CARB. Data fields will include, but not limited to, Vehicle Identification Number (VIN), purchasing fleet home office city and zip code, physical address or domicile address of the vehicle, census tract, and air district in which the vehicle is to be domiciled, vehicle type, make and model, and purchase/lease date.
 - ii. Additionally, at a minimum of three-month intervals, the Status Report must include telematics data as specified within the Implementation Manual pursuant to Section C(1)(k).
 - iii. Summary report-
 - a.) Number of vouchers received, approved, in-process, and pending.
 - b.) Number and dollar amount of vouchers issued by vehicle vocation (i.e. beverage delivery truck, parcel delivery truck, utility vehicle, refuse hauler, etc...)
 - c.) Number, dollar amount, and percentage of vouchers issued by vehicle type, model, purchase price and voucher amount.
 - d.) Graph of vouchers issued by vehicle model and month
 - e.) Number of vouchers for vehicles leased versus owned.
 - f.) Number of vouchers per Air District.

- g.) Number of vouchers and dollar amount provided to vehicles meeting disadvantaged community eligibility as defined by CARB as specified in the Implementation Manual.
 - h.) Track and report which Senate and Assembly district vehicles are domiciled, along with the corresponding legislative representative.
 - i.) Other financial incentives received (other than tax vouchers), if applicable.
 - j.) Remaining grant funding available.
- iv. Grantee voucher processing fee summaries, if applicable.
 - v. Identified problems or concerns and proposed solutions, if applicable.
- c. The Status Report provides a mechanism for the Grantee to justify a need for additional HVIP funding from CARB. The Status Report must be submitted monthly, but may be provided on an as needed basis to justify additional funding from CARB. The first Status Report must be submitted one month after the grant agreement is fully executed or when requesting additional disbursement of funds, whichever is sooner.
 - d. Every Grant Disbursement Request Form (Form MSCD/ISB-90) shall be accompanied by a Status Report that documents the completion of a milestone specified in Exhibit B, Attachment II.
 - e. If the project is behind schedule, the Status Reports must contain an explanation of reasons and how the Grantee plans to resume the schedule.

2. Final Report

- a. The Grantee must submit a Final Report to CARB after all vehicle funding has been expended.
- b. The Final Report must include, at a minimum:
 - i. Total fund expenditures documentation (including but not limited to vehicle voucher funds, voucher processing fee, match and in-kind funds).
 - ii. Excel spreadsheet of any vehicles funded not previously included in a Status Report (see Status Report).
 - iii. Summary report of all vehicles funded by HVIP for the period covered by the Grant Agreement (may be provided as summaries or previously submitted Status Reports - see Status Report).

- iv. Total fund expenditures of HVIP funding per source of funding and fiscal year.
 - v. Total vouchers and funding amounts benefitting Disadvantaged Communities.
 - vi. Telematics data as specified within the Implementation Manual pursuant to Section C(1)(k).
 - vii. VIN for each vehicle purchased or repowered with a low NOx engine.
 - viii. Outreach efforts.
 - ix. Implementation challenges.
 - x. Recommendations for potential program improvements.
 - xi. Earned interest.
- c. When the project is complete, the Grantee shall submit a draft Final Report. The draft Final Report must be submitted to CARB in an appropriate format agreed upon between CARB Project Liaison and the Grantee. The Final Report must meet the requirements specified herein. Upon approval of the draft Final Report by CARB Project Liaison, the Grantee shall provide a written copy of the final version, plus an electronic file.

L. OVERSIGHT AND ACCOUNTABILITY

1. The Grantee shall comply with all oversight responsibilities identified herein.
2. CARB or its designee may recoup the funds which were received based upon misinformation or fraud, or for which a Grantee, manufacturer (including truck equipment manufacturer), technology provider, or vehicle purchaser is in significant or continual non-compliance with the terms of this Grant or State law. CARB also reserves the right to prohibit any entity from participating in HVIP due to non-compliance with project requirements.
3. If the Grantee detects any actual and/or potentially fraudulent activity by a vehicle, purchaser, or lessee, shall notify CARB as soon as possible and work with CARB to determine an appropriate course of action.

M. PROJECT RECORDS

As further described below, project records includes but is not limited to Grantee, financial, and voucher records. All project records must be retained for a period of three (3) years after final payment under this Grant. All project records are subject to audit pursuant to Section O(4) of this Grant Agreement. Upon completion of the third year of record retention, the Grantee shall submit all project records to CARB. Hardcopy of electronic records are suitable. Acceptable forms of electronic media include hard drives, CDs, DVDs, and flash drives. Other forms of electronic media may be allowed based on prior written concurrence from CARB.

1. Grantee Record:

The Grantee shall retain a combined file for HVIP containing:

- a. Original executed copy of the HVIP Grant Agreement and Grant Agreement Amendments (if applicable).
- b. Policies and Procedure Manual.
- c. Copies of Grant Disbursement Request Forms.
- d. Documentation of earned interest generation and expenditure (see Section H(7) for more information).

2. Financial Records:

Without limitation of the requirement to maintain project accounts in accordance with generally accepted accounting principles, the Grantee must:

- a. Establish an official file for HVIP which shall adequately document all significant actions relative to the project.
- b. Establish separate accounts which will adequately and accurately depict all amounts received and expended on HVIP.

3. Voucher Records:

Grantee is required to establish and maintain voucher records which must include, at a minimum:

- a. HVIP voucher applications.
- b. Unique identifier that links each voucher to its corresponding file.

- c. Documentation on any deviations from the normal processing of vouchers (examples include enforcement action, CARB case-by-case approvals).
- d. Maintain copies of all disapproved voucher applications and the reason for disapproval.

N. INTELLECTUAL PROPERTY

Any webpage(s), software, databases, project data, or other intellectual property developed or purchased by the Grantee for the purposes of administering or implementing HVIP shall be transferred to a new grantee, should a different grantee be selected to manage HVIP in subsequent funding years. It will be the Grantee's responsibility to turn over this property and information to CARB and the new grantee and provide all reasonable and necessary assistance needed to ensure a smooth transition. It is CARB's intention that voucher access and redemption be seamless to vehicle purchasers and lessees as HVIP transitions to each new fiscal year.

O. GENERAL PROVISIONS

- 1. Amendment:** No amendment or variation of the terms of this Grant Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or agreement not incorporated in the Grant Agreement is binding on any of the parties.
- 2. Assignment:** This Grant is not assignable by the Grantee, either in whole or in part, without the consent of CARB.
- 3. Availability of Funds:** CARB's obligations under this Grant Agreement are contingent upon the availability of funds. In the event funds are not available, the State shall have no liability to pay any funds whatsoever to the Grantee or to furnish any other considerations under this Grant Agreement.
- 4. Audit:** Grantee agrees that CARB, the Department of General Services, Department of Finance, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Grant and all State funds received. Grantee agrees to maintain such records for possible audit for three (3) years after the term of this Grant is completed, unless a longer period of records retention is stipulated. Grantee agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Grantee agrees to include similar right of the State audit

records and interview staff in any Grant related to performance of this Agreement.

- 5. Compliance with law, regulations, etc. :** The Grantee agrees that it will, at all times, comply with and require its contractors and subcontractors to comply with all applicable federal and State laws, rules, guidelines, regulations, and requirements.
- 6. Computer software:** The Grantee certifies that it has appropriate systems and controls in place to ensure that State funds will not be used in the performance of this Grant Agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.
- 7. Confidentiality:** No record which has been designated as confidential by CARB, or is the subject of a pending application of confidentiality, shall be disclosed by the Grantee.
- 8. Conflict of interest:** The Grantee certifies that it is in compliance with applicable State and/or federal conflict of interest laws. The Grantee may have no interest, and shall not acquire any interest, direct or indirect, which will conflict with its ability to impartially complete the tasks described herein. The Grantee must disclose any direct or indirect financial interest or situation which may pose an actual, apparent, or potential conflict of interest with its duties throughout the grant term. CARB may consider the nature and extent of any actual, apparent, or potential conflict of interest in the Grantee's ability to perform the grant. The Grantee must immediately advise CARB in writing of any potential new conflicts of interest throughout the grant term.
- 9. Disputes:** The Grantee shall continue with the responsibilities under this Grant Agreement during any dispute. Grantee staff or management may work in good faith with CARB staff or management to resolve any disagreements or conflicts arising from implementation of this Grant Agreement. However, any disagreements that cannot be resolved at the management level within 30 days of when the issue is first raised with CARB staff shall be subject to resolution by CARB Executive Officer, or his designated representative. Nothing contained in this paragraph is intended to limit any rights or remedies that the parties may have under law.
- 10. Environmental justice:** In the performance of this Grant Agreement, the Grantee shall conduct its programs, policies, and activities that substantially affect human health or the environment in a manner that ensures the fair treatment of people of all races, cultures, and income levels, including minority populations and low-income populations of the State.
- 11. Fiscal management systems and accounting standards:** The Grantee agrees that, at a minimum, its fiscal control and accounting procedures will be

sufficient to permit tracing of grant funds to a level of expenditure adequate to establish that such funds have not been used in violation of State law or this Grant Agreement. Unless otherwise prohibited by State or local law, the Grantee further agrees that it will maintain separate Project accounts in accordance with generally accepted accounting principles.

12. Force majeure: Neither CARB nor the Grantee shall be liable for or deemed to be in default for any delay or failure in performance under this Grant Agreement or interruption of services resulting, directly or indirectly, from acts of God, enemy or hostile governmental action, civil commotion, strikes, lockouts, labor disputes, fire or other casualty, etc.

13. Governing law and venue: This Grant is governed by and shall be interpreted in accordance with the laws of the State of California. CARB and the Grantee hereby agree that any action arising out of this Grant Agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California, or in the United States District Court in and for the Eastern District of California. The Grantee hereby waives any existing sovereign immunity for the purposes of this Grant Agreement.

14. Grantee's responsibility for work: The Grantee shall be responsible for work and for persons or entities engaged in work, including, but not limited to, contractors, subcontractors, suppliers, and providers of services. The Grantee shall be responsible for any and all disputes arising out of its contract for work on the Project, including but not limited to payment disputes with contractors, subcontractors, and providers of services. The State will not mediate disputes between the Grantee and any other entity concerning responsibility for performance of work. The Grantee will pay out CARB funds to other entities on a reimbursement basis only.

15. Indemnification: The Grantee agrees to indemnify, defend and hold harmless the State and the Board and its officers, employees, agents, representatives, and successors-in-interest against any and all liability, loss, and expense, including reasonable attorneys' fees, from any and all claims for injury or damages arising out of the performance by the Grantee, and out of the operation of equipment that is purchased with funds from this Grant Award.

16. Independent Contractor: The Grantee, and its agents and employees, if any, in their performance of this Grant Agreement, shall act in an independent capacity and not as officers, employees or agents of CARB.

17. Nondiscrimination: During the performance of this Grant Agreement, the Grantee and its third party entities shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer),

age (over 40), marital status, and denial of family care leave. The Grantee and its third party entities shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. The Grantee and its third party entities shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. The Grantee and its third party entities shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

The Grantee shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this Grant Agreement.

18.No third party rights: The parties to this Grant Agreement do not create rights in, or grant remedies to, any third party as a beneficiary of this Grant Agreement, or of any duty, covenant, obligation or undertaking establish herein.

19.Ownership: All information or data received or generated by the Grantee under this agreement shall become the property of CARB. No information or data received or generated under this agreement shall be released without CARB's approval.

20.Personally Identifiable Information: Information or data that personally identifies an individual or individuals is confidential in accordance with California Civil Code sections 1798, et seq. and other relevant State or Federal statutes and regulations. The Grantee shall safeguard all such information or data which comes into their possession under this agreement in perpetuity, and shall not release or publish any such information or data.

21.Prevaling wages and labor compliance: If applicable, the Grantee agrees to be bound by all the provisions of State Labor Code Section 1771 regarding prevailing wages. If applicable, the Grantee shall monitor all agreements subject to reimbursement from this Grant Agreement to ensure that the prevailing wage provisions of State Labor Code Section 1771 are being met.

22.Professionals: For projects involving installation or construction services, the Grantee agrees that only licensed professionals will be used to perform services under this Grant Agreement where such services are called for and licensed professionals are required for those services under State law.

23. Severability: If a court of competent jurisdiction holds any provision of this Grant Agreement to be illegal, unenforceable or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of those provisions, will not be affected.

24. Termination: CARB may terminate this Grant Agreement by written notice at any time prior to completion of the project funded by this Grant Agreement, upon violation by the Grantee of any material provision after such violation has been called to the attention of the Grantee and after failure of the Grantee to bring itself into compliance with the provisions of this Grant Agreement.

25. Timeliness: Time is of the essence in this Grant Agreement. Grantee shall proceed with and complete the Project in an expeditious manner.

26. Waiver of Rights: Any waiver of rights with respect to a default or other matter arising under the Grant Agreement at any time by either party shall not be considered a waiver of rights with respect to any other default or matter. Any rights and remedies of the State provided for in this Grant Agreement are in addition to any other rights and remedies provided by law.

P. Insurance Requirements

The Grantee must comply with all requirements outlined in the (1) General Provisions section and (2) Insurance Requirements section.

No payments will be made under the grant until the Grantee fully complies with all insurance requirements.

1. General Provisions

- a. Coverage Term – Coverage needs to be in force for the complete term of the grant. If insurance is set to expire during the term of the grant, a new certificate must be received by the State at least ten days prior to the expiration of this insurance. Any new insurance must comply with the original grant terms.
- b. Policy Cancellation or Termination & Notice of Non-Renewal – Grantee is responsible to notify the State within five business days of any cancellation, non-renewal, or material change that affects required insurance coverage. New certificates of insurance are subject to the approval of the Department of General Services and the Grantee agrees no work or services will be performed prior to obtaining such approval. In the event that the Grantee fails to keep in effect at all times the specified insurance coverage, the State may, in addition to any other remedies it may have, terminate the grant upon the occurrence of such event, subject

to the provisions of the grant.

- c. Premiums, Assessments and Deductibles – The Grantee is responsible for any premiums, policy assessments, deductibles or self-insured retentions contained within their insurance program.
 - d. Primary Clause – Any required insurance contained in the grant shall be primary, and not excess or contributory, to any other insurance carried by the State.
 - e. Insurance Carrier Required Rating – All insurance companies must carry an AM Best rating of at least “A–” with a financial category rating of no lower than VI. If the Grantee is self-insured for a portion or all of its insurance, review of financial information including a letter of credit may be required.
 - f. Endorsements – Any required endorsements requested by the State must be physically attached to all requested certificates of insurance and not substituted by referring to such coverage on the certificate of insurance.
 - g. Inadequate Insurance – Inadequate or lack of insurance does not negate the Grantee’s obligations under the grant.
 - h. Use of Subcontractor – In the case of the Grantee’s utilization of subcontractors to complete the grant scope of work, the Grantee shall include all subcontractors as insured’s under the Grantee’s insurance or supply evidence of the subcontractor’s insurance to the State equal to policies, coverages, and limits required of the Grantee.
- 2. Grant Insurance Requirements** – The Grantee shall display evidence of the following on a certificate of insurance. Failure to provide the certificate upon request will result in the termination of the grant. The following coverages must be evidenced on the certificate of insurance :
- a. Commercial General Liability – The Grantee shall maintain general liability on an occurrence form with limits not less than \$1,000,000 per occurrence for bodily injury and property damage liability combined with a \$2,000,000 annual policy aggregate. A “per project aggregate” endorsement is required. The policy shall include coverage for liabilities arising out of premises, operations, independent Grantees, products, completed operations, personal and advertising injury, and liability assumed under an insured contract or grant. This insurance shall apply separately to each insured against whom claim is made or suit is brought subject to Grantee’s limit of liability. The policy must name the State of California, its officers, agents, and employees as additional insured, but only with respect to work

performed under the grant.

- b. Automobile Liability – If the Grantee will be using vehicles to complete the project or driving a vehicle onto State property, automobile liability insurance is required. The Grantee shall maintain motor vehicle liability with limits of not less than \$1 million per accident. Such insurance shall cover liability arising out of a motor vehicle including owned, hired, and non-owned motor vehicles. At the request of CARB, the Grantee must show proof of automobile liability. Failure to provide proof upon request will result in the termination of the grant. The policy must name the State of California, its officers, agents, and employees as additional insured, but only with respect to work performed under the grant.
- c. Workers Compensation and Employers Liability – The Grantee shall maintain statutory worker's compensation and employer's liability coverage for all its employees who will be engaged in the performance of the grant. In addition, employer's liability limits of \$1,000,000 are required. A Waiver of Subrogation or Right to Recover endorsement in favor of the State of California must be attached to the certificate.
- d. Crime Insurance – Crime insurance requirements are negotiable at CARB's sole discretion. At a minimum, the maximum amount of funding that the Grantee will have on hand at any time should be covered. Coverage shall include but not be limited to employee dishonesty, theft, forgery or alteration, and inside/outside money and securities coverages including first and third party theft for state-owned or leased property in the care, custody, and/or control of the Grantee. The policy shall include as loss payee, the State of California, California Air Resources Board.

Attachment I – Budget Summary

Grantee: _____

Grant No.: GXX-HVIP-XX

Project: Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project

Total Costs & Funding

Funding Source	Amount	Voucher Processing Fees	Vehicle Voucher Funds
GGRF: HVIP Funding	\$ _____	\$ _____	\$ _____
TOTAL	\$ _____	Up to \$ _____	\$ _____

Disbursement of Funds:

Voucher Processing Fees

The Grantee shall receive voucher processing fee funding in accordance with Section H(2)(b) of this Grant Agreement.

Exhibit B, Work Statement

Attachment II – Project Milestones and Disbursement Schedule

Grantee: _____

Grant No.: GXX-HVIP-XX

Project: Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project

Milestone	Milestone Description	Funding Amount
GGRF: HVIP		
	Voucher Processing Fees	
1.0	Sign Grant Agreement with CARB ¹	Up to 50 percent
1.1	Completion of fully-functional voucher request and redemption website; Finalized Implementation Manual; Completion of Dealer Trainings	Up to 5 percent
1.2	25 Percent of Voucher Funding Committed via Vouchers Issued	Up to 5 percent
1.3	50 Percent of Voucher Funding Committed via Vouchers Issued	Up to 5 percent
1.4	75 Percent of Voucher Funding Committed Via Vouchers Issued	Up to 5 percent
1.5	100 Percent of Voucher Funding Committed Via Vouchers Issued	Up to 5 percent
1.6	25 Percent of Voucher Funding Expended	Up to 5 percent
1.7	50 Percent of Voucher Funding Expended	Up to 5 percent
1.8	75 Percent of Voucher Funding Expended	Up to 5 percent
1.9	Voucher Fund Disbursement Complete; Receipt of Intellectual Property and Data; Completion of Vehicle Activity Reporting Mechanism; Receipt of Final Report	Up to 10 percent
	Vehicle Voucher Funding	
2.0	Sign Grant Agreement with CARB ¹	Up to 20 percent
2.1	Ongoing disbursement of voucher funds ²	Up to 80 percent
GGRF: HVIP Funding Subtotal		\$ _____

¹The initial disbursement of vehicle voucher funds and voucher processing fee funds will be released once funds become available.

²Project funds will be disbursed in accordance with the instructions identified in Section H(2) and H(3) of this Grant Agreement.

Exhibit B, Work Statement

Attachment III – Project Schedule

Grantee: _____

Grant No.: GXX-HVIP-XX

Project: Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project
Detailed Scope of Work and Schedule

Work Task	Start Date	Completion Date
Task 1 – Sign Grant Agreement with CARB; submit to CARB one original copy of fully executed Grant Agreement.		
Task 2 – Finalize Implementation Manual and update voucher application forms ¹ .		
Task 3 – Outreach and education, including robust outreach activities in disadvantaged communities.		
Task 4 – Update Implementation Manual (in a manner directed by CARB), Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project webpages, and HVIP database; accept voucher applications; process and disburse vouchers; initiate enforcement process for 36-month ownership requirement by identifying and reporting at-risk voucher recipients; initiate enforcement for maximum voucher requirement; tracking and reporting vehicle resale inquiries and voucher in disadvantaged communities; and contacting voucher recipients that have, or will potentially sell their vehicle early, to request repayment of the prorated voucher amount. Submit a mechanism for receiving annual activity reports and questionnaires to CARB for approval. See section G(2) for detailed tasks.		
Task 5 – Provide CARB Status Reports.		
Task 6 – Provide CARB with HVIP intellectual property and data needed to ensure smooth implementation of HVIP in future years; submit Final Report to CARB.		

¹ Personal information or other data collected from voucher applications may not be used or released in any way; however, with approval from CARB, this information can be used for other related CARB incentive programs with the consent of the applicant (e.g. checking “opt-in” boxes on the application) and the written consent of CARB.

Exhibit B, Work Statement

Attachment IV – Key Project Personnel

Grantee: _____

Grant No.: GXX-HVIP-XX

Project: Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project

Name	Position	Duties