

**APPENDIX D-4**  
**Beneficiary Eligible Mitigation Action Certification**

## BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION

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Beneficiary Tennessee

Lead Agency Authorized to Act on Behalf of the Beneficiary Tennessee Department of Environment and Conservation  
*(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>	STATE OF TENNESSEE CLASS 4-7 TRUCK GRANT
<b>Beneficiary's Project ID:</b>	ENVWCLAS47TRUCK
<b>Funding Request No.</b>	<i>(sequential)</i> 23
<b>Request Type: (select one or more)</b>	<input checked="" type="checkbox"/> Reimbursement <input type="checkbox"/> Advance <input type="checkbox"/> Other (specify): _____
<b>Payment to be made to: (select one or more)</b>	<input checked="" type="checkbox"/> Beneficiary <input type="checkbox"/> Other (specify): _____
<b>Funding Request &amp; Direction (Attachment A)</b>	<input checked="" type="checkbox"/> Attached to this Certification <input type="checkbox"/> To be Provided Separately

### SUMMARY

<b>Eligible Mitigation Action</b>	<input checked="" type="checkbox"/> Appendix D-2 item (specify): <u>Eligible Mitigation Action Category #6, Class 4-7 Local Freight Trucks</u> <input type="checkbox"/> Item 10 - DERA Option (5.2.12) (specify and attach DERA Proposal):
<b>Action Type</b>	
<b>Explanation of how funding request fits into Beneficiary's Mitigation Plan (5.2.1):</b>	See attached.
<b>Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2):</b>	See attached.
<b>Estimate of Anticipated NOx Reductions (5.2.3):</b>	See attached.
<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>	Tennessee Department of Environment and Conservation
<b>Describe how the Beneficiary will make documentation publicly available (5.2.7.2).</b>	See attached.
<b>Describe any cost share requirement to be placed on each NOx source proposed to be mitigated (5.2.8).</b>	See attached.
<b>Describe how the Beneficiary complied with subparagraph 4.2.8, related to notice to U.S. Government Agencies (5.2.9).</b>	See attached.

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).  
See attached.

**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 Tennessee, 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: 8/22/2023

Molly R. Cripps, Director, Bureau of Environment Operations / Office of Energy Programs / Emergency Res

[NAME]

[TITLE]



Tennessee Department of Environment and Conservation

[LEAD AGENCY]

for

Tennessee

[BENEFICIARY]

**ATTACHMENT A**

**FUNDING REQUEST AND DIRECTION**

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

Pursuant to the authority granted to the Tennessee Department of Environment and Conservation [insert Lead Agency] to act on behalf of Beneficiary Tennessee under the Mitigation Trust, [Lead Agency] directs the Trustee to make the following payments from its subaccount no. 122969-031 to the following payees, for the amounts specified on the dates specified below.

**LEAD AGENCY INFORMATION**

Beneficiary Name:	<u>Tennessee</u>	Lead Agency Contact Person:	<u>Molly R. Cripps</u>
Lead Agency Name:	<u>Tennessee Department of Environment and Conservati</u>	Lead Agency Email Address:	<u>molly.cripps@tn.gov</u>
Lead Agency Address:	<u>312 Ross L. Parks Ave., 2nd Floor, Nashville, TN 37241</u>	Lead Agency Fax:	<u>615-741-5070</u>
Lead Agency Phone:	<u>615-741-2994</u>	Lead Agency TIN:	<u>626001445</u>

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

**MITIGATION ACTION INFORMATION**

Action Title:	<u>STATE OF TENNESSEE CLASS 4-7 TRUCK GRANT</u>	Funding Request No:	<u>23</u>
Beneficiary's Project ID:	<u>ENWWCLAS47TRUCK</u>		

**PAYMENTS REQUESTED**

*(attach additional pages if needed)*

<b>Amount</b>	<b>Requested Date</b>	<b>Payee</b>	<b>Request Type</b>
\$817,649.81	8/22/2023	STATE OF TENNESSEE TREASURY	Reimbursement

**PAYEE CONTACT AND WIRE INFORMATION**

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

**PAYEE CONTACT INFORMATION**

Action Title:	STATE OF TENNESSEE CLASS 4-7 TRUCK GRANT	Beneficiary Project ID:	ENWVCLAS47TRUCK
Payee Name:	STATE OF TENNESSEE TREASURY	Payee Contact Person:	REBECCA WALLACE
Payee Address:	312 Rosa L. Parks Ave., 10th Floor, Nashville, TN 3724	Payee Email Address:	rebecca.wallace@tn.gov
Payee Phone:	615-532-0296	Payee Fax:	615-259-4862
Payee TIN:	626001445		

Payment Amount	Requested Date	Request Type
\$817,649.81	8/22/2023	Reimbursement

**WIRE INFORMATION**

Receiving Bank Name:	FIRST HORIZON BANK		
Receiving Bank Branch:	NASHVILLE MAIN		
Receiving Bank Address:	511 UNION ST. NASHVILLE, TN 32719		
Bank Swift ID:	184503761	National Routing No. / Bank ABA Number <i>(Sort Code, BLZ)</i>	084000026
Amount of Wire:	\$817,649.81		
Message to Payee:	Tennessee Department of Environment and Conservation / VW Reimbursement		
Instructions to Receiving Bank:	Tennessee Department of Environment and Conservation / VW Reimbursement		
For Credit to:	Tennessee Department of Environment and Conservation / VW Reimbursement		
Other Special Instructions:	Contact Rebecca Wallace (615-532-0296) with any questions.		

*[Signature Block]* Angela McGee (Authorized Instructor)  
 angela.mcgee@tn.gov  
 615-852-0131

*Angela McGee*

Molly Cripps (Agency Lead)  
 molly.cripps@tn.gov

*08.22.2023*

## **BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION SUMMARY ATTACHMENT**

(All terms that are both bolded and italicized in this document are defined in Appendix D-2 of the State Trust Agreement.)

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

Section V.B.i. of the State of Tennessee's Beneficiary Mitigation Plan states:<sup>1</sup>

The State will allocate \$4,527,307.60 to eligible *Class 4-7 Local Freight Truck* projects.

Eligible *Class 4-7 Local Freight Trucks* may be *Repowered* with any new diesel, *Alternate Fueled*, or *All-Electric* engine, or may be replaced with any new diesel, *Alternate Fueled*, or *All-Electric* vehicle. Due to expected NOx emissions reductions from *Alternate Fueled* and *All-Electric* projects being higher than expected NOx emissions reductions from new diesel projects, the State will prioritize funding for *Alternate Fueled* and *All-Electric* vehicle *Repowers* and/or replacements under this Environmental Mitigation Action category. The cost to *Repower* an engine shall include the cost to purchase and install such engine.

Additionally, Section V.D. of the State of Tennessee's Beneficiary Mitigation Plan speaks to the intended use of allowable administrative expenditures for each Eligible Mitigation Action category.<sup>2</sup>

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

After conducting a comprehensive review of all grant applications, TDEC selected nine grantees that will replace a total of 30 engine model year 1992-2009 diesel trucks with 10 new diesel, one *All-Electric*, 14 *Hybrid*, three propane, and two compressed natural gas trucks. The new Medium Trucks will reduce NOx emissions associated with the older diesel Medium Trucks to be *Scrapped*.

Of the funded vehicle replacements, 21 trucks will operate 70 percent or more of the time in former nonattainment areas for ozone and/or fine particulates (PM<sub>2.5</sub>) under National Ambient Air Quality Standards.<sup>3</sup> Nine funded trucks will operate in counties that bear a disproportionate share of the air pollution burden (determined by TDEC's Disproportionate Burden Index).<sup>4</sup> Additionally, three funded trucks will operate in one of the state's economically Distressed Counties for State Fiscal Year 2021, defined by the Appalachian Regional Commission as those counties that rank among the 10 percent most economically distressed counties in the nation based on a three-year average unemployment rate, per capita market income, and poverty rate.<sup>5</sup>

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<sup>1</sup> State of Tennessee's Beneficiary Mitigation Plan. [https://www.tn.gov/content/dam/tn/environment/energy/documents/vw-resources/TDEC\\_VW\\_EMT\\_BMP\\_Updated\\_7.19.22.pdf](https://www.tn.gov/content/dam/tn/environment/energy/documents/vw-resources/TDEC_VW_EMT_BMP_Updated_7.19.22.pdf).

<sup>2</sup> Ibid.

<sup>3</sup> Tennessee Nonattainment/Maintenance Status for Each County by Year for All Criteria Pollutants, [https://www3.epa.gov/airquality/greenbook/anayo\\_tn.html](https://www3.epa.gov/airquality/greenbook/anayo_tn.html).

<sup>4</sup> Disproportionate Burden Index August 2020, <https://www.tn.gov/environment/program-areas/energy/state-energy-office--seo/tennessee-and-the-volkswagen-diesel-settlement/beneficiary-mitigation-plan.html>.

<sup>5</sup> Distressed County designations are updated each State Fiscal Year. For purposes of this Program, a county must have been designated as Distressed in Fiscal Year 2021 in order to be treated as a Distressed County during the application evaluation process. As of Fiscal Year 2021, Tennessee had 11 Distressed Counties. A comprehensive list of Distressed Counties for Fiscal Year 2021 may be accessed here: <https://www.tn.gov/transparenttn/state-financial-overview/open-ecd/openecd/tnecd-performance-metrics/openecd-long-term-objectives-quick-stats/distressed-counties.html>.

These projects will support local government and business economies by offsetting the cost of new and cleaner vehicle and transportation technologies. The diversity of fuel and project types will also help to strengthen emergency preparedness and the resiliency of the transportation sector in Tennessee.

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

For the Medium Truck Grant Program, selected awardees will replace a total of 30 engine model year 1992-2009 diesel trucks with 10 new diesel, one *All-Electric*, 14 *Hybrid*, three propane, and two compressed natural gas trucks. These selected medium truck replacement projects are expected to reduce 22,802.28 pounds, or 11.40 tons, of NOx emissions over the lifetime of the new vehicles. This estimate was calculated using the Argonne National Laboratory's Heavy Duty Vehicle Emissions Calculator.

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

Please see the Attachment to the State of Tennessee's Certification for Beneficiary Status under the Environmental Mitigation Trust,<sup>6</sup> which details how the State of Tennessee will make documentation publicly available.

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

Section V.B.i. of the State of Tennessee's Beneficiary Mitigation Plan states:<sup>7</sup>

For eligible *Class 4-7 Local Freight Trucks*, the State will fund:

- Up to 25% of the cost of a *Repower* or replacement for Non-Government Owned projects;
- Up to 50% of the cost of a *Repower* or replacement for *Government* Owned projects;
- Up to 75% of the cost of a *Repower* or replacement for *Government* Owned projects in current or former nonattainment areas for Ozone and/or PM2.5 NAAQS; and
- Up to 75% of the cost of a *Repower* or replacement for *Government* Owned projects in Distressed Counties.

For *All-Electric Repower* or replacement projects, the State will fund up to 25% of the acquisition and installation costs for associated charging infrastructure (*All-Electric* infrastructure costs) for Non-Government Owned projects and up to 50% of the *All-Electric* infrastructure costs for *Government* Owned projects.

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

Please see Appendix 3 (Notice of Availability of Mitigation Action Funds to Certain Federal Agencies) of the State of Tennessee's Beneficiary Mitigation Plan, which details how the Beneficiary complied with subparagraph 4.2.8 of the State Trust Agreement.<sup>8</sup>

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<sup>6</sup> Certification for Beneficiary Status Under Environmental Mitigation Trust Agreement.

[https://www.tn.gov/content/dam/tn/environment/energy/documents/vw-resources/Tennessee%20Appendix%20D-3%20form%20\(executed%20and%20filed\).pdf](https://www.tn.gov/content/dam/tn/environment/energy/documents/vw-resources/Tennessee%20Appendix%20D-3%20form%20(executed%20and%20filed).pdf).

<sup>7</sup> State of Tennessee's Beneficiary Mitigation Plan. [https://www.tn.gov/content/dam/tn/environment/energy/documents/vw-resources/TDEC\\_VW\\_EMT\\_BMP\\_Updated\\_7.19.22.pdf](https://www.tn.gov/content/dam/tn/environment/energy/documents/vw-resources/TDEC_VW_EMT_BMP_Updated_7.19.22.pdf).

<sup>8</sup> State of Tennessee's Beneficiary Mitigation Plan. [https://www.tn.gov/content/dam/tn/environment/energy/documents/vw-resources/TDEC\\_VW\\_EMT\\_BMP\\_Updated\\_7.19.22.pdf](https://www.tn.gov/content/dam/tn/environment/energy/documents/vw-resources/TDEC_VW_EMT_BMP_Updated_7.19.22.pdf).



**If applicable, describe how the mitigation action will mitigate the impacts of NO<sub>x</sub> emissions on communities that have historically borne a disproportionate share of the adverse impacts of such emissions (5.2.10):**

Please see Section VI. of the State of Tennessee’s Beneficiary Mitigation Plan. This section sets forth the method by which the Tennessee Department of Environment and Conservation will consider the potential beneficial impact of selected Eligible Mitigation Actions on air quality in areas that bear a disproportionate share of the air pollution burden.<sup>9</sup>

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<sup>9</sup> Ibid.

**ATTACHMENT B**

**PROJECT MANAGEMENT PLAN – PROJECT SCHEDULE AND MILESTONES**

<b>Large Trucks Grant Program Milestone</b>	<b>Date</b>
Lead Agency Requests / Secures Delegated Grant Authority	Requested: November 2020 / Secured: February 2021
Solicitation Release	August 27, 2020
Application Deadline	October 30, 2020
Selected Grantees Announced	April 7, 2021
Updated Beneficiary Mitigation Plan Published	July 19, 2022
Draft Grant Contracts Sent to Grantees for Signature	July 7, 2021
Grant Contracts Finalized	July 30, 2021
Grant Contract Begin Date	August 1, 2021
Trustee Acknowledges Receipt of Project Certification and Funding Direction	January 14, 2020 (Trustee acknowledged receipt of December 16, 2019 submission of D-4)
Grantees complete quarterly, annual, and final reports, as required by the Grant Contract	October 2021 – February 2028 (Note: Funds will be obligated prior to the 10 <sup>th</sup> anniversary of the Trust Effective Date; reporting requirements will continue and extend past that date)
Lead Agency conducts on-site and desktop monitoring of all Grantees	November 2021 – January 2024
Grantees certify project completion and provide detailed invoices for all claimed project costs, documentation for emissions reduction estimates, required certification documents to Lead Agency to support direction to Trustee for Payment	November 2021 – January 2024
Lead Agency completes review of project reimbursement supporting documentation and certifies payment direction to Trustee	January 2022 – February 2024
Trustee Acknowledges Receipt of Direction for Payment(s)	February 2022 – March 2024
Trustee Allocates Share of State Funds for Approved Project (to coincide with vehicle purchase/delivery/deployment and corresponding scrappage)	February 2020 (first payment from Trustee)- March 2024
Grant Contract End Date	July 31, 2023 – January, 27, 2024
Grant Closeout / Lead Agency Reports Project Completion	April 2024 – June 2024

**Period of Performance: November 2018 – January 2024**

<b>Budget Category</b>	<b>Total Approved Budget</b>	<b>Share of Total Budget to be Funded by the Trust</b>	<b>Cost-Share, if applicable</b>
<b>Subrecipient Awards (See Attachment D for List of Approved Grantees and Corresponding Funding Ceilings)</b>	\$5,963,020.34	\$3,452,888.30 (Note: this reflects the amount obligated to projects to date)	\$2,510,132.04
<b>Administrative</b>	\$503,034.17	\$503,034.17 (Estimated: 10% of initial obligated EMA funds)	N/A
<b>Project Totals</b>	\$6,466,054.51	\$3,955,922.47	\$2,510,132.04
<b>Percentage</b>	100%	61%	39%

**PROJECTED TRUST ALLOCATIONS**

	2022
Anticipated Annual Project Funding Request to be paid through the Trust	\$187,288.50
Anticipated Annual Cost Share	\$62,429.50
Anticipated Total Project Funding by Year (line 1 plus line 2)	\$249,718
Cumulative Trustee Payments Made to Date Against Cumulative Approved Beneficiary Allocation	\$17,894.84
Current Beneficiary Project Funding to be paid through the Trust (line 1)	\$187,288.50
Total Funding Allocated to Beneficiary, inclusive of Current Action by Year (line 4 plus line 5)	\$205,183.34
Beneficiary Share of Estimated Funds Remaining in Trust	\$39,840,000 (Based on principal assets + total income assets from September 2022 statement, rounded down to the nearest 10 thousand)
Net Beneficiary Funds Remaining in Trust, net of cumulative Beneficiary Funding Actions (line 7 minus line 6)	\$39,634,816.66

## ATTACHMENT C

### DETAILED PLAN FOR REPORTING ON ELIGIBLE MITIGATION ACTION IMPLEMENTATION

The Tennessee Department of Environment and Conservation (TDEC) will provide detailed reporting on this Environmental Mitigation Trust project in two ways:

1. Timely updates to TDEC's *Tennessee and the Volkswagen Diesel Settlement* public-facing webpage (also referred to as the "TDEC Webpage," which can be accessed at [www.tn.gov/environment/VWSettlement](http://www.tn.gov/environment/VWSettlement));
2. Tennessee's semiannual Beneficiary Reporting Obligations to Wilmington Trust (the "Trustee").

After being identified by the Governor as Lead Agency, TDEC launched the TDEC Webpage to provide information regarding the Environmental Mitigation Trust and eligible mitigation actions. The State of Tennessee's Beneficiary Mitigation Plan and all documentation and records submitted by the Beneficiary in support of each funding request to the Trustee will be available to the public on the TDEC Webpage. Timely updates to the TDEC Webpage will inform the general public on the projects' status as well as when these projects have been completed.

Tennessee will comply with Subparagraph 5.3 of the Environmental Mitigation Trust Agreement for State Beneficiaries, which details the following Beneficiary 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.

To assist Tennessee in fulfilling its Beneficiary Reporting Obligations, Grantees under TDEC's ***Class 4-7 Local Freight Truck*** Grant Program will be required to submit quarterly, annual, and final reports on their funded vehicle ***Repower*** or replacement projects. Details on each Grantee's required reporting are outlined in a Medium and Large Truck Grant Programs Manual<sup>10</sup> and are provided below:

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<sup>10</sup> State of Tennessee Volkswagen Diesel Settlement Environmental Mitigation Trust Medium and Large Truck Grant Programs Manual, <https://www.tn.gov/content/dam/tn/environment/energy/documents/vw-resources/VW%20EMT%20School%20Bus%20Replacement%20Grant%20Program%20Manual%20with%20Appendices.pdf>.

### **Quarterly Reporting**

Section A.2.d. of the Grant Contract states that the Grantee must submit quarterly reports to include updates on procurement, vehicle operator training, **Repower** status, and refueling infrastructure until the grant-funded Medium or Large Trucks are purchased, delivered, and put into service; **Repowered** and put into service (if applicable); and the engines and/or vehicles to be **Repowered** or replaced are **Scrapped**. Such reports shall include a complete description of the status of the project (including actual or projected termination date), development, implementation, and any modification. A quarterly report template is provided in **Appendix A**, which includes prompts for all information required by the Grant Contract. Quarterly reports are due no later than January 10, April 10, July 10, and October 10 of each year of the Grant Contract term.

### **Annual Reporting**

Section A.2.e. of the Grant Contract states that the Grantee shall submit, within three (3) months of the conclusion of each year of the Term, an annual report. Such reports must include the items listed in Section D.18 (Annual and Final Reports) of the Grant Contract, as well as the demonstrated usage of fuel in purchased/Repowered vehicles, the number of diesel gallon equivalents (DGEs) or gallons purchased, purchase price, refueling locations, miles driven, driving or route habits, metrics regarding emissions reductions, and savings or cost avoidance.

In addition, the Grantee will be responsible for compiling and submitting annual reports on fuel usage and vehicle operations for a period of five years, to begin following vehicle procurement, delivery, and the placement of vehicles into service. These reports may be combined with the annual report requirements in Section D.18 during the Grant Contract Term, where possible. Following the close of the Grant Contract Term, these reports are due no later than 30 days after the close of the Grantee's fiscal year. The obligations set forth in Section A.2.e. survive the expiration of the Grant Contract. An annual report template is provided in **Appendix B**, which includes prompts for all information required by the Grant Contract.

### **Final Report**

Per Sections A.2.f. and D.18. of the Grant Contract, the Grantee must submit a final project report (a final report template is provided in **Appendix C**, which includes prompts for all information required by the Grant Contract) within three (3) months of the completion of the Grant Contract Term. (Please note that this report may be combined with the annual report described above for the final year of the grant period.) In addition to the information requested for the annual report, the final project report must also include cumulative financial information to match the final reimbursement request as well as inventory documentation for all equipment or vehicles purchased with funding through the Grant Contract. The inventory documentation must include, at a minimum, the following:

- a. Description of the equipment or vehicles;
- b. Manufacturer's serial number or other identification number, when applicable;
- c. Consecutive inventory equipment or vehicles tag identification;
- d. Acquisition date, cost, and check number;
- e. Fund source, State Grant number, or other applicable fund source identification;
- f. Percentage of state funds applied to the purchase;
- g. Location within the Grantee's operations where the equipment or vehicles are used;
- h. Condition of the property or disposition date if Grantee no longer has possession;
- i. Depreciation method, if applicable; and
- j. Monthly depreciation amount, if applicable.

**NOTE:** Failure to submit quarterly, annual, or final reports may result in the required refund of any and all payments made to the Grantee by the State.

### Scrappage and Non-Repairable Certificate

Section A.2.b. of the Grant Contract states that all eligible Medium and Large Trucks to be replaced under this program must be **Scrapped** within ninety (90) days of new vehicle delivery. Engines from eligible Medium or Large Trucks to be **Repowered** must be **Scrapped** within ninety (90) days of vehicle **Repower** (if the applicant will perform the **Repower**) or within ninety (90) days of **Repowered** vehicle delivery (if an external, third-party will perform the **Repower**). Under the Grant Contract, “**Scrapped**” means to render inoperable and available for recycle, and, at a minimum, to specifically cut a 3-inch hole in the engine block for all engines. If any eligible Truck will be replaced as part of an eligible project, **Scrapped** also includes the disabling of the chassis by cutting the vehicle’s frame rails completely in half. Grant funding shall not cover costs associated with scrappage of eligible Medium or Large Trucks to be replaced/Medium or Large Truck engines to be **Repowered**.

Scrappage may be completed by the Grantee or by a salvage yard, or similar service, provided all scrappage requirements are met and all necessary documentation is provided. The “**Proof of Scrappage**” activity within the GMS includes three tabs (“Proof of Scrappage,” “Photo Uploads,” and “Non-Repairable Certificate”) and must be completed by the Grantee and approved by the TDEC Office of Energy Programs prior to moving forward with the reimbursement process. An individual Proof of Scrappage activity must be completed for each vehicle **Scrapped** under the Grant Program (i.e., if your organization has been approved to replace five vehicles, your organization will complete five individual Proof of Scrappage activities, each complete with all required information and documentation).

Scrappage photo documentation submitted within the GMS must include image files of the following with corresponding file names based on the content of the photo according to the chart, below. Please append the last four digits of the Medium or Large Truck’s VIN to the file name (e.g., SideProfile1234.jpg):

	Photo	File Name (insert last four digits of VIN for “####”)
1	Side profile of the Medium or Large Truck	SideProfile####.jpg
2	Vehicle Identification Number (VIN) label	VIN####.jpg
3	Engine plate showing the EPA engine family name	EngineTag####.jpg
4	Chassis rail cut in half	Chassis####.jpg
5	Engine block, prior to the hole being drilled	EngineBlockPrior####.jpg
6	Engine block, after the hole has been drilled	EngineBlockAfter####.jpg

Please see **Appendix D** for example scrappage photos.

The Grantee must also provide a letter on their letterhead or on the letterhead of the salvage yard that performed the service confirming that the scrappage requirements have been met. The letter must be signed by the salvage yard that performed the service, or, if the Grantee performs the scrappage service themselves, by the Grantee signatory listed in the Grant Contract. A template of the letter may be found in **Appendix E**. The letter must include:

- The date the Medium or Large Truck or engine was **Scrapped**;
- A listing of the **Scrapped** Medium or Large Truck(s) with engine model year and VIN; and
- The name and contact information for the entity that **Scrapped** the Medium or Large Truck(s).

Grantees selected for funding under the Medium and Large Truck Grant Programs will also be required to secure and submit a Non-Repairable Certificate for each replaced vehicle, which prevents the vehicle from being titled or registered in the State of Tennessee following scrappage. To obtain a Non-Repairable

Certificate, a vehicle owner can mail a completed application (<https://www.tn.gov/content/dam/tn/revenue/documents/forms/titlereg/f1311801Fill-in.pdf>) to the Tennessee Department of Revenue, Special Investigations, Anti-theft Unit. There is no cost to obtain a Non-Repairable Certificate. The Grantee will upload the certificate to the corresponding vehicle's Proof of Scrappage activity in the GMS.

Additional instructions for completing the Scrappage activity with the GMS are included within **Appendix J (GMS Guide)**.

**Note:** Failure to provide the required photographic proof and other documentation of vehicle scrappage may impact the State's ability to provide reimbursement for the project.

### **Vehicle Disposition**

Section D.27. of the Grant Contract addresses rules for disposition of grant-funded vehicles. After termination of the Grant Contract, where a further contractual relationship is not entered into, or at another time during the term of the Grant Contract, the Grantee shall request written approval from the State for any proposed disposition of equipment or motor vehicles purchased with Grant funds. All equipment or motor vehicles shall be disposed of in such a manner as the parties may agree from among alternatives approved by TDEC as appropriate and in accordance with any applicable federal laws or regulations.

## ATTACHMENT D

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

After conducting a comprehensive review of all grant applications, TDEC selected nine grantees that will replace a total of 29 engine model year 1992-2009 diesel trucks with 10 new diesel, one *All-Electric*, 14 *Hybrid*, three propane, and two compressed natural gas trucks. Details on these Grantees and their associated vehicle projects can be found in the table below.

Grantee	Fuel Type	# of Trucks	Grant Amount Requested	Applicant's Cost Share	Total Purchase Cost
City of Athens	Diesel	1	\$70,192.15	\$70,192.15	\$140,384.30
City of Chattanooga	CNG	2	\$528,531.00	\$437,469.00	\$966,000.00
City of Etowah	Diesel	1	\$42,297.50	\$42,297.50	\$84,595.00
Hancock County Highway Department	Propane	3	\$284,982.00	\$94,994.00	\$379,976.00
Knoxville Utilities Board	Diesel Hybrid	7	\$623,361.50	\$1,103,553.50	\$1,726,915.00
City of Memphis	Electric / PHEV / Diesel Hybrid	7	\$892,708.12	\$316,261.88	\$1,208,970.00
City of Portland	Diesel	4	\$289,339.53	\$96,446.51	\$385,786.04
City of Pigeon Forge	Diesel Hybrid	1	\$558,838.50	\$186,279.50	\$745,118.00
Washington County Johnson City EMS	Diesel	4	\$162,638.00	\$162,638.00	\$325,276.00
<b>TOTAL</b>		<b>30</b>	<b>\$3,452,888.30</b>	<b>\$2,510,132.04</b>	<b>\$5,963,020.34</b>



**VOLKSWAGEN DIESEL SETTLEMENT  
ENVIRONMENTAL MITIGATION TRUST  
STATE OF TENNESSEE ADMINISTRATIVE EXPENDITURES**

**VW Class 4-7 Local Freight Trucks – Project Code ENVWCLAS47TRUCK**

**Dates: July 1, 2022 through June 30, 2023**

Employee ID 00359905 - \$72.80

Employee ID 00448314 - \$430.61

Employee ID 00539908 - \$1,898.94

Employee ID 00103044 – \$57.70

Employee ID 00458710 - \$447.38

Employee ID 00598185 – \$1,715.26

Employee ID 00614553 - \$9.11

**Total Salaries & Benefits – \$4,631.80**

**Total Indirect - \$1,148.22**

**Total Travel - \$421.82**

**Total Administrative Expenditures - \$6,201.84**

**Total Grantee Reimbursements - \$811,447.97**

**Grand Total - \$817,649.81**

A total of seven employees (six OEP employees and one APC employee) charged time to Class 4-7 Local Freight Trucks.

**Grantee reimbursements**

**City of Etowah \$ 42,297.50**

**City of Memphis – \$541,150.47**

**Knoxville Utilities Board - \$228,000**

**Total \$811,447.97**

**Supporting Documentation (Grantee Invoices to TDEC) for Class 4-7 Local Freight Trucks Reimbursement Requests**

<b>Grantee Name</b>	<b>Date Approved</b>	<b>Payment Date</b>	<b>Amount Paid</b>
City of Etowah	8/30/2022	9/9/2022	\$42,297.50
City of Memphis	5/30/2023	6/8/2023	\$541,150.47
Knoxville Utilities Board	7/31/2023	8/7/2023	\$228,000.00

**TOTAL REIMBURSED: \$811,447.97**

Tennessee Department of Environment and Conservation  
Office of Energy Programs  
Williams R. Snodgrass Tower  
312 Rosa L. Parks Ave. 2<sup>nd</sup> Floor, Nashville, TN 37243  
PH: 615-741-2994 FAX: 615-741-5070

## INVOICE – (ETOWAH UTILITIES)

<b>BILL TO:</b>	<b>FROM:</b>	<b>DATE:</b>
Tennessee Department of Environment and Conservation, c/o Alexa Voytek 312 Rosa L. Parks Ave. Nashville, TN 37243 615-532-0238 <a href="mailto:alexa.voytek@tn.gov">alexa.voytek@tn.gov</a>	Etowah Utilities <b>Harold Masengil</b> <b>P.O. Box 927</b> <b>Etowah, TN 37331-0927</b> <b>423-920-7146</b> <b>Harold.masengil@eubnet.org</b>	08/22/2022

<b>MEDIUM OR LARGE TRUCK #1 (VIN [REDACTED])</b>	
2022 Ford 750 Straight bed truck	\$54,916.00
[REDACTED]	[REDACTED]
300 HP Engine	1,995.00
Engine Heater	60.00
Power Take Off PTO	895.00
Air Brakes	2,180.00
Trailer Air Brake Control	365.00
Trailer Connection Plug	100.00
12,000 lb. Front axle	525.00
13,200 Springs Front	365.00
Drive Shaft Upgrade	185.00
Frame Upgrade 176 wb	125.00
Frame heavy c-channel	650.00
De rated 25,000 lb.	120.00
Jump Start Stud	90.00
Body Builder wiring harness	135.00
Back up alarm	110.00
Volt Meter	100.00
Air Seat Drivers Side	395.00
Appearance grp	735.00
Anti-theft	120.00
Exterior appearance	730.00
Remote key fobs	195.00
Air horn	90.00
Trailer Tow mirrors	365.00
Bud flaps/w. hangers	155.00
<b>Options Reimbursable Total</b>	<b>\$10,785.00</b>
Rodgers MFG 12 FT. Dump Bed, PTO driven hoist	26,200.00
Vehicle Destination charge	0
Vehicle Delivery Fees	0
Taxes	0
Subtotal (Non-Reimbursable)	0
Subtotal (Reimbursable)	\$91,901.00
<b>Total</b>	<b>\$91,901.00</b>
All Non-Reimbursable Costs <sup>1</sup>	\$0
All Reimbursable Costs <sup>2</sup>	\$84,595.00
All Total Costs <sup>3</sup>	\$91,901.00

<sup>1</sup> Add all "Subtotal (Non-Reimbursable)" rows to calculate "All Non-Reimbursable Costs" sum.

<sup>2</sup> Add all "Subtotal (Reimbursable)" rows to calculate "All Reimbursable Costs" sum.

<sup>3</sup> Add all "Total" rows to calculate "All Total Costs" sum.

Tennessee Department of Environment and Conservation  
Office of Energy Programs  
Williams R. Snodgrass Tower  
312 Rosa L. Parks Ave. 2<sup>nd</sup> Floor, Nashville, TN 37243  
PH: 615-741-2994 FAX: 615-741-5070

**AMOUNT DUE<sup>4</sup>**

**\$42,297.50**

SAMPLE

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<sup>4</sup> Multiply "All Reimbursable Costs" by the eligible funding cap requested to calculate "Amount Due" total. The example above assumes an eligible funding cap of 75%. Please note that the "Amount Due" total must be at or below the Total Grant Contract amount detailed in the Grant Budget.

Tennessee Department of Environment and Conservation  
Office of Energy Programs  
Williams R. Snodgrass Tower  
312 Rosa L. Parks Ave. 2<sup>nd</sup> Floor, Nashville, TN 37243  
PH: 615-741-2994 FAX: 615-741-5070

**INVOICE #1 QRT3 FY23 – City of Memphis**  
**TN VW DIESEL SETTLEMENT ENV. MITIGATION TRUST**  
**MEDIUM TRUCK GRANT PROGRAM #32701-04311**

<b>BILL TO:</b>	<b>FROM:</b>	<b>DATE:</b>
Tennessee Department of Environment and Conservation, OEP, c/o Angela McGee 312 Rosa L. Parks Ave., 2 <sup>nd</sup> Floor Nashville, TN 37243 615-812-1779 Angela.McGee@tn.gov	City of Memphis Tennessee – EVI-0000004104 LT Jonathan F. Haley 125 N. Main Street, Room 354 Memphis, TN 38103 901-636-5688 Jonathan.haley@memphistn.gov	05/22/2023

<b>MEDIUM OR LARGE TRUCK #1</b>	
FREIGHTLINER M2 WHEELED COACH AMBULANCE 590000	\$269,806
Vehicle Delivery Fees	\$0
Taxes	\$0
Subtotal (Non-Reimbursable)	
Subtotal (Reimbursable)	\$269,806
Total	\$269,806
<b>MEDIUM OR LARGE TRUCK #2</b>	
FREIGHTLINER M2 WHEELED COACH AMBULANCE 598568	\$269,806
Vehicle Delivery Fees	\$0
Taxes	\$0
Subtotal (Non-Reimbursable)	
Subtotal (Reimbursable)	\$269,806
Total	\$269,806
<b>MEDIUM OR LARGE TRUCK #3</b>	
FREIGHTLINER M2 WHEELED COACH AMBULANCE 598570	\$269,806
Vehicle Delivery Fees	\$0
Taxes	\$0
Subtotal (Non-Reimbursable)	
Subtotal (Reimbursable)	\$269,806
Total	\$269,806
(add new rows as needed)	
All Non-Reimbursable Costs <sup>5</sup>	\$0
All Reimbursable Costs <sup>6</sup>	\$809,418
All Total Costs <sup>7</sup>	\$809,418
<b>AMOUNT DUE<sup>8</sup></b>	<b>\$541,150.47</b>

<sup>5</sup> Add all "Subtotal (Non-Reimbursable)" rows to calculate "All Non-Reimbursable Costs" sum.

<sup>6</sup> Add all "Subtotal (Reimbursable)" rows to calculate "All Reimbursable Costs" sum.

<sup>7</sup> Add all "Total" rows to calculate "All Total Costs" sum.

<sup>8</sup> Multiply "All Reimbursable Costs" by the eligible funding cap requested to calculate "Amount Due" total. The example above assumes an eligible funding cap of 75%. Please note that the "Amount Due" total must be at or below the Total Grant Contract amount detailed in the Grant Budget.

Tennessee Department of Environment and Conservation  
Office of Energy Programs  
Williams R. Snodgrass Tower  
312 Rosa L. Parks Ave. 2<sup>nd</sup> Floor, Nashville, TN 37243  
PH: 615-741-2994 FAX: 615-741-5070

## INVOICE - (Knoxville Utilities Board)

BILL TO:	FROM:	DATE:
Tennessee Department of Environment and Conservation, c/o Angela McGee 312 Rosa L. Parks Ave., 2 <sup>nd</sup> Floor Nashville, TN 37243 615-812-1779 <a href="mailto:Angela.McGee@tn.gov">Angela.McGee@tn.gov</a>	Knoxville Utilities Board Chris Lowery P.O. Box 51326 Knoxville, TN 37950 865-558-2159 chris.lowery@kub.org	June 27, 2023

MEDIUM OR LARGE TRUCK #1 ( ) - KUB Truck #2222	
ETCMH40IH Aerial Device	\$136,226.45
F600DA 4x4 2022 Ford	\$52,836.00
Discounted - Revision 4 Delete Outlet	-(\$336.76)
Vehicle Delivery Fees	\$1,816.50
Taxes	\$0.00
Subtotal (Non-Reimbursable)	\$0.00
Subtotal (Reimbursable)	\$190,542.19
Total	\$190,542.19

MEDIUM OR LARGE TRUCK #2 ( ) - KUB Truck #2226	
ETCMH40IH Aerial Device	\$136,226.45
F600DA 4x4 2022 Ford	\$52,836.00
Discounted - Revision 4 Delete Outlet	-(\$336.76)
Vehicle Delivery Fees	\$1,816.50
Taxes	\$0.00
Subtotal (Non-Reimbursable)	\$0.00
Subtotal (Reimbursable)	\$190,542.19
Total	\$190,542.19

MEDIUM OR LARGE TRUCK #3 ( ) - KUB Truck #2244	
ETCMH40IH Aerial Device	\$136,226.45
F600DA 4x4 2022 Ford	\$52,836.00
Discounted - Revision 4 Delete Outlet	-(\$336.76)
Vehicle Delivery Fees	\$1,816.50
Taxes	\$0.00
Subtotal (Non-Reimbursable)	\$0.00
Subtotal (Reimbursable)	\$190,542.19
Total	\$190,542.19

(add new rows as needed)

All Non-Reimbursable Costs <sup>5</sup>	\$0.00
All Reimbursable Costs <sup>6</sup>	\$571,626.57
All Total Costs <sup>7</sup>	\$571,626.57
<b>AMOUNT DUE<sup>8</sup></b>	<b>\$228,000.00</b>

<sup>5</sup> Add all "Subtotal (Non-Reimbursable)" rows to calculate "All Non-Reimbursable Costs" sum.

<sup>6</sup> Add all "Subtotal (Reimbursable)" rows to calculate "All Reimbursable Costs" sum.

<sup>7</sup> Add all "Total" rows to calculate "All Total Costs" sum.

<sup>8</sup> Multiply "All Reimbursable Costs" by the eligible funding cap requested to calculate "Amount Due" total. The example above assumes an eligible funding cap of 75%. Please note that the "Amount Due" total must be at or below the Total Grant Contract amount detailed in the Grant Budget.















UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
 WASHINGTON, D.C. 20460  
COGNIZANT AGENCY  
NEGOTIATION AGREEMENT

The State of Tennessee  
 Department of Environment  
 and Conservation  
 Nashville, Tennessee

Date: January 11, 2022  
 Filing Ref: March 22, 2021

The indirect cost rates contained herein are for use on grants and contracts with the Federal Government to which Office of Management and Budget Circular 2 CFR 200 applies, subject to the limitations contained in the Circular and in Section II, A below.

**SECTION I: RATES**

Type	Effective Period		Rate	Base	Location	Applicable To
	Start	End				
<b>Fixed:</b>						
Environment Bureau	7/1/2022	6/30/2023	24.79%	(A)	All	All
Conservation Bureau	7/1/2022	6/30/2023	18.53%	(A)	All	All

- (a) **Base:** Total direct salaries and wages, including applicable fringe benefits. To determine the amount of indirect costs to be billed under this agreement, direct salaries and wages and related fringe benefits should be summed and multiplied by the rate.

**Treatment of Fringe Benefits:** Fringe benefits applicable to direct salaries and wages are treated as direct costs; fringe benefits applicable to indirect salaries and wages are treated as indirect costs.

**SECTION II: GENERAL**

- A. **LIMITATIONS:** Use of the rates contained in this Agreement are subject to any applicable statutory and administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. Acceptance of the rates agreed to herein is predicated upon these conditions: (1) no costs other than those incurred by the subject organization were included in its indirect cost rate proposal; (2) all such costs are the legal obligations of the grantee/contractor; (3) similar types of costs have been accorded consistent accounting treatment; and (4) the same costs that have been treated as indirect costs have not been claimed as direct costs.
- B. **AUDIT:** All costs (direct and indirect, federal and non-federal) are subject to audit. Adjustments to amounts resulting from audit of the indirect cost rate proposal upon which the negotiation of this agreement was based will be compensated for in a subsequent negotiation.

C. **CHANGES.** The rates contained in this agreement are based on the organizational structure and the accounting system in effect at the time the proposal was submitted. Changes in the organizational structure or changes in the method of accounting for costs which affect the amount of reimbursement resulting from use of the rates in this agreement, may require the prior approval of the cognizant agency. Failure to obtain such approval may result in subsequent audit disallowances.

D. **THE FIXED RATE** contained in this agreement is based on an estimate of the costs that will be incurred during the period for which the rate applies. When the actual costs for such periods have been determined, an adjustment will be made to the rate for future periods, if necessary, to compensate for the difference between the costs used to establish the fixed rate and the actual costs.

E. **AGENCY NOTIFICATION:** Copies of this document may be provided to other Federal agencies as a means of notifying them of the agreement contained herein. Please retain a copy of this document for your records

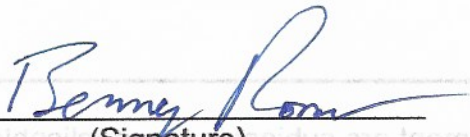
F. **OTHER:** Approval of the indirect cost rate does not mean that an organization can recover more than the actual costs of a particular program or activity.

**SECTION II: ACCEPTANCE**

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The undersigned official warrants that he/she has the proper authority to execute this agreement on the behalf of the State Agency:

By the Federal Agency:

  
(Signature)

JACQUELINE SMITH  
Digitally signed by JACQUELINE SMITH  
Date: 2022.01.11 13:49:53 -05'00'

(Signature)

**Benny Romero**

(Name)

Jacqueline Smith, Rate Negotiator  
National Policy, Training and  
Compliance Division  
U.S. Environmental Protection Agency

**Department Controller**

(Title)

**Environment and Conservation**

(Agency)

**01/24/2022**

(Date)

Negotiated by: Jacqueline Smith  
Telephone: (202) 564-5055